

Public Accounts Committee

Oral evidence: Disposal of public land for new homes: progress review, HC 758

Monday 25 January 2016

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Members present: Meg Hillier (Chair); Mr Richard Bacon; Deidre Brock; Caroline Flint; Keven Foster; Mr Stewart Jackson; Nigel Mills; David Mowat; John Pugh; Karin Smyth; Mrs Anne-Marie Trevelyan.

Sir Amyas Morse, Comptroller and Auditor General, National Audit Office; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; Matthew Rees, Director, Corporate Finance, National Audit Office; and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Witnesses: Melanie Dawes, Permanent Secretary, Department for Communities and Local Government; Andy Rose, Chief Executive, Homes and Communities Agency; Peter Schofield, Director General, Neighbourhoods, Department for Communities and Local Government; and Jon Thompson, Permanent Secretary, Ministry of Defence, gave evidence.

Q1 Chair: Good afternoon and welcome to the Public Accounts Committee. This is a recall session, in which we have called back civil servants from the Department for Communities and Local Government and others to talk about “Disposal of public land for new homes”, which is an NAO Report that came out last summer. We had a hearing with you, Melanie Dawes, last July. I think that was your first outing to the NAO.

Our witnesses today are: Peter Schofield, who is the director general for neighbourhoods at the Department for Communities and Local Government; Melanie Dawes, the permanent secretary for DCLG; Jon Thompson, permanent secretary of the MOD, which is one of the large landowning or, these days, land-releasing Departments; and Andy Rose from the Home and Communities Agency, although we understand that Andy is moving on. Do you know when you will be leaving, Andy?

Andy Rose: End of March.

Q2 Chair: It seems that March and April is a turnaround time. We are losing a lot of you at that point. Do you know when your successor will be announced?

Andy Rose: I don't know at this stage. Our chairman gave evidence to the Select Committee last week. He was talking about the process but at this stage it is not defined.

Q3 Chair: So this may be our farewell to you—thank you for coming—but it does not mean we will give you an easier ride today. Maybe you will be glad you are leaving after today's session.

We put out a Report in September. We had said clearly then, as we had said to you in the hearing, Melanie Dawes, that taxpayers deserve to know the number of homes that had been built on the land that had been released. The whole premise of the announced policy was that it was going to deliver a certain number of homes, so we were really disappointed that you rejected outright our first recommendation that that should be a major plank of the programme, and indeed the future programme. We wanted you back because you are about to launch the next phase, and we want to see how you are going to do that in a way that we think would be better than the last one.

You also rejected our recommendation 3. We were concerned that you were overstating the achievements of the programme by including land that had been sold many years before. If you remember from that first Report, some land from 1997 and around that period was included in the overall total.

Thank you for the letter you sent about the homes that have been built, based on data provided by Glenigan. But, looking at this sample, we were a bit concerned. Obviously, we have not had it audited in that time, but there were 8,600 sampled. The Glenigan data referred only to anything already in the planning pipeline, so that is therefore a positive selection. That is not a criticism; that is a fact. Of the 100 sites on which those 8,600 homes were supposed to be built, work was completed on 14 sites with 200 homes. So 200 homes were physically built. Is that right? Can I just be clear we are talking about the same thing; 200 homes where people can walk in with a key, open the door and go and live in?

Peter Schofield: Yes, 200 have been completed.

Q4 Chair: And work started on 21 sites, so that is 2,200 homes. That means foundations have been dug and a few bricks possibly laid.

Peter Schofield: Yes, although the update was 2,400; 2,200 were included in the programme, but when we look at those sites, they have now progressed.

Q5 Chair: Okay, so there is an extra 200, but that is foundations and a few bricks. On unstarted but with full planning permission—so they are not anything anyone can walk into, sleep in, or live in—we have 28 sites and 2,100 homes, because the estimate of 2,600 has not proved to come out. We are just agreeing the letter that you have sent to us. On unstarted with full permission, possibly someone could get a deposit down. It could be a dream of a home; a sniff of a home. Is that a fair summary, Mr Schofield? There is not actually anything that anyone could live in yet.

Peter Schofield: Yes. Clearly, they have now got full planning permission, but I do not know what approach the developer is taking on advance reservations on a site-by-site basis.

Q6 Chair: But, in theory, if they were taking advance reservations, you might be able to put down a deposit. Of the remainder on the list, outline permission or detailed plans were submitted for 37 sites, and that will bring the additional homes to an estimated total of 4,300. So “outline permission or detailed plan submitted” means that a member of the public wanting to live in one of those homes cannot even get anywhere near owning a home—walking into it, sleeping in it, living in it—at this point.

Peter Schofield: The key reason for doing this is to assess whether the way in which we have scored sites in the programme is actually borne out in reality as sites go through the planning process.

Q7 Chair: Just to be clear, am I right in saying that, so far, 200 homes have been released as a result of the last Parliament’s house building programme?

Peter Schofield: This is a sample—

Q8 Chair: This is from a sample, yes.

Peter Schofield: Exactly, and the sample represents 8% of the total programme.

Q9 Mr Bacon: On a *pari passu* basis, it would be roughly 1,600. If it were 10 times larger than this, it might be 1,800 or 2,000. Is that about right? There were 942 sites altogether. This is a sample of 100 sites, so, roughly speaking, if it was nine times larger and roughly the same amount of activity had been going on as went on here, you would expect 1,800, maybe 1,700, 1,900 homes to have been completed, assuming that it was not a particularly favourably selected sample. If they are all the same and there was no magic going on as to which ones were sampled, it would be roughly 1,800.

Peter Schofield: It is slightly more complicated than that, Mr Bacon.

Q10 Mr Bacon: My question isn't; if you could start with my question, then we can get into complexity. My question is this: assuming, which may not be the case, that every site is like every other site and that these sites were no more likely to have had work done on them than any other site, so that it was just a fair, completely statistically even sample of the 942 sites, then on these 100 sites 200 houses had been done—I appreciate that the sites are of different sizes but if you grossed it up, instead of just doing 100 sites you did all 942 sites, in other words all of them then, other things being equal, and I accept that not everything will be equal but if other things were equal—you would expect roughly, give or take and other things being equal, to have 9.42 times more completed houses, wouldn't you?

Melanie Dawes: I think that if you took the number of homes, which is an 8% sample, then you would gross up by a factor of around 12, and that would give you—

Q11 Mr Bacon: Completed work on site?

Melanie Dawes: 2,500 or so—just below.

Q12 Mr Bacon: Hang on. Where do you get to—? 100 sites is—

Melanie Dawes: —8,600 homes counted in the programme. I'm saying that that is roughly an 8% sample of the programme's projected whole—

Q13 Mr Bacon: There are lots of different ways of counting this. You could count 8,600 as a proportion of 109,500. Is that what you are doing?

Melanie Dawes: I was simply making an arithmetic—

Q14 Mr Bacon: Because if you are, it would be less than—*[Interruption.]* Sorry, let me just be clear. When you say 8%, are you basing that on 100 sites, or on 8,600 homes that counted in the programme, or what?

Melanie Dawes: On 8,600 homes. It is roughly an 8% sample. I was simply making the arithmetic point that this is a slightly smaller proportion of the homes than it is of the sites, and therefore if you gross up according to the number of homes, you would get to a figure that—

Q15 Mr Bacon: You would get a different number than if you grossed up according to the sites, yes. But if it is equally likely that some activity has gone on in each site, which again is potentially an heroic assumption, then you could just as easily do it by either. But in a way, whether you multiply it by 12 or by nine, it doesn't really matter. Two hundred times

nine is 1,800; 200 times 12 is 2,400. The Government announced a policy in 2011 to sell land for 109,500 potential homes, and nearly five years later we have got maybe 1,800 to 2,500 homes actually built, out of the 109,500, that have been actually completed. That is right, isn't it?

