

HOUSE OF CARDS



**EXPLORING ACCESS AND INFLUENCE
IN UK HOUSING POLICY**

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KEY CONCEPTS

CORRUPTION

The abuse of entrusted power for private gain.¹

INTEREST GROUPS

Associations of individuals or organisations that on the basis of one or more shared concerns, attempts to influence public policy in its favour usually by lobbying members of the government.²

LOBBYING

Any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations and individuals.³

POLICY CAPTURE

The process of consistently or repeatedly directing public policy decisions away from the public interest towards the interests of a specific group or person. Capture is the opposite of inclusive and fair policymaking, and always undermines core democratic values. The capture of public decisions can be achieved through a wide variety of illegal instruments, such as bribery, but also through legal channels, such as lobbying and financial support to political parties and election campaigns. Undue influence can also be exercised without the direct involvement or knowledge of public decision makers, by manipulating the information provided to them, or establishing close social or emotional ties with them.⁴

POLICY PROCESS

The process through which government develops activities that are intended to achieve the purposes of politicians in government.⁵

UNDUE INFLUENCE

A more subtle form of corruption, which involves one person taking advantage of a position of power over another. This can involve making use of legal mechanisms to influence the decision-making process. For example, they may legally contribute to electoral campaigns, provide research, and host receptions but expect favourable decisions in exchange.⁶

KEY FIGURES

Between January 2010 and March 2020:

Political parties, their members, and other campaigns accepted donations totalling

£742 million.



Over 10% of all political donations during this period came from individuals and companies related to substantial property interests (**£75.1 million**).

80% of property related donations by value (**£60.8 million**) went to the Conservative Party.



Property related contributions accounted
for over a fifth
of the Conservative Party's reportable donations.

Large property related donations accounted for

1 in 10 pounds

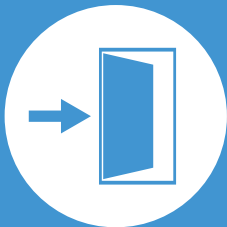
of the Conservative Party HQ's income between 2015 and 2019.



Between 1997 and 2020:

There were
10 secretaries
of state
with some form of responsibility for housing.

and
18 ministers
of state



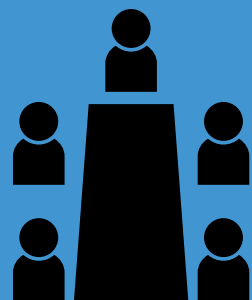
On average secretaries of state stayed in office for around
two and a half years.

Eight of the last secretaries of state spent **under two years** in the job. **Three** of the last five housing ministers left office **within a year**.

Between January 2017 to March 2020:

Ministers had **669 meetings**

with **894 separate interest groups** to discuss housing issues. Government provided little detail on the content of these discussions, with **over 40 per cent of meetings** described merely as concerning 'housing' or 'planning'.



Only **three** of those attending these meetings (**0.3 per cent**) had to report additional information to the statutory lobbying register, which just included basic details about their company and a list of their clients.

EXECUTIVE SUMMARY

Everyone needs a home, yet finding one that will not bust the bank is a perennial problem for citizens across the UK. Whether it is to rent or to buy, the cost of basic accommodation forms a substantial part of households' take home pay. While other developed economies suffer from similar symptoms, the problem here is particularly acute. Recent studies put the UK as the seventh most expensive out of a group of 40 industrialised nations, with over one in five renters overburdened by the cost of keeping a roof over their head. For many, the global pandemic has only increased the precariousness of their living arrangements.

Whilst the causes of this crisis are hotly contested, its persistence is undisputed. Across both large cities and rural idylls, buying is an elusive dream whilst renting remains an expensive drain on income. And over time the problem does not seem to get better, with spending on this essential item becoming increasingly unaffordable for large swathes of the population.

It is the stubbornness of this crisis that triggered this report. As we have seen over the last year, faced with seemingly insurmountable challenges the state can make bold interventions in favour of the public good. This then raises the question: why could not the same be done to make housing more affordable for all?

Because politics is the art of managing limited resources, those elected to high office must

weigh-up competing demands on their time and the public purse. Yet the factors informing ministers' judgements seems much under-explored. This research reviews the available evidence to provide a greater understanding of potential factors influencing the UK government's housing policy. It does so by exploring three questions.

Firstly, is there a radical imbalance in access to government amongst interest groups, which could indicate ministers and their officials only hear one side of the argument? Although we find there is a fairly open door in Whitehall to a wide range of groups, there is a notable absence of tenants at the table. While this might not be intentional, it is conspicuous given that private renters alone make-up just under a one in five (5.4 million) of all households in Great Britain. Additionally, an apparent inequity of resources gives some interest groups an upper hand when responding to the whirlwind pace of Westminster. While those with deeper pockets, such as industry groups, can respond faster to these shifting influencing opportunities, there are many who cannot, which inevitably affects the quantum and quality of representations made by those with less means at their disposal.

