

Housing, Communities and Local Government Committee

House of Commons, London SW1A 0AA

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Melanie Dawes CB
Permanent Secretary
Ministry of Housing, Communities and Local Government

21 May 2018

Dear Melanie,

Thank you for the explanatory memorandum you provided to the Committee which accompanied the Ministry of Housing Communities and Local Government (MHCLG) 2018-19 Main Estimate. It is particularly pleasing that this was received in a timely fashion, and I trust that this will continue to be the case going forward with future such memoranda. There are a number of areas where the Committee would like some further information, which are detailed in the questions below. Some of these questions also follow-up on your response of 13 March to our previous questions on the Ministry's 2017-18 supplementary estimate.

Local government

1. The NAO's recent report on Financial sustainability of local authorities noted increasing pressure on costs for local government services arising from increased demand and other factors (for example the introduction of the National Living Wage). Do you consider that the expected increases in overall spending power of local government in 2018-19 will keep pace with increases in costs, many of which are outside local authorities' control?
2. The recent decision to send in Commissioners to run Northamptonshire County Council was taken after the Main Estimates were published. Does the Ministry expect to incur any extra costs in 2018-19; due to its involvement in Northamptonshire?
 - Are the Ministry expecting any other local authorities to get into financial difficulties in 2018-19, if so what will be the impact on your budget in 2018-19?

Housing

3. Help to Buy investment is forecast to make up the majority of total CDEL spending on "Housing and Planning" (£4.1bn of £7.6bn in 2018-19). Have you evaluated the relative value for money of Help to Buy compared to spending on other housing programmes? If so, how do they compare?
4. In response to our questions regarding the 2017-18 Supplementary Estimates correspondence you noted that the Right to Buy pilot (which is receiving increased funding in 2018-19) has been assessed as providing good value for money for taxpayers (you estimate economic benefits of £440 million). Please send us a copy of this analysis

alongside any value for money or cost-benefit analysis you have done on other housing programmes (for example Help to Buy and Affordable Housing).

5. The costs of Housing Benefit (which is included in DWP budgets not MHCLG) is significantly higher than investment by MHCLG in Housing. What, if any, work is the Ministry doing with DWP and HM Treasury to ensure that these costs are considered when you make decisions about housing programmes?
6. The first Help to Buy equity loans (issued in 2013-14) are now coming to the end of their five-year interest free period – how do you expect this to affect your budgets in 2018-19?
7. You are planning to increase investment in affordable and social housing – do you expect this to reduce the numbers of households living in temporary accommodation?
8. Last year you recorded an underspend on the budget for affordable housing – what are you doing to ensure this does not happen again?
 - Did you seek flexibility from HM Treasury in 2017-18 so that funds for affordable housing could be spent during the year (rather than being surrendered or rolled forward)?
 - Will you have the flexibility from HM Treasury in 2018-19 to distribute any underspends to local authorities as capital grants for housing projects?
9. The government has announced funding of £400 million for social landlords to remove and replace potentially dangerous cladding - is this funding in addition to the budgets agreed in the Main Estimates? Which budget line will this funding come from?

I look forward to receiving your response in due course.

A handwritten signature in black ink, appearing to read 'Clive Betts', with a large, stylized initial 'C' at the start.

Clive Betts MP
Chair, Communities and Local Government Committee