Q16 Chair: Around 2% to 3%.

Q17 Mr Bacon: That's right, isn't it?

Peter Schofield: The reason why I said in answer to your earlier question, Mr Bacon, that it is slightly more complicated is that we have other ways of assessing progress. So, for example, of the sites that have been sold by the Homes and Communities Agency, we know how many of those have been built out. If you recall the evidence session that we gave last year, we talked about how many of those had been built out. It was something like 2,000 last year. I think the latest number is around 2,800.

Q18 Chair: Sorry, but you gave us this as—

Q19 Mr Bacon: In that case, what was the purpose of this very late in the day unaudited memo then, if it is going to leave out numbers that you believe to be highly significant? Presumably, it has left out Mr Thompson's site. Mr Thompson is a great hero of mine, because it was his site that has been turned into the Graven Hill self-build development, with 1,900 houses. But what was the purpose of this unaudited, rather selective sample?

Melanie Dawes: It was simply to give you some information. It was information we held and we thought we would send it to you, just to be transparent about the data we held—

Q20 Mr Bacon: Hang on. When you say, "It was simply to give us information", do you mean, "And not to give us some other information that was even more pertinent, like the HCA sales"? I mean, if they've done 2,600 alone, why wouldn't you include that?

Melanie Dawes: Perhaps I can just come back to the question of monitoring. Chairman, you said at the beginning you were disappointed that we haven't accepted all your recommendations. Can I just clarify, by the way, that we have accepted your recommendation that we should not include land sold prior to the programme? There was another recommendation, in recommendation 3, around affordable homes, which we have not accepted, but we do agree with you on not counting homes prior to the programme starting.

On the question of monitoring build-out, we are in discussion with our Ministers about this. They have chosen not to include build-out as a specific objective of the programme. We have had a discussion about that following your interest in this and I know that that was what the Committee wanted, but they have made the decision that they do not wish to change the objective of the programme, which remains to release land towards housing.

It is very important, and we recognise that you want to put more scrutiny on to this, that when we then release land we are confident that the homes will be built. So, one of the things that we will do be doing is some monitoring. We do not yet know quite how far that will go, so we sent you this data, because this was what we were able to produce quite quickly, through a 10% sample. It is not 100%, clearly; it is just a sample.

Q21 Mr Jackson: The Government's strategic objective is to build homes. If you, as the accounting officer, are not responsible for that, what are you responsible for? Who is responsible for building homes? It is enunciated in the autumn statement, in the Budget and in various announcements, most recently the announcement to directly build 13,000. Who is responsible?

Melanie Dawes: As permanent secretary of the Department, I am accountable for ensuring that we deliver for the Government, with our Ministers, on the 1 million homes ambition that the Government has set, and for the delivery of all the specific programmes that the Government has announced, on some of which we are still developing the details. We will be publishing—

Chair: We were scrutinising the details before they were published.

Melanie Dawes: This particular programme responds to one of the big, clear gaps in the housing market, which is that we do not have enough land to build on. The objective of this programme is to meet that gap of land for housing. We assure ourselves at the point of sale that there is planning permission, that the land is in a local plan, and so on, as far as we possibly can. Our monitoring data, we feel, is giving us confidence that that process—

Q22 Mr Jackson: But that is not building homes, is it? The reason that we are very sceptical is that I have urban extensions in my five-year land supply and in my site allocations. My one local authority, Peterborough City Council, aims to build more houses than your Department has delivered in the last five years. If we are talking about veracity of data, I still do not understand what the point of this is, because it is very poor performance, if I may say so.

If you look at paragraph 2.21 in the NAO Report, when the NAO actually audited the 127 sample sites that you offered, 35% of those sites were found to have differences between the number of homes in the HCA's programme monitoring data and the number of

homes in the departmental information, so you will not be at all surprised that we are slightly sceptical about this data here.

Melanie Dawes: I think the NAO are saying there that, when asked, the Departments were unable to provide the data showing what they had previously reported to the HCA. That was a failure of record keeping, which we accept. We accept the Committee's recommendations that we need significantly to improve the way that record keeping is done, and we are doing that. We have already sent guidance out to staff on the point that the NAO is addressing in paragraph 2.21.

Q23 Mr Jackson: How are you going to achieve that? Can I ask you a direct question? On Committee report 1, the conclusion states "The Government does not accept the Committee's recommendation." Do you have ministerial sign-off for refuting the recommendation that was made by our Committee in September?

Melanie Dawes: Yes. This has been agreed by Ministers. This is a policy decision, whether or not to change the scope of the programme.

Q24 Mr Jackson: So the Secretary of State and the Minister for Housing and Planning have decided that they don't believe, "In taking forward the new target, the Department and the Homes and Communities Agency must apply a broader test of value for money, which must include sale proceeds and progress in the actual construction of new homes. Taxpayers deserve to know how many homes have actually been built." Are you saying that Ministers don't agree with that?

Melanie Dawes: Ministers have decided not to include housing build-out as a new objective for the programme. However, you made a number of recommendations in recommendation 1, so we are going to be releasing information on proceeds for these sites, which I think will allow us to look much more broadly at the overall value that is being delivered for this programme. It won't just be about homes; you will also have information about sale proceeds, which will hopefully help you.

Q25 Mr Bacon: When you say "also," you mean also, as well as what?

Melanie Dawes: As well as our projections of homes that will be built on the land that we are releasing, as assured by the process we have in place for the original sale.

Q26 Mr Bacon: Why wouldn't it be more helpful to have information on the number of houses actually built?

Melanie Dawes: You are right that, however you gross it up and whatever factor you use, this particular sample does show that housing build-out on these sites can take a long

time. One of the reasons why Ministers have decided not to have build-out as an explicit objective is because it can take 20 years for some of these sites to build out. I should emphasise that what we will be doing as part of our ambition towards 1 million homes is working with some of these very sites—indeed, many of the large sites that were released under the large programme—to get build-out to happen.

Q27 Mr Bacon: Right. Now could you answer my question, please?

Melanie Dawes: You will have to remind me exactly what the question was.

Q28 Mr Bacon: Well, if you would listen to it and answer it rather than a different question I didn't ask, it would help. The question is: why wouldn't it be more helpful to have information about the actual number of homes built?

Melanie Dawes: I think I tried to answer your question, Mr Bacon—

Q29 Mr Bacon: You answered a different question.

Melanie Dawes —by saying that because build-out takes so very many years, Ministers have decided that it is much more important to put our effort into—

Q30 Mr Bacon: You make it sound like a fact set in stone that the build-out will take many years. Your Department has just announced the directly commissioned building of 13,000 homes. I have not heard the Department announce the direct commissioning of the manufacturing of thousands of chairs so that everyone has somewhere to sit down. Presumably the Government's view is that the supply of chairs rises to meet the demand for chairs. Apparently the same is not true of houses, because you are directly commissioning the building of houses.

My question, again, is: given that it is not set in stone that the building out of houses will take many years—there are a variety of things that different actors, including Government and local authorities, can do to make that quicker—why would it not be more helpful to have an actual number of homes that have been built? Then we would have something concrete and immovable that we can measure the Government on.

Melanie Dawes: We will be monitoring this to some extent.

Mr Bacon: What do you mean?

Q31 Mr Jackson: Can I just ask something? You dispense public money via the new homes bonus. There must be a methodology in dispensing that money to the 400-odd local

authorities in England and Wales, or certainly in England. You must have some way of measuring a house being built and a local authority saying, “We built the house,” or flat or maisonette—

Mr Bacon: Or caused it to be built.