Secondly, we sought to identify what avenues there are for potential undue influence over the development of housing policy. This appears twofold. The frequency with which ministers



and their civil servants change jobs creates a significant challenge to government's institutional knowledge. There have been 10 secretaries of state and 18 housing ministers within the last twenty years, an astonishing rate of turnover. That would be less problematic were churn in the civil service not so high – around a quarter of all staff leaving the department responsible for housing within a year, according to previous research. Given the intractability of the housing problem and the need for longer-term thinking, it is deeply unhelpful that so many within the leadership and rank and file of government spend so little time in their post. Not only does this inhibit momentum for initiatives that could deliver long-lasting change, it produces an unhealthy reliance on the knowledge and experience of outside actors.

To compound this, the current party of government secures a significant proportion of its income from a small number of individuals and companies with a direct stake in the housing market. During a ten year period between 2010 and 2020, this sector accounted for one in five pounds of the party's reportable donations, worth £57.8 million in total. Ten of these donors alone account for nine per cent of all the Conservative's reportable donations in the last decade.

While we have seen insufficient evidence to prove beyond reasonable doubt any direct quid pro quo arrangements of donations for decisions, this dependence creates a real risk of aggregative corruption, whereby the actions and judgements of ministers are incentivised by their party's financial ties to interest groups in this policy area.

Thirdly, we wanted to test the meaningfulness of the current arrangements for providing transparency over those who access and seek to influence the government. Given access to information like this is a critical safeguard against potential impropriety, this

is a key yardstick for the UK's commitment to ethical standards. Yet when measured against some very basic standards, it falls lamentably short of the mark – a view shared by international experts⁷ and the UK's own official ethics watchdog.⁸

The scope of the UK's statutory register of lobbyists is abnormally narrow compared to other countries, covering only about 0.3 per cent of those meeting face-to-face with government on housing issues. The register itself says no more than which clients they represent – adding little value to what is already in the public domain elsewhere. And the main means of revealing access and potential influence – departmental transparency disclosures underpinned by the ministerial code – are still lacking in quality, consistency and meaningful content to be a reliable source of information. Fundamentally, we know more about those seeking to shape planning decisions in rural Ireland than we do about interest groups bending the ears of ministers in Whitehall.

From reviewing this evidence we provide ten recommendations for change. These seek to:

- **Promote a more open and inclusive policy process**, so government has a more holistic view of the issues it needs to address.
- **Remove the risks of undue influence**, which may inhibit ministers and their officials from developing big and long-term solutions to solve the housing crisis.
- **Increase the transparency of lobbying in the UK**, so there are fewer corners for impropriety to hide.

If adopted, these proposals should help empower ministers and their officials develop the bold solutions needed to fix the UK's broken housing market.

RECOMMENDATIONS

Our research identified 10 key issues that need resolving in order to help produce a more open and inclusive policy process that is free from undue influence, and more transparent.

A more open and inclusive policy process

→ ISSUE 1

While the government is good at consulting a wide range of interests groups in developing housing policy, it could and should do more to engage those directly affected by the housing crisis, particularly renters, who form a substantial proportion of households. Across the private, public and third sector, tenants make-up over a third of dwellings (10.2 million) in Great Britain, yet there is a perception that their involvement in exploring housing issues and potential solutions is disproportionately low given their relative population size.

RECOMMENDATION 1

Government should ensure greater engagement of tenants and other marginalised groups in the development of housing policy.

→ ISSUE 2

Technical consultations are often inaccessible for many of those they are likely to affect, especially those without substantial resources to engage with government. This increases the likelihood that only those with substantial resources will be able to present their views to officials and ministers, giving a narrow perspective on the implications of policy changes.

Additionally, many interest groups, including those with substantial resources, struggle to engage with consultations meaningfully due to tight deadlines and sometimes multiple, simultaneous engagement opportunities from government. This is likely to have an impact on the quantity and quality of evidence officials and ministers are able to solicit when considering policy options. It also risks excluding from debate those who do not have the means to engage with consultations at short notice, who are more likely to be more marginalised and precarious voices within the housing market, such as private renters.

RECOMMENDATION 2

Government should ensure it complies with its own principles for consultations by:

- exploring how better to engage marginalised and under-resourced interest groups in developing key technical policy proposals, and
- providing sufficient time for consultees, especially less resourced groups, to provide more informed and evidenced responses.

→ ISSUE 3

The UK government's principles for consultation states departments should explain the responses it has received and how they have influenced policy. However,

it does not require they publish submissions by default, which would help those outside of government better understand how interest groups' views are reflected in ministers' decisions.

✓ RECOMMENDATION 3

Government should publish submissions it receives for consultations by default unless there are strong reasons not to do so; for example security concerns.