Q32 Mr Jackson: Yes. When someone says, “Can we have the money from the new homes bonus?” you must then have a way of checking the veracity of that claim and paying the money. Why are you therefore not able to join the dots and work out how many homes are being built out on these sites? It just doesn’t wash to say, “Oh, it’s too complicated and takes too long.” I will come back to my local authority’s land planning document on the five-year land supply. On that document is the name of the land, the planning reference and the stage it is at—whether it is outline or reserved matters, for instance. It even, on the Excel spreadsheet, factors in how many individual units will be built in each financial year on that site. If Peterborough city council can do that, so you can understand how many houses are being built on what land and who owns it, why can’t you collect that data cumulatively?

Melanie Dawes: It would be possible to collect the data. It would come at a cost. Ministers have decided that they do not wish to make build-out an objective of the programme. That is the reason why we disagreed with your recommendation, but we are considering how far to go on monitoring. It is partly a question of resource—

Mr Bacon: Can you explain—

Melanie Dawes: If I could just complete my sentence, the point I was making about timescales earlier is that because it takes such a long time for some sites to be built out—and we want to speed that up, and we have been working actively with many of these sites—

Q33 Mr Jackson: It doesn’t take a long time. A small number of brownfield—

Melanie Dawes: On many sites it does; on some sites—

Mr Jackson: No. This is not the case.

Chair: King’s Cross will take a long time overall, but not most of them.

Q34 Mr Jackson: It is no good saying it takes a long time. I will give you another local example: the Hampton development in south Peterborough. We have built about 8,000 houses. It has taken about eight years, I admit, but not 20 years. That was built on brownfield land—on a former brickworks—but each tranche has been developed over time. We are not talking about 8,000 units; we are talking about 200, 300 or 400 units at a time. It does not take 20 years.

My point to you is that you are already collecting this data for the new homes bonus. Why is it beyond the wit of the DCLG to issue another form to local government saying, “Please tell us quarterly what public land in your area is available,”—you know that the new legislation on brownfield sites will do this anyway—“what stage it is at, and how close are we to meeting our objectives”? That is not difficult. At the moment, you are absolving yourself of responsibility for making sure that houses are being built for people, which is what you were saying in July. We are no further forward.

Chair: And the new programme is not going to make any changes. When we are looking at what is going to happen with the new programme—

Melanie Dawes: We are making a number of changes. We are going to measure the sale proceeds—

Q35 Mr Bacon: Sale proceeds is money, isn't it?

Melanie Dawes: Yes.

Chair: Value for money in the sale process; you have acknowledged that.

Melanie Dawes: The cash that we get for—

Chair: But you—

Mr Bacon: Hang on—

Chair: Mr Schofield was going to come in.

Q36 Mr Bacon: Can we just pursue this point? I would like to hear from Mr Schofield, too, but on this point about proceeds, I had this thought when you mentioned it earlier—

Melanie Dawes: About what, sorry?

Mr Bacon: Proceeds. Proceeds is a number in cash.

Melanie Dawes: Yes.

Mr Bacon: In and of itself, by itself, that tells you very little about value for money or how many houses have been built. A number by itself, of cash, tells you that you have x million that you didn't have before, but unless you know what you have given up in order to get that x million, it is not very helpful.

Melanie Dawes: Well, you asked us to produce that information and to publish it, and we will be doing that. You will have it at the programme level, by Department and by individual site. You will also have the same information on our projected housing build-out for every site, for each Department and for the programme as a whole.

Q37 Mr Bacon: When you say build-out—the projection—do you mean the date?

Melanie Dawes: I mean the projected housing—

Peter Schofield: The number of units.

Melanie Dawes: Yes, with some projection of dates.

Q38 Chair: May I ask when we will have that information?

Melanie Dawes: We will be publishing full documentation on the programme in the spring, and at that point—

Chair: Are we talking here about the old programme or the new one?

Melanie Dawes: The new one.

Q39 Chair: So for the old programme, will you be able to supply us with a list of all the sites and the projected number of homes—sites with a postcode, an area name or something attached so that we know where they are?

Melanie Dawes: We will be expecting to produce information on all those sites. In some cases Departments know exactly which sites they are selling to meet the targets that they have agreed in the spending review; in some cases, they do not know exactly which the sites are, so we do not have that information.

Mr Bacon: They don't know?

Chair: Is this the old programme?

Melanie Dawes: I am talking just about the new programme now.

Chair: I was asking about the old programme.

Mr Bacon: Hang on, we were asking about the old programme.

Chair: Yes, we understand about the new programme, but with the old programme, will you be able to release to us a list of all the sites with a name or postcode—something that identifies them clearly—so that we know where they are, and the number of homes that are projected to be built on those sites?

Peter Schofield: We can certainly look at the information that we have on all the sites that we verified at the time that we sold them.

Q40 Chair: So you can look at it. Will you be able to give that to us—to publish it?

Peter Schofield: I think we can, but the point I was going to make in answer to a previous question—

Q41 Chair: So can we get a commitment as to when that might be by? I just need to pin this down, because we are all very interested to know, among other things, whether there are any in our own areas that might be homes for our constituents. When would you be able to get us that information by?

Melanie Dawes: Can we get back to you with an answer about a date, and on the coverage of the data, by the end of this week?

Q42 Mr Bacon: Indeed. For the avoidance of doubt, the Chair said projected homes. We know already the number of projected homes—109,500 in the old programme—so what we really want to know is dates. Do you think it would be reasonable for this Committee, on behalf of Parliament and on behalf of taxpayers, at some point—apparently you do not think it is particularly reasonable today and in your response to this Report, but at some point, in one year, two years, two and a half years or three years—to come to you and ask, “Of those 109,500 potential houses you were talking about, how many have now been built?”? Do you think that would be a reasonable question to which Parliament should be able to get the answer, on behalf of taxpayers?

Peter Schofield: It goes back to the answer I was going to give to a previous question, Mr Bacon, which is that the point is that after a sale there is a lot of dynamic movement in the land market. Of the 940-odd sites, about 350 had land for fewer than 10 homes. What you often get is land—

Mr Bacon: How many? Was that 350?

Peter Schofield: Yes.

Mr Bacon: That is still 3,500 homes though, isn't it?

Peter Schofield: It is, but my point is that what happens is that these small parcels of land might get divided up into smaller parcels or they might get linked up to adjoining land that was not sold by the public sector, and therefore you end up with a situation in which it is difficult to map from one programme to another—

Q43 Mr Bacon: But hold on, you are saying that one of them might end up being a large supermarket and one of them might be 10 houses.

Peter Schofield: No, what I am saying is that you could have land that might be sold by the Department for Transport that might then be acquired by a landowner who has also acquired the adjacent site. They would then market that site—

Q44 Mr Jackson: I think that that is obfuscation. I say this to both you and Ms Dawes: surely you can prioritise. You can look at the top 30 sites where you do not have joint ventures, European procurement issues, or bankruptcy or administration issues, so you own the land outright—freehold. You can then phone the local planning authority and say, “Have you got a local plan in place? Is it zoned for housing?”, and then you say, “We’re going to sell it to Redrow, Charles Church, Galliford Try or Bovis”. Bob’s your uncle; we’re cooking with gas. How difficult is that? Why can’t you do that with the top 50 sites? Then you might have, God forbid, 10,000 houses built within two or three years. How difficult is it?

Peter Schofield: When we appeared before the Committee last year, we made a point about what we do for the homes sold by the Homes and Communities Agency. We are following a lot of those contractual arrangements set out in chapter 4 of the NAO Report, so there is an ongoing relationship—it might be a joint venture or a “buy now, pay later”-type deal—and that is exactly what we do.

The fundamental point, though, is that we want to put our monitoring resources in a place where we get the most return. That is not just for land that has been sold by the public sector. We have our priority sites programme where we monitor the delivery—build-out—of sites that are more than 1,500 homes, whether or not they were in the public sector—

Q45 Mr Jackson: But Mr Thompson is doing it. Mr Thompson is disposing of RAF Molesworth, RAF Alconbury and large plots of land in Aldershot and Gosport. He is getting on with it, because he knows that in parts of the country there is the demand. He is doing it expeditiously and you are not.

Peter Schofield: That is exactly what the Homes and Communities Agency is doing. For the large sites that really move the dial, that is what we do through the priority sites programme. The challenge, though, is that when you have quite a long tail of smaller sites, is it worth following what happens to the site—

Q46 Chair: Mr Schofield, it is not about whether you personally or the Department are. As Mr Jackson has rightly highlighted, it is that my own local authority will then know exactly what is happening on each plot of land. We are watching it like a hawk in Hackney because we need the housing. If every local authority is doing it, it is not difficult or actually that burdensome. Most local authorities have been welcoming the fact that you are watching how many homes are being built, because they might want to bid for more or to talk to you about the land available. It will not be a burden. I do not think that I would dare

to ask the mayor of Hackney, “Do you want to do it?”, but I think he would probably be very happy to.

Melanie Dawes: May I be really clear that we have not decided not to do monitoring? Indeed, we have decided we will do some monitoring—our Ministers are committed to that. We sent you the data last week—

Q47 Chair: But monitoring what? Actual houses—

Melanie Dawes: Monitoring housing build-out—

Mr Jackson: You are not monitoring build-out; you just said—

Melanie Dawes: Please let me complete my message—I fear we are not getting our agreement with the Committee across. We will be doing some monitoring of build-out. It does not come cost-free. Ministers are thinking about that. We will publish the details in the spring, including details for you about exactly what data will be available when, as the programme goes along. What Ministers have decided not to do is to have housing build-out as an explicit objective of the programme, but that does not mean that we will not be monitoring and, indeed, working very actively on some sites to make sure that the build-out happens. Where we are directly commissioning, that absolutely recognises that build-out is often much, much slower than it needs to be, partly because it rests entirely on large builders and large developers. If we can get smaller builders in there, we will get more diversity, not only of building firms, but perhaps types of manufacturer, custom build and so on.

That is the new approach that we are piloting, where we will actually be forgoing a receipt in order to maximise speed of housing build-out. That is a new approach. So it is not that we do not want build-out, and indeed we are going to be prioritising a huge amount of effort here—

Q48 Chair: You call it build-out; people call it homes or houses. It is bricks and mortar. The highlight of that list is when people can actually turn a key and go and live in a place—that’s what people want to know about. How will you know? For how many will people be able to turn the key, walk in and live in them? That is the bit that people out there—and we—want to know. I am surprised that Ministers do not want to know that.

Melanie Dawes: We will be monitoring some of the sites—a sample of sites. We will be looking at whether we should monitor the bigger sites perhaps. Those decisions have not been taken yet. Once they have been taken, we will be able to tell you exactly what information will be available.

Q49 Mr Bacon: May I go back to my earlier question, because I did not really get an answer to it? Do you think it would be reasonable for Parliament to ask, in two or three years' time, of those 109,500 potential homes, how many have actually been built?

Melanie Dawes: The question is entirely reasonable, of course—

Mr Bacon: It is. So it would be a reasonable thing to ask.

Melanie Dawes: We did not have monitoring of build-out—of homes actually being built—included in the last programme. What we have set up—

Mr Bacon: I am talking about the old programme, by the way.

Melanie Dawes: I know. We have done that sample of 10%, which gives me assurance, as accounting officer, that the building of homes is progressing to a larger extent than we projected at the time of sale. That is one helpful piece of information, but it is not a comprehensive monitoring.

Q50 Mr Bacon: I would like one more question. Mr Jackson hit the nail on the head with the new homes bonus. I appreciate monitoring is not cost-free. When a big bank lends money for people to buy houses, it has to monitor every single mortgage—not some of them, so not a sample, but all of them: every single one—for whether the money is coming in month by month. The bank has to know in every single case whether it gets it all back. Doubtless there is a cost in doing that, but it somehow manages to do that.

Mr Jackson made a very key point. You know when you pay new homes bonus. Can you describe to us how you decide to pay, as opposed to not to pay, new homes bonus? What is the trigger that makes you pay new homes bonus to a council?

Melanie Dawes: It is based on the building of homes in that local authority area in accordance with its plan. Of course, that includes private and public sector.

Q51 Mr Bacon: That is a description of what it is based on; that wasn't my question. My question is: what is the trigger that causes you to pay new homes bonus?

Melanie Dawes: I don't have the detailed monitoring arrangements around the process at my fingertips.

Q52 Mr Bacon: How do you know when you do it or don't do it?

Melanie Dawes: We are happy to send you the details.

Q53 Mr Bacon: There must be a process somewhere. The NAO did a study specifically on new homes bonus a while ago. South Norfolk was in the top five in the whole country, by the way, with 0.8% of the whole national house build last year—I am told that by the leader of the council, so I assume it's true. There must be a process by which somebody in DCLG, the DCLG regional office or wherever says, "Yep, they have fulfilled their obligation: tick, they get the new homes bonus". What is that process?

Melanie Dawes: It is based on the council tax base. I don't know if Peter can tell us more.

Peter Schofield: It is based on the council tax base, which looks at the growth in the number of new homes, or the addition to the housing stock.

Mr Bacon: Extra dwellings that weren't there before.

Peter Schofield: Yes.

Q54 Mr Bacon: So you know very precisely how many extra dwellings there are.

Peter Schofield: Yes.

Q55 Mr Bacon: And presumably, since old houses were already lived in and council taxed before, we are talking about new dwellings, aren't we?

Peter Schofield: We are talking about new dwellings, Mr Bacon, but we don't have the data on whether they were built on land that was previously owned by the public sector.

Mr Bacon: I understand that, so that is the extra bit you need.

Peter Schofield: That is the extra bit of information. My point is more about whether it is worth us putting our focus on all 942, in this case, or if we should focus more on the ones that really make this up, given that 350 of them are less than 10 units. As Melanie says, we haven't fully decided exactly how we are going to deploy our resources.

Chair: I am going to touch on the new one in a moment, but I want to bring in Jon Thompson from the MOD.

Q56 Mr Jackson: May I just have it confirmed—obviously the Chair will ask you about the new policy, and the figures and the timescale—that by 2017, as I understand, every local authority will have had to bring forward its local plan or the Secretary of State will directly intervene to write its plan for it. Surely at that stage, you will be in a position to look in detail at land ownership—five-year land supply by 2017, which is in the next financial year. Therefore it can't be impossible for you to take the most propitious and advantageous

local authorities in terms of where they are in their planning policy and pick up the phone to say, “Please tell us where your public land disposals are and how many houses you are building, and give us an update of where you are.” Surely that meets your issue of not doing a scatter gun of 942, but perhaps takes the top 60 or 100 sites.

Peter Schofield: To be fair, I think the only difference between us—maybe there is no difference between us—is just a question of whether we monitor every single site, however small, or if we focus on the ones, exactly as you say, that are the larger ones that move the dial. We haven’t yet decided exactly how we are going to do that. We will come to the Committee with details as part of the plan for the new programme. The idea is very much to have a clear sense of the build-out rate with the focus on those sites that are going to move the dial. Our focus is not just on large sites that are sold by the public sector. We want all large sites to be building out as quickly as possible to build the homes that we need.

Q57 Chair: I want to bring in Jon Thompson because his Department owns a lot of land and has been releasing quite a lot of it. You have the challenge of what you need strategically, and also the demands of this particular programme for delivering what we would call new homes for people, and Ms Dawes would call build-out. How did you balance that in the negotiations with DCLG and make sure that you were releasing enough land to build the number of homes that DCLG was demanding? I suppose that I am really asking whether there were any tensions.

Jon Thompson: I am definitely not going to answer that question.

Chair: Oh, well. At least you were honest that you won’t answer it. Perhaps you could fill us in.