→ ISSUE 4

Think tanks can be extremely influential in the development of government policy, but the opacity surrounding their funding can raise serious and legitimate questions about whose interests they are furthering. When there are such porous lines between think tanks and political parties, which result in key staff being brought into government as special advisers, the issue of think tank funding becomes even more important. While disclosing sources of income has become commonplace elsewhere in politics – for example, political donations and loans – it remains noticeably absent here, despite these organisations' close proximity to power.



RECOMMENDATION 4

Think tanks should voluntarily disclose their funding and aim to achieve a 5-star Transparify rating.¹

Government, Parliament and the media should provide strong incentives for encouraging think tank donor disclosure. This could include government highlighting where they receive consultations submissions from opaque think tanks, media organisations refusing them a platform until they meet minimum disclosure standards, and bans on employing those who have worked for opaque think tanks within the last two years.

→ ISSUE 5

Many interest groups felt that consultations often happen too late in the policy development process, which narrows the scope for meaningful engagement with consultees and risks making these set-piece events a tokenistic exercise. Whilst there is a natural tendency for ministers to seek early counsel from those ideologically aligned to their worldview, this restricts their options and reinforces the perception that they are not interested in developing evidence-driven solutions that are more likely to resolve current housing problems.

✓ RECOMMENDATION 5

There should be earlier involvement of a broader range of actors in determining the scope of policy options; for example, in the pre-consultative stage.

¹ Transparify is an initiative that rates the financial transparency of think tanks and non-profit organisations, and provides a methodology for how these groups can improve their donor disclosure <https://www.transparify.org/>

Removing the risks of undue influence

→ ISSUE 6

A high turnover amongst ministers and officials within MHCLG leave it with insufficient organisational knowledge to make independent assessments of the evidence presented to them by interest groups. There is also widespread frustration amongst those engaging government that they have to spend a significant amount of their time educating those who are supposed to be leading national housing policy. This churn of leadership and personnel causes inertia and prevents government from taking the bold, longer-term decisions needed to help fix the UK's broken housing market.

✓ RECOMMENDATION 6

Government should explore how to increase the level of organisational knowledge retention within the Ministry of Housing, Communities & Local Government (MHCLG) to enable its policymaking to be resilient to regular changes, both at ministerial and official level.

→ ISSUE 7

A lack of meaningful controls on political campaign spending, combined with no limits on political donations, increases pressure on parties to solicit funds from a small number of wealthy donors. For one party in particular, this has led to an unhealthy reliance on a very small number of donors from the property sector, which risks inhibiting ministers from making the tough decisions needed to meaningfully tackle the housing crisis.

✓ RECOMMENDATION 7

Government should legislate to take big money out of UK politics and encourage political parties to diversify their donor base by:

- Introducing a £10,000 limit on donations from individuals and companies per donor per year.
- Reducing the maximum amount political parties can spend on national campaigning at elections by 15 per cent, as recommended by the Committee on Standards in Public Life (CSPL), and widen the scope of these controls to include money spent on campaign staff.
- Bringing the reporting threshold for donations and loans into line with the permissibility thresholds, currently £500, to maintain proportionate transparency over the source of political contributions.



→ ISSUE 8

Legislation on political party funding reform is unlikely to be forthcoming in the current Parliament. Meanwhile, parties have the opportunity to take proactive steps to diversify and increase the resilience of their donor base, which they need in order to engage substantively with the public and formulate new ideas for government. Waiting to be forced into action by future legislation will leave those who currently rely on a small number of donors for a large amount of their income at a competitive disadvantage when reform does happen.

✓ RECOMMENDATION 8

Parties should start proactively diversifying their donor base and explore new and innovative ways to secure smaller amounts from larger numbers of people.

Increasing lobbying transparency

→ ISSUE 9

The UK is one of the most opaque polities in the advanced industrialised world. While like-minded democracies across the Atlantic and the Irish Seas have comprehensive lobbying registers to provide information on the access and potential influence of interest groups, the UK has a hotchpotch approach – combining disclosures by government with a very narrow statutory register that adds little benefit – which causes more confusion than clarity. The UK has fallen well behind the openness provided by its allies, leaving far too many hidden corners for impropriety to hide.



✓ RECOMMENDATION 9

To help deter and detect misconduct by lobbyists and/or ministers, we recommend that the UK government legislates to introduce a comprehensive statutory register of lobbyists similar to Canada's.

This should require regulated individuals and organisations to provide the following details as a minimum, which would be updated at least quarterly:

- Who is lobbying, including details of the organisation, the staff involved, and whether they employ any former public officials or politicians.
- What they are trying to influence and why, including the details of the relevant bill, government policy and/or public contract.
- When the lobbying takes place.
- How they are seeking to influence government, for example through in-person meetings, phone calls or other forms of electronic communication.



→ ISSUE 10

Pending legislation to increase transparency over lobbying by interest groups, the public are reliant on departmental disclosures for information on who are meeting ministers and senior officials within government. Currently, these provide an incomplete picture of access and potential influence in Whitehall, and are increasingly published so late that the events they report happened over seven months prior. That so many of recent revelations about privileged access and attempted influence by interest groups are still dependent on the work of investigative journalists demonstrates the inadequacy of the status quo.