Jon Thompson: I have been here too many times before.

I think we gave you some sense of the methodology that we were adopting in the autumn, so let me be transparent about it. The Ministry of Defence owns 1,338 sites in the United Kingdom, but 85% of the built estate is on only 318 sites. We have been through all 318 of those sites and conducted a value-for-money assessment of each one in order to be able to present to our own Ministers an assessment of the various factors that would play out in all those 318 sites. This is done with a view to recommending to them which sites we think we should keep and which we should dispose of over a fairly long period.

We decided to set a 20-year horizon because, as I have set out previously in evidence to this Committee, we have an unsustainably large estate, as you well know. Ministers have been through that fairly extensively, and I am reasonably satisfied that we should be able to get to 55,000 housing units. You saw one of our Ministers announce the first tranche of 15,000 last Monday, when we published a list of 12 initial sites. There was also a commitment from our Ministers that we would publish further tranches through the course of the current year. I am still reasonably confident that we should be able to get to 55,000, but I think that it is worth flagging that there a number of risks, and the Committee may

want to understand what those are. It seems to me that there are three risks. Do you want me to go into that?

Chair: Yes, please. You pre-empt my next question.

Jon Thompson: One is clearly the planning process. One of the value-for-money assessments that we have done against all 318 sites is the likelihood of being able to progress with planning for housing purposes. We can make an assessment of that and take it into account in our own value-for-money assessments, so that is definitely one risk. There was one major site that we tried to dispose of over the course of the last Parliament, but we did not manage to do so and it has been carried forward into this Parliament.

Q58 Mr Jackson: Which one was that?

Jon Thompson: Chatham in Kent. Our initial assessment was that we should be able to progress that through the course of the last Parliament, but we weren't able to do that. We think that we should be able to do this over the course of this Parliament, so it has been carried forward. It wasn't in our figures last time, but we think that there is a reasonable prospect of being able to do this over the course of this Parliament, although obviously that is subject to local planning processes and so on.

The second risk for me is whether we have the capacity to do this. Again, we have talked a bit about that, because the Defence Infrastructure Organisation has a number of different challenges. This is only one of a set of multiple and quite taxing infrastructure objectives. The third risk, for us at least, is that to some degree rationalising the estate involves us moving, so we have to build the alternative before we can release sites. Those seem to me to be the three biggest risks, but there are undoubtedly a number of others.

Q59 Chair: Do you do any monitoring of the build-out or the number of homes built on those sites once you have got rid of them?

Jon Thompson: We do not, to be really direct. Again, I answered that question last time. We know what the estimate is when we dispose: 38,778 homes. We have a list that adds up to that, and we have a list detailing the £427 million that we raised in the course of the last Parliament. We know which stage of development it is at, but we do not go all the way through to the number of houses. I previously answered two questions on that.

Q60 John Pugh: If there is more than a 50:50 chance of a site that is to be released not being built out or not being used for housing, do you release the land or does it go right down to the bottom of the pile?

Jon Thompson: Sorry, I didn't quite catch the question.

John Pugh: If you have a parcel of land from which you could obviously make an appreciable amount of money and therefore you want to release it, but there is a 50:50 chance that it may not be used for housing, and may be used for some other purpose or be constrained by planning issues, would you decide not to release that land?

Jon Thompson: It depends on each site. There is no one generic answer to your question, so let me give you an example. There are clearly some sites that we would want to dispose of that may not be in the local plan, so we may reach a different arrangement with the potential purchaser. It is also worth recognising, particularly given the scale of some of my sites, that we do not necessarily complete and then receive the cash. As you construct the really large sites, the flow of money is dependent to some degree on the number of houses constructed. That is fairly normal business for us.

Our biggest site last time was Waterbeach in Cambridgeshire, where the estimate was more than 7,000 houses, and that is yet to be developed. We were not paid on the first day for that; it will flow as the money comes, as it is developed.

Q61 John Pugh: But you would release land for mixed development as well as for housing.

Jon Thompson: Yes, we do. We have released some land purely for industrial purposes, too. To some degree, you are in a planning process where you have obviously to have appropriate respect for the local plan and for local people, but sometimes some of the sites that we hold are strategically important and may not be in the local plan. You can approach the local authority and say, "Do you want to take that into account under a refresh of the local plan with a view to us disposing of it in due course?" Given the scale of some of our sites, there is some degree to which you can engage with the relevant local authority leaders and chief executives.

Q62 Mr Bacon: Last week in Defence questions, I asked one of the Defence Ministers, in relation to the military covenant, given that the MOD has lots of land and is disposing of it, and given that there is also a problem with recruitment, particularly for reservists, whether some thought might be given to using an element of the land disposal programme to favour service personnel in order to meet the objectives of the military covenant and help with recruitment. That could be veterans who need housing or those who are still serving. In response, the Minister described the idea as "ingenious", so I know that the Government like it. Given that ingenious idea, what do you think the MOD might do? As a proportion of the total land disposals, it would be fairly small, but for the veterans involved, it would make a big difference, as it would potentially for recruitment.

Jon Thompson: Traditionally the Ministry of Defence has only been in the business of providing service housing of broadly two different sorts: service-family accommodation and single-living accommodation. There is a grand history to the Ministry of Defence providing that kind of housing.

Chair: Which we will not go through now.

Jon Thompson: In the course of the previous Parliament, a second option was developed, which was to provide service personnel with up to £25,000, I think, as a deposit in order for them to be able to access their own private housing. We thought that that was an appropriate second policy to bring forward. We are now looking at a third option. I am not sure if it has been announced, but I will go for it anyway.

Mr Bacon: You are looking at it.

Jon Thompson: Ah yes. It is whether we could encourage service personnel to have some other choices in which we provide money instead of assets. For example, could we enable long-term rental? Is there some use of our own land that could be used to construct properties and so on? We have not quite finalised that policy, I don't think. We think it is about appropriate respect for service personnel. Rather than the sort of paternalistic view of, "We will provide you with a house," we would give people some choice, and we could do that through the use—

Q63 Mr Bacon: But my point is that if you are going to be selling land that is surplus to requirements anyway, I would have thought most taxpayers would be glad to see the MOD looking after its own and giving them some sort of favourable treatment compared with the average non-MOD person or non-Army service person in the disposal of the land. For land that is going to be disposed of, is it likely that you'll be looking favourably on giving special terms for service personnel?

Jon Thompson: I don't believe we are looking at that very specific one, unless Ministers came away from Defence questions with the idea of putting that into the system. I am not aware of that in the past week.

Chair: If that is the case, we might need to explore this further because there would be a tension between the two policy objectives, which is probably where Mr Bacon is going. I am aware of time and I want to touch on the future programme.

Q64 Mr Jackson: I mentioned RAF Molesworth earlier. I am interested in a case study, going forward, where housing supply in a rural part of Cambridgeshire is projected. How hands-on would you be as a Department in dealing with a potentially problematic site without good infrastructure?

Molesworth is a good example because it is a bit out in the sticks in Huntingdonshire. It is not like Alconbury, which is right on the A1 where there is infrastructure. How would you take that forward in a proactive way to deliver the objective of having more homes?

Jon Thompson: In that case we would engage directly with the relevant local authority about those broader issues. We would engage with either Cambridgeshire County Council or the relevant district council—forgive me, I am not familiar—

Mr Jackson: Hunts DC.

Jon Thompson: Thank you very much. I am completely familiar with Peterborough, given that I live in your constituency, so I am familiar with what you were talking about.

We would engage directly with the relevant local authorities. Indeed, in relation to the development of Waterbeach, we had very constructive conversations with Cambridgeshire County Council. We have a rich history in East Anglia. We cannot develop all those sites in East Anglia, so you need conversations about the issues, and we do it either at a political level, or at chief executive to relevant director general level.