✓ RECOMMENDATION 10

The UK government should improve the completeness and timeliness of departmental transparency disclosures by:

- Amending the ministerial code to require explicitly that engagements between ministers and interest groups concerning official business, via whatever means, be published.
- Amending the ministerial code,² internal government guidance and publication standards to include a clear deadline for publishing this information, which should happen monthly.
- Establishing a separate publication process that is relatively fixed and not subject to the government's communication 'grid'.
- Giving the Independent Advisor on Ministerial Interests the power and resources to proactively investigate any failure to comply with the ministerial code, determine whether there has been a breach and publish their findings.

² The rules governing the conduct of ministers in the UK government.

INTRODUCTION

Parts of the UK are suffering from an acute housing crisis, a fact acknowledged by successive governments.⁹ Whether renting or buying, the ideal of secure, safe and affordable accommodation remains elusive for large numbers of citizens. In England alone, research estimates that as many as one in seven people live in insecure, unsuitable or unaffordable homes.¹⁰

Arguments vary as to its cause, and because of this there is heated debate about what should be done. Professor Nick Gallent of the Bartlett School of Architecture at the University College London describes it as a ‘wicked’ problem with no easy, objective, or definitive solution.¹¹ There are various trade-offs, whether between increasing the supply of housing and defending the greenbelt, or between helping the younger generation get onto the housing ladder and protecting the investments of existing homeowners. Those responsible for designing and deciding interventions in this market have to consider this complex web of competing interests.

To help navigate this minefield, ministers can take into account a range of factors – the available evidence, ideology, political opportunity, and the views of key stakeholders. This research focuses on the latter, specifically the ability of interest groups to access and potentially influence public office-holders, and the transparency of this engagement.



The report is split into three main sections.

1. Introduction

Providing background context to the research and our main lines of inquiry.

2. Methodology and findings

Including the assumptions underlying the research and headline results from our data collection.

3. Analysis

A review of the data, issues arising and proposed solutions.

Background

The housing market comprises a complex interplay between numerous variables. At its most base level, there are two key elements.

Supply: the volume, type and quality of homes, either new, purpose-built domestic properties or adaptations to existing buildings.

Demand: the ‘quantity and quality of housing which households will choose to occupy given their preferences and ability to pay (at given prices).’ This is distinct from housing need, which is a normative standard of adequate accommodation.¹²

In England alone, there are 24.4 million dwellings,¹³ and the UK government estimates that 345,000 homes need to be built every year to meet this demand. However, despite a small increase of new stock in 2019/20, only 244,000 homes were built during this period – over 100,000 less than needed.¹⁴ During 2020, the COVID-19 pandemic and national lockdowns have disrupted the pipeline of new starts and completions.¹⁵

Driving these core elements of the market are several other variables interacting with one another. Below we provide a summary of these often-overlapping factors alongside some headline trends in recent years.

Developers: those bringing new dwellings to the market for sale or rent.

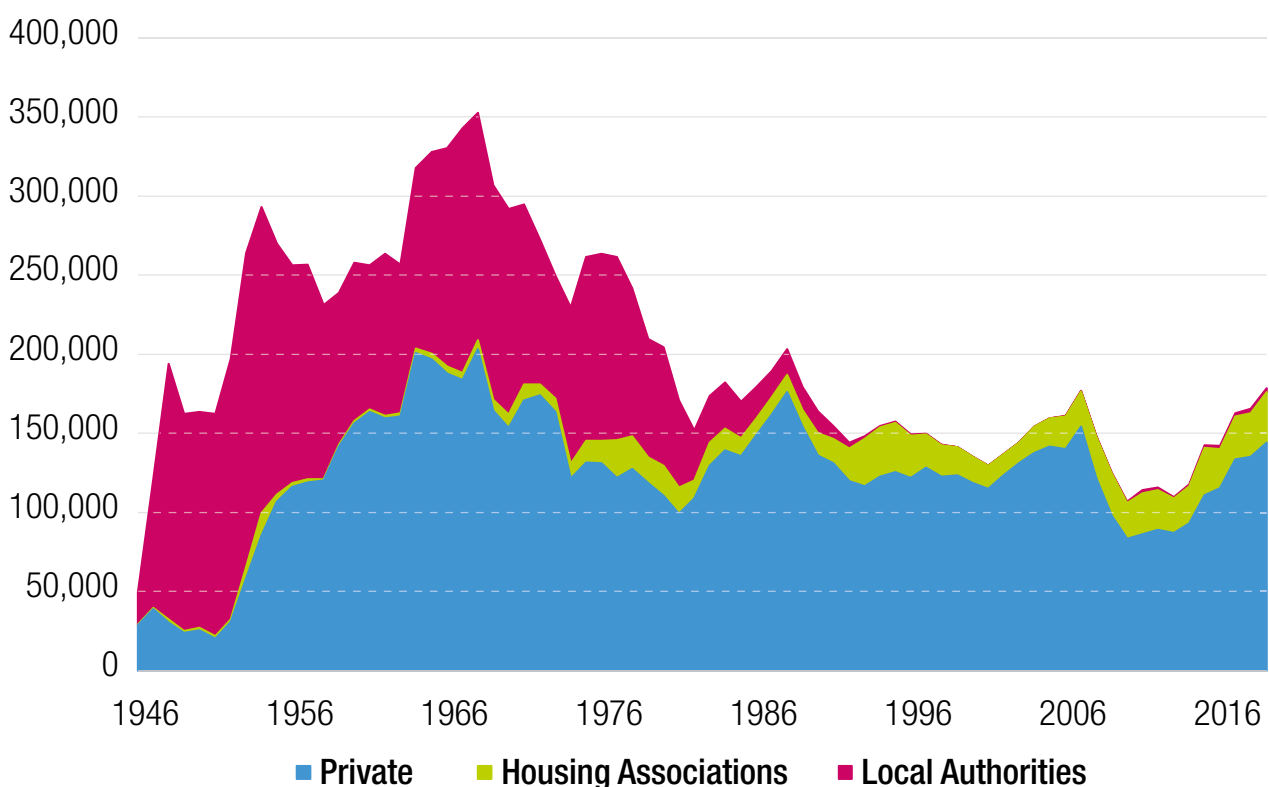
Since the 1980s, consecutive administrations have relied almost entirely on private sector developers to meet