Q65 Mr Jackson: A final question: do you have a template of where you have worked on a potentially difficult site—brownfield, joint venture, or with need for remediation—that has been successful, say around places such as Portsmouth, Gosport and Aldershot?

Jon Thompson: We have some sites where significant remediation has been necessary to dispose of land and move on. You have to take this site by site, to some degree, but you can apply broad patterns to different sorts of sites. So, broadly yes would be the answer, although I don't know if I'm specifically answering exactly what you're asking.

Q66 Mr Jackson: And do you have the expertise within the MOD, or do you buy it in to deal with those sites?

Jon Thompson: We have bought some of it in, but we are lingering over the question of whether we have sufficient capacity and capability to reach all the way to 55,000, and there is some consideration of whether we should spin disposals off. Actually, we have done excellent work with the Homes and Communities Agency to say that we will transfer some of our sites to Andy, and then the HCA will take those sites forward for us. We have reached an appropriate settlement for how the financial proceeds would be split between the organisations.

Q67 Deidre Brock: I do not have a lot of time because we are close to the cut-off point. You mentioned the announcement a week ago that the MOD is putting about a dozen sites up for sale, and one of those sites is in Scotland. This is really centred around the disposal of land in England, but are there plans for further land disposal in Scotland?

Jon Thompson: Ministers will announce land disposals at an appropriate point in the future.

Q68 Deidre Brock: What discussions did the Department or Ministers hold with Scottish Government Ministers or officials about that decision?

Jon Thompson: I am not familiar with whether we did or in what detail, but if you would like me to give you some information, I will try to find out.

Q69 Deidre Brock: I would be very grateful.

If there are disposals in the future in Scotland from MOD property—there is a considerable amount up there—would that be offered to the Scottish Government first so that best value has the eyes of the Scottish Government upon it, as well as the Department?

Jon Thompson: I wouldn't go that far, but I am about to have a conversation with the permanent secretary of the Scottish Government about the defence lay-down in Scotland—

Deidre Brock: Sorry?

Jon Thompson: What we call the defence lay-down—sorry, what we own and run in Scotland. We are about to have the conversation about that, and if the Scottish Government have the view that they would like to take the land off us, I am sure that there is an appropriate economic conversation to be had.

Q70 Chair: Thank you.

I want to go back to the future programme. I think you know our views on the pre-programme—we would still like to see the list of sites—but, Melanie Dawes, in response to a number of earlier questions, you talked about carrying out some monitoring. Cynics among us might suggest that if you do some monitoring, you can show success, in that some homes are being built, but you would avoid full monitoring, because it would be tougher and slower to prove that the homes had been built and therefore for you to claim success for the programme. By doing some monitoring, you are dodging the bullet, in effect. Is that a fair comment?

Melanie Dawes: I don't think it is fair, no. In the end, Ministers will have to decide how much monitoring to do, but I think that we are more likely, as Peter was saying, to put our effort into the larger sites, which typically take longer to build out, because they are the ones where our effort is most needed. With the last programme, about two thirds of the sites that were much smaller were worth only 7% of the homes, and those small sites are much more likely to be built out quicker in any event. We are more likely to put our effort into the bigger ones, partly because they are more material, and also because that is where the delay—

Q71 Chair: May I suggest that as sites are released, if you publish the postcodes and the areas, the citizen auditor—the public—will be able very quickly to tell you, us, their MP and their council whether the homes have been built, which will save you a lot of

monitoring costs? If you can promise to provide us with the lists, that would be a great help.

Melanie Dawes: We can certainly do that.

Q72 Chair: Just to recap, we want the list of the old sites, with some local identifier—not just an amorphous list. There is no reason not to be completely transparent about where these sites are—I can see no argument for confidentiality—and the same is true with the new programme.

Let's move on to the new programme, because we want to look at it. We have been told that the scheme will be launched in the spring, but the old scheme has already finished. When is spring in this context? I know the civil service spring stretches quite widely. When are you expecting to publish details of the new programme?

Melanie Dawes: We will be expecting to publish full details of the new programme—of course, I should just highlight that sales have already started—

Q73 Chair: Can we come to that in a moment? Can you answer my particular question? When will we know the details of the new programme? When will you publish that information?

Melanie Dawes: Sometime in the spring. I can't give you a precise month. It will be, I expect, after Easter. It might be before, but it will be some time in the spring.

Chair: Right. Before June.

Caroline Flint: Before June—before the summer.

Chair: Before most people consider the summer starts.

Melanie Dawes: We haven't got a final deadline, but everyone has a slightly different view of these things.

Q74 Chair: May I just say that that is a bit disappointing? The old programme has finished. We have had an NAO inquiry into that. You knew the new pledge was made. It has taken quite a long time to get the new scheme through.

But you have just mentioned a very pertinent point to pursue. We are already releasing land, so, in the gap between the two schemes, does the land that has been banked and that is being released and built on, we hope, fall into the old scheme or the new scheme?

Melanie Dawes: The programme starts when Parliament starts, which was in May last year.

Q75 Chair: But there are no guidelines.

Melanie Dawes: Well, there are the guidelines from the previous Parliament. Any site that has been sold during the period from the beginning of the Parliament until now, or indeed until we publish the full programme documentation, will need to abide by all the provisions on monitoring, record keeping and so on that we will set out for Departments as part of the new programme. So we are already under way; we are at a much more accelerated stage than we were at this stage of the last Parliament.

Q76 Chair: Just to be clear, the new scheme is actually just a remarketing of the old scheme until the new guidance comes out some time around Easter, when there will be slightly new rules, although we do not know what they are yet?

Melanie Dawes: No. What we had to do—we started this work in summer last year, and it was a very intensive period, involving Departments such as the MOD through the autumn—was to agree the numbers that could be delivered by each Department. This has been very intense work. That has been delivered and agreed—about 18 months earlier than in the last Parliament—and we are now working on all the detailed processes that need to surround the programme. We are following all your recommendations around data collection, record keeping and so on, and we are thinking about the appropriate audit arrangements. There is already draft guidance out to Departments—it went out on 23 December for discussion. We are having regular programme board meetings, and Ministers are having meetings on this as well. So this is very active work, but, in the meantime, Departments know that if they are going to meet their numbers, they have to get on with it, so, in some cases, they are releasing land sales already, and that will count towards the new programme.

Q77 Chair: Okay. So, just to be clear, we will sort of be backdating from when the new programme guidelines are introduced?

Melanie Dawes: Well, we are not waiting for all the details to be filled before we get going. I think that would be a shame; it would slow down house building.

Q78 Chair: But then we worry about the value for money of state site sales. If full guidance and support have not been issued at this point, there are questions to be asked. We have questions about the old scheme, and those rules are being applied to the new scheme before the new rules are drawn up.

Melanie Dawes: The guidance on record keeping and the data that need to be provided—that will be backdated. So any Department that does not abide by all the procedures we are setting out for the new programme—from day one, at the beginning of the Parliament—will not be abiding by the rules of the programme. I think that’s fine; Departments simply need to be ready now and to keep their data. They have seen the draft guidance already.

Q79 Chair: I have to say that it does seem a bit back to front. If the first scheme had been done better, we would not have to have this discussion about new guidelines coming out.

Melanie Dawes: I think we do accept that we needed to make improvements.

Q80 Chair: Well, I am glad you acknowledge that, because there was another key thing that was talked about. We all know where we need affordable housing in our areas. The Government keep talking about providing affordable housing—it is a mantra of theirs—and we can debate whether it is really affordable, but that is perhaps a separate issue. However, with these sites, we do not know how many homes will be affordable or how many will be starter homes. One problem about not counting is that you don’t know where homes are built and what types of homes are built, so someone could get planning permission for lots of starter homes and replace them with a few luxury homes, which is not what is wanted in many—probably most—areas of the country. Do you not agree that that is still a major flaw in the programme?