demand (see Chart 1). Official data from the Ministry of Housing, Communities and Local Government (MHCLG) indicates that over 80 per cent of all new homes in 2019 were built by private developers,¹⁶ with 18 per cent built by housing associations (not-for-profit landlords), and the remaining 1.2 per cent by local authorities. A series of mergers and acquisitions in recent decades has created a virtual monopoly of a dozen private developers, who account for 50 per cent of all newly built homes.

Land: the size, price, availability, ownership and location of land on which new properties can be built.

A major factor influencing the supply of new properties is the availability of land and its price. According to the Institute of Public Policy Research (IPPR), the value of land in the UK has increased from £918 billion in 1995 to over £5 trillion in 2018.¹⁷

Chart 1: Number of houses built by developer type per year, 1946 – 2019
(Source: MHCLG)



The impact of planning decisions and local plans on the price of land can be substantial. For example, when agricultural land is granted planning permission for housing, its value typically increases by 100 times.¹⁸ The pricing of land is not only an important factor influencing the cost of any housing built on it, it is also a major factor and point of contention in determining the viability of developments, including the provision of new affordable housing.¹⁹

Despite these sizeable changes in the price of land, research suggests large portions of its ownership has stayed relatively static. Using earlier studies and new data, the land campaigner and author Guy Shrubsole estimates that still around a third of the land in England is owned by remnants of the country's aristocracy, some who have held these estates in their families since the Norman conquest of 1066.²⁰

Laws and regulations: the codes, rules and legal requirements intended to ensure the delivery of safe, suitable and sustainable homes. This includes build quality standards, fire safety regulations, community infrastructure levies, and planning restrictions.

Examples from the past 10 years include:

- The National Planning Policy Framework (NPPF), which local authorities in England must consider when drafting their plans for development, and sets the presumption for individual planning decisions in favour of development.²¹
- Liberalisation of the permitted development rules outlining what developers can do without seeking planning permission, which now includes converting commercial properties to residential.²²

- The proposed introduction of zonal planning, whereby permission for developments would be granted automatically if they meet the local authority's area plan.²³

Macroeconomic trends: several economic factors, including interest rates set independently by the Bank of England,²⁴ unemployment levels and economic growth. Interest rates are a major force in the property market because they drive the cost of mortgages, have a substantial effect on the ability of many homebuyers to secure finance for purchases and make repayments when they have bought a property, and are seen by experts as one of the principal reasons for high property prices over the last three decades.²⁵

Since the financial crash in 2008, interest rates have remained at the lowest level since the Bank of England was founded in 1694.²⁶ While between 1975 and the end of 2008 the Bank of England rate averaged 9.7 per cent, since then it has averaged 0.6 per cent. A decade of low interest rates and relatively low inflation could become the new normal, making mortgages for those who can afford them more financially secure than they would have been in the past. Conversely, if this period of low rates is temporary, subsequent rises will have substantial knock-on effects on homeowners and their ability to maintain mortgage repayments.

Personal finance: the ability of households to afford mortgages or rental properties, including income from work and/or investments, and family inheritance and/or financial support.

Additional finance: the availability of additional finance to pay for homes such as mortgages, share equity offers, state-backed loans and housing maintenance allowance.

The UK's housing market is highly liberalised, with one of the most affordable mortgage

financing in Europe.²⁷ In the fourth quarter of 2020, despite the pandemic, mortgage levels reached their highest level since 2007.²⁸

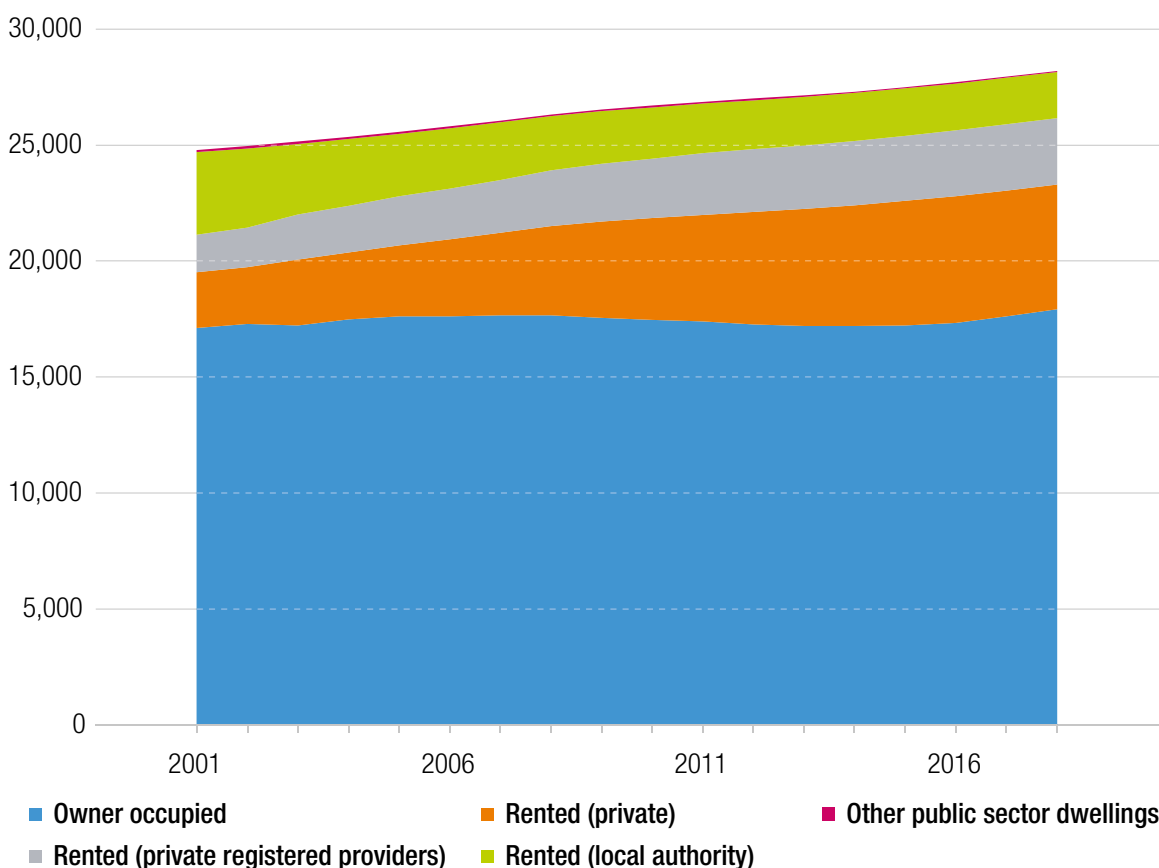
Government schemes, such as Help to Buy²⁹ and the new 95 per cent mortgage scheme³⁰ have helped reduce barriers to buying, such as deposit requirements. Although a short-term review of the former suggests that the scheme has helped achieve its objective in increasing home ownership rates and housing supply, it has also staked a sizeable amount of public money on continued price rises, a substantial amount of which could be lost if prices fall over the next decade.³¹ Similarly, those buyers purchasing without state support are also at risk of negative equity if prices fall.

Tenure: the rights and responsibilities of households to occupy a dwelling, including freehold, leasehold and tenancy.

In 2018, 64 per cent (17.9 million) of all dwellings in Great Britain were owner-occupied, making homeownership the most dominant tenure type (see Chart 2). Private renting was the second-largest constituting 19 per cent (5.4 million), with the remaining 17 per cent (4.9 million) made up of those living in local authority, housing association or other forms of accommodation outside of the private sector. These figures are not uniform across all parts of the UK, with an estimated 49 per cent of all London households renting³² and 68 per cent (513,000) homeownership in Northern Ireland.³³

Below this aggregate picture there are numerous sub-markets – from social rent below market rates to super-prime properties selling for over £10 million – which can have stark regional differences. For example, prices and demand vary significantly between Kingston upon Hull

Chart 2: Dwelling stock ('000s) by tenure in Great Britain 2001 – 2018 (Source: ONS)



and Kingston upon Thames. Nevertheless, there is a consensus that overall housing costs in the UK are too high and increasingly unaffordable for many.