Melanie Dawes: You recommended that we include objectives for affordable housing as part of the programme, and our Ministers have not accepted that recommendation. I am sorry that we are giving you that message, but that is the decision that they have taken. However, we do have objectives for affordable housing across the country as a whole—that has been clarified as part of the spending review—so we will be relying on that broader framework.

Q81 Chair: Exactly. I am sorry to cut you off but that is exactly my point. There is a Government objective for affordable homes, but on this major bit where Government actually have the whip hand—they own the sites and are releasing the sites—there is no attempt to count how many of the homes on MOD land, Department of Health land and other land are going to be affordable. We had the Department of Health in here a week ago and we asked about the £2 billion of land sales and what that would do for housing key workers in the health service, and we were assured that, actually, some of that would definitely be for affordable housing. That is what they say, but you and your Ministers say that it isn’t important.

Melanie Dawes: That may be an objective that the Department of Health is factoring in because it's an important wider consideration for the Government. There will be cases like that where, for example, a site may be sold and a school is going to be built on it.

Q82 Chair: But you said earlier today, and in answer to a question by Mr Bacon when you came before us in July, that you are the responsible person for delivering homes for Government. This is physical homes, including homes in which people can actually afford to live. In London, even if you are a consultant at Barts, and certainly if you are a senior doctor, you are struggling to live in the local area. If you are a lower-paid health worker, it is very difficult. We could all give you examples of that, yet it is just not going to be part of the new programme. You must have given guidance to Ministers, and it must be very easy to assess. The Homes and Communities Agency will be able to tell you how many affordable homes have been built.

Melanie Dawes: What we will be doing is relying on local authority plans and their discussions with developers to determine what is the appropriate affordable housing mix for each site—that is what we are expecting—rather than us as a Government saying what that should be on any of those sites.

Q83 Chair: But even if you do not set a target in the beginning, you are not going to tell us at the end how many of them are affordable homes. Is that right?

Melanie Dawes: Ministers have decided that they do not want to have affordable housing as a particular objective for this programme, as opposed to the broader objectives that we have for the country as a whole.

Q84 Mr Jackson: I know that time is against us, but wouldn't you have saved a lot of problems, impatience and fractiousness on this Committee if, after our meeting in July, you had gone away, drawn up a contract or a service-level agreement with Zoopla or Rightmove and said to them "We, the DCLG and the Homes and Communities Agency, want to use your expertise, knowledge, skills and experience of the housing market to find all these sites, find out what stage each of them is at and come back with a full, comprehensive programme"? I know Sir Humphrey might say that that would have been a "brave" decision—

Melanie Dawes: We have done that.

Mr Jackson: You haven't.

Melanie Dawes: We explored that as part of our work on how far to monitor. We have actually looked at that, and we have some prices on it. It doesn't come free, so that is precisely what we and our Ministers are weighing up in working out how far to monitor and how many sites to monitor. That is exactly what we have done since we last met you on this topic.

Q85 Mr Jackson: But we are not any further forward in meeting the challenge of the No. 1 strategic objective of this Government, and the previous Government probably, which is homes for people who need them and dealing with the housing crisis. I am sure your Ministers are watching—I have spent a lot of time with them on the 145 clauses and 11 schedules of the Housing and Planning Bill over 17 sittings—and I would suggest that they are absolutely committed to more people owning their own home and being in their own home by the end of this Parliament, but you can't achieve what you don't measure.

Peter Schofield: The key thing is that we do measure what is going on in terms of affordable housing across the country, and we do measure what is going on with building.

Q86 Mr Jackson: Not on this programme.

Peter Schofield: We measure it according to how many homes are actually built. During the last programme, when we released land for 109,000 homes, we delivered around 270,000 new affordable homes at the same time. The fact is that the way we go about identifying affordable housing is through a planning framework that then puts local authorities in the driving seat, exactly as Melanie has said, to determine what the right mix is between affordable housing and intermediate housing on a site-by-site basis. We then take forward our sales in the context of a framework that has been set by the local authority.

Q87 Mr Jackson: You are the applicant. You can ask for whatever you like on any planning application because you own the land. Therefore, it's not rocket science to go to a local planning authority, which is more permissive, more liberal, in its land-use policy, in its five-year land supply, and say, "Would you mind awfully? We're putting forward this application"—for either outline planning permission or detailed planning permission, full planning permission—"to build 500 homes."

Peter Schofield: The local authority will determine what the right mix is, according to local housing need, and you are unlikely to find an area where the only need is for affordable housing.

Q88 Mr Jackson: But 35% of local planning authorities do not have local plans in place, and they certainly have not reached inspector level; they are not adjudicated by the inspector, so even then you could go to them. You could build a 15-storey pink elephant building. It doesn't matter, because no local plan is in place. But the onus is on you as the applicant so to do.

Peter Schofield: But I think the key thing is that the onus is on the local authority to plan. One thing I should mention is that three weeks ago the Prime Minister did announce a

pilot approach of direct commissioning on public sector land, and in those cases up to 40% will be starter homes. We are going to pilot that and see how that programme goes.

Q89 Chair: May I say, though, speaking particularly as an inner-London Member, although I know some colleagues have the same problems, that I met with my housing associations last week, and it takes people on very good salaries clubbing together to buy a shared ownership home? Even renting so-called affordable homes at 80% of private rents in my area means that people cannot stay for very long because the rents just keep going up. The Government have a responsibility to make sure there are affordable homes in certain areas, regardless of what happens with local planning, or we will see cities hollowed out and key workers having to commute further and further to do their job, which just becomes unsustainable. You as a Department have that strategic objective to build affordable homes and you are just washing your hands of it.

Peter Schofield: No, absolutely not, Chair. What we are doing—what you saw in the announcement on the spending review was plans for over 400,000 more affordable homes.

Q90 Chair: But affordable to whom?

Peter Schofield: Well, the largest shared ownership programme by any Government since the 1970s.

Q91 Chair: May I tell you what shared ownership properties are going for in Hackney? Over £1 million for a three-bedroom property. If that's affordable, I'm a chicken.

Melanie Dawes: I think that is a policy question, to some extent.

Chair: Okay, fair point. It is possibly a policy question, but it is also about delivering, and if you have sites such as hospital sites in Hackney, there is a real need for homes that people can actually afford to live in, not homes that people can just buy in the normal private market.

Q92 Caroline Flint: Melanie Dawes has made it very clear that some of these are policy questions, but if we go back to the point made by Mr Bacon about veterans, many veterans will need not only a home, but an affordable home, so I'm afraid that no matter how ingenious your suggestion, Richard, that's not going to cut anything if affordable homes are not going to be part of the priority for these sites and their disposal. Could we end up, on a number of these sites, with no affordable homes? Could it be the case that we will have sites with no affordable homes on them?

Peter Schofield: For each and every site, the local authority will have a planning policy for the proportion of affordable housing.

Q93 Caroline Flint: I understand that, but this is public land that across Whitehall you have pooled together to put into the pot for housing. All things being equal, though, it could be the case, following this discussion, that there will be sites at the end of the day that have no affordable homes on them. That could happen.

Peter Schofield: I go back to my starting point, Ms Flint, which is that the local authority sets out a very clear plan—clear policies—for the proportion of affordable housing.

Q94 Caroline Flint: And if you are not requesting, as the sellers of the sites, that affordable homes be part of the jigsaw, it could be that the poor planning authority will have no power over developers when they are being held over the barrel and told, “I’m sorry. We are not going to put affordable homes on this site, because it’s not within our business plan.” They will not be able to come back at them and say, “Actually, we’re not going to allow you to do that.”

Peter Schofield: I disagree, because the right people to decide on the housing mix to meet the local need are the local authority, and that is very clear in the way we have set out in the “National Planning Policy Framework”.

Q95 Caroline Flint: But do you think that not having an affordable clause in relation to the disposal of a site makes it more likely that it will be harder for a planning authority to insist on affordable housing as part of the development of that site?

Peter Schofield: I think it is very clear that the local authority will have the whip hand, because they are making the decision on planning policy.

Q96 Chair: You say that, but if we go back to Mr Jackson’s point, 35% of local authorities do not have a local plan.

Peter Schofield: But again, the “National Planning Policy Framework” is very clear about this. Then the presumption in favour of sustainable development comes in, and at that point, even without the local plan being in place, there will be a discussion about the mix of development and whether it meets local need, and the evidence will have to be there.

Q97 Chair: I have here, and I can send it around to you, something that should be essential reading for any civil servant in the Department. It is a map from 2008 showing the ratio of lowest-quartile house prices to lowest-quartile earnings. Just to take London, my area, nothing is below six times salary, but most of London is over 10 times average

earnings. That's London, but there is nothing—well, certainly south of the Wash and the Bristol channel everything is unaffordable. That is a crisis that the Government have to deal with. You might say it is a policy issue, but it is not just a policy issue; it is also about the practice of how you are releasing this land and what restrictions you are putting on it.

Melanie Dawes: It is not that we do not care about affordable housing or about house building generally. We know that there is an under-supply of housing in this country, which means that it is not affordable to far too many people and that under-supply is particularly acute in London and the south-east. We agree with that, but our approach is to have policies across the country to tackle those things, and not particularly to determine the mix of any of these sites just because they happen to be public sector land sites.

Q98 Chair: Okay. A little while ago, along with other east London MPs, we met with Barts and the Royal London because of other issues going on in the trust and we raised the issue of land sales. One of the senior directors there said that it was not their problem to dispose of land for affordable housing; they needed to get the money in. So there are different messages going out. We do not have time to go further into that, but that was a particular case.

I want to raise the important issue of job creation. Under the last scheme there was a promise of jobs being created, although it was very unclear how you measure a real job—different measurements of jobs. What will be the new approach in the new scheme for jobs created under this programme?

Melanie Dawes: In the last programme, partly reflecting the state of the economy at the time, there was a specific objective for job creation. This time around Ministers have decided that they do not want to have jobs as a particular objective of this programme. We expect that jobs will be created, but it is not something that we will be particularly monitoring or measuring. Our objective is to release the land.

Q99 Chair: Right, so it is releasing land, but you are not counting the homes or how many jobs, and you have no targets for affordable homes. That is the new programme in summary.

Melanie Dawes: We are counting our projections of homes that will be built for every piece of land released—we have a lot of assurance around that, including some monitoring to check that the assurance is good enough.

Chair: We have heard about monitoring. Projected homes, not actual homes.

Melanie Dawes: We are also following your recommendations on publishing information about receipt on disposals. We will also publish as much as we can on the contractual arrangements. That information will be available at the programme level,

departmental level and site level. It will allow us to do a much greater degree of evaluation and analysis at the programme level than we did before.

Q100 Chair: A final point from me, then Richard Bacon has one very short question before we finish. Value for money: are you measuring it solely in cash terms, or are you looking at the value-for-money dividend for the taxpayer? I will use the example of my local fire station, which was sold—I will not go into the issue around that. At one point it was rumoured that it had been sold for £28 million. Your Department has taken it on and sold it to a local free school, and presumably we will see private housing around it. The school is in there, which complicates things, but when the site was being sold for private housing, the bigger dividend locally, rather than the many millions, would have been a slight reduction in cost and affordable family homes for local people. That is what my area needs—other colleagues will have different needs. So when you are looking at value for money, do you factor that in as a value-for-money element, or is it purely in cash terms?

Melanie Dawes: On each site, Departments have to make that judgment, so in some cases it might well be appropriate to accept a lower sale price, because part of the site is to be released for a school or indeed for what is called employment land. Particularly on the larger sites you would expect that mix. It is very rare for a large site only to be—

Q101 Chair: That is down to Departments—they can decide that individually.

Melanie Dawes: Yes. It is my responsibility or, if you like, a system accountability—which we talked about before in relation to local government—to make sure that the right guidance is there, which we are doing now. The Cabinet Office is updating its guidance on the disposal of surplus land and will be publishing it shortly. I think there have been some updates to the guidance from the Treasury as well. We will also be requiring all Departments to confirm that they have followed that guidance, which is a new thing in this programme. We will also be looking at how to audit some of this.

Q102 Chair: We called you in last July, because, as a new Committee, we were all pretty staggered by one of our early NAO Reports. We have heard from you again today. In July you said that you would be happy for us to do a pre-scrutiny of the next programme, which this is the beginning of, but we would love to have you back to talk about the next set of guidance before it is actually launched in the spring, whenever that is. We would be grateful if you can agree today to keep us briefed about when that will appear, and we will give you the benefit of our scrutiny to make sure this programme works better than the last one. In our view, the last one didn't work as well as it should have done. We still don't know how many homes are being built, so we don't know whether it has worked at all.

Will you agree to come in front of us as you issue that guidance, or ahead of doing it, so that we can give it a good going over and help you to develop a better policy to deliver more homes for people in this country?

Melanie Dawes: We are certainly happy to discuss the guidance with you. I would have thought that would be better when it has been published, but of course we are happy to discuss that with the NAO or to do any other work you wish to be done. If there are any questions we can answer for you today or in writing after today, we are happy to do so.

I want to emphasise that there is a difference of view between whether we should explicitly be aiming for any particular level of house building, but on all the other issues we have—

Chair: Inevitably in Committee we focus on the differences. It is a pretty big difference but the whole aim of your programme does not include measurement of the number of homes built—homes where people can turn the key in the lock and live in. That is the big difference between us on this Committee and, I contend, with wider Parliament. I hope you will take that back to your Ministers.

Melanie Dawes: We will. We will be discussing this with our Ministers, particularly as we consider how much monitoring to do which, as I said, has not yet been decided.

Chair: I am sure we will be raising that in another forum. I will indulge Richard Bacon with a very short question. I apologise to Andy Rose for not getting to speak to you, but knowing you were there was, I am sure, a comfort for your colleagues.

Q103 Mr Bacon: My question was for Mr Thompson and it still is, but I also want to put one question to Mr Schofield.

Mr Thompson, in my Kettering constituency there is a fuel dump that used to provide fuel for RAF Coltishall and Norwich airport during the cold war. It is now redundant. Because the MOD let the tanks leak, the level of contamination is greater than first thought. The local authority has spent £70,000 evidencing the level of contamination, which has led to the land being nearly worthless. It can't seem to negotiate a sensible commercial arrangement with the MOD that would take the land off the MOD's hands with the local authority taking the risk of the remediation, which is very much more considerable than it should have been because of the MOD's carelessness. Who should my local authority talk to to get some bowel movement on this, and should they talk to you?

Jon Thompson: I am happy for the chief executive of the council to contact me direct.

Q104 Mr Bacon: I am grateful to you. I did write to you about this around three years ago but we have not made any progress.

Finally, Mr Schofield, you said that of the 13,000 homes in the recent announced programme a proportion would be starter homes. Is that right, or did you say affordable?

Peter Schofield: I said starter homes, up to 40%.

Q105 Mr Bacon: You will have seen when you came with me to Berlin that a significant capacity exists for serviced plots, commissioned and self-build. Will you be aiming to have a proportion of serviced plots for self-build or commissioned build?

Peter Schofield: We are very keen to look at that and it will go alongside all the other work we are doing to implement the regulations from the Self-build and Custom Housebuilding Bill, now an Act of Parliament, that you introduced during the last session and the Housing and Planning Bill that is going through Parliament, which amends it.

Q106 Chair: Thank you very much indeed for your time. The transcript will be available on the website within the next couple of days uncorrected. We will send you a copy of the report.