In some parts of the country, such as the South West and London, it can now take around 10-15 years in order for the typical first time buyer to afford a deposit for a mortgage without assistance.³⁴ According to data from the Office for National Statistics (ONS), despite growth in household income, the cost of property has risen even higher, especially in the South East and London. Whilst the median household income for Londoners rose from £25,235 to £38,592 (53 per cent increase) between 2002 and 2020, property prices rose from £174,000 to £435,000 (150 per cent increase). Consequently, the median income to house price ratio has increased from 6.9 to 12.52 during the same period (see Chart 3).

For renters the situation is little better. Experimental data suggests median income renters could spend around 30 per cent of their pre-tax earnings on accommodation alone.³⁵ When looking at disposable income, the proportion spent on rental property is even higher.³⁶

Though the causes are hotly debated, one defining characteristic of the current market is soaring house prices. Chart 4 shows how average prices have increased substantially since 2005. By January 2021, the average house price in England was much greater compared to other parts of the UK, reaching £267,000. In contrast, the average price in Wales is £179,000, £164,000 in Scotland and £148,000 in Northern Ireland.³⁷

At the same time, the ability of developers to deliver new homes and generate profit for their shareholders has been influenced significantly by market conditions. After the financial crash of 2007-08, all of the big developers saw a drop in both profits and

completions during the subsequent few years. Then following a massive taxpayer-backed intervention through Help to Buy in 2013, both their completions and profits bounced back.

Given the complexity of the problem, there are many competing solutions, some of which are seen as zero-sum games. For example, reducing the price of housing may benefit those seeking to get onto the housing ladder, but this is likely to adversely affect the finances of those already on it. Similarly, seeking to reduce the cost of land to make more affordable housing viable would infringe on the profits of landowners. And building more homes in the countryside may help address localised housing shortages but irk locals and environmentalists, and run counter to central government initiatives.³⁸

In this context, there is a range of interest groups seeking to influence ministers and their civil servants' considerations, many with different policy objectives and solutions. Understanding their access and potential influence within the political system is fundamental to a critical and holistic evaluation of recent housing policies.

Lobbying

Putting forward a view ('lobbying') is not necessarily a bad thing. It is an essential part of the democratic process. However, issues can arise when:

- vested interests are given privileged or disproportionate access to key decision makers
- inappropriate relationships emerge between key decision-makers and certain interest groups (for example, through political financing)
- lobbying is opaque

Chart 3: Median house prices and affordability ratios for England and Wales and London, 2002 – 2020 (Source: ONS)

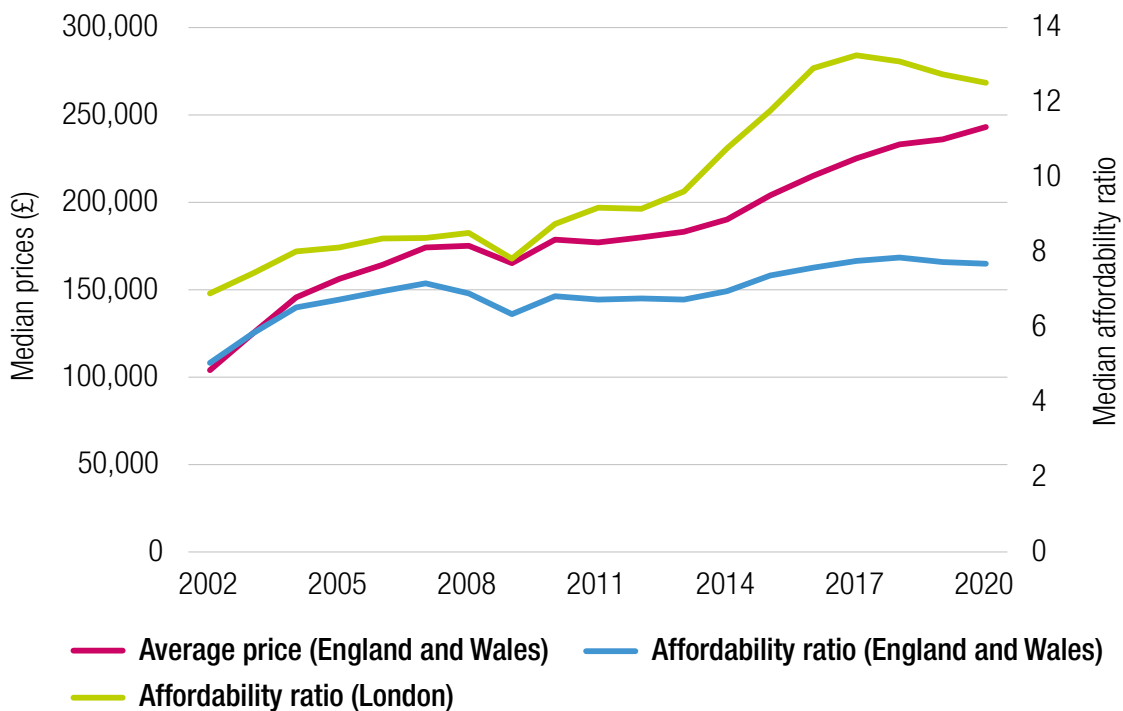
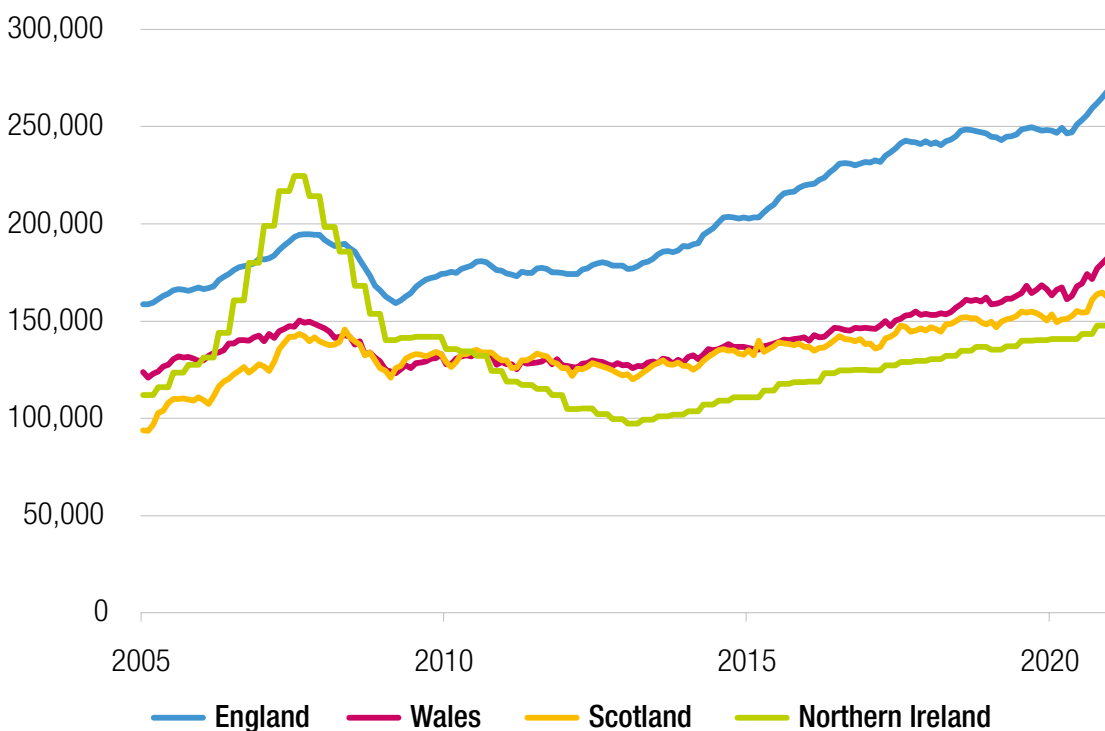


Chart 4: Average house prices (£) in England, Scotland, Wales and Northern Ireland, January 2005 – January 2021 (Source: ONS)





At a minimum, these practices can affect public trust in politics. As the Westferry Printworks scandal has shown, at worst, they have the potential to deprive communities of tens of millions of pounds, and make housing problems worse, not better.³⁹

According to the most recent Audit of Political Engagement by the Hansard Society – a charity researching and advising on parliamentary affairs – 63 per cent of respondents think the British system of government is rigged to the advantage of the rich and powerful,⁴⁰ with 47 per cent of respondents saying they felt they had no influence at all over national decision-making – a new high.⁴¹ Transparency International's last Global Corruption Barometer survey³ in 2016 showed that 76 per cent of UK respondents thought 'wealthy individuals

often use their influence on government for their own interests and there need to be stricter rules to prevent this.'⁴² And previous research by the Committee on Standards in Public Life (CSPL)⁴ in 2011 found '36 per cent of respondents thought special favours for individuals or organisations making very large donations occurred 'very often' and 49 per cent thought they happened 'sometimes'.'⁴³

This is not just a matter of public opinion. Both the Westferry and more recent Greensill⁴⁴ scandals illustrate vividly how attempts are made behind closed doors to influence decision-makers on matters of public spending. When completely unchecked, privileged access and influence can lead to the capture of policy, which puts vested interests consistently ahead of the public good.

³ A public opinion poll on perceptions of corruption.

⁴ An ethics watchdog responsible for advising the Prime Minister on issues concerning standards in public life <https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>

Policy capture

In 2017, the Organisation for Economic Co-operation and Development (OECD) published a report dedicated to conceptualising and analysing policy capture. It defined this as ‘...the process of consistently or repeatedly directing public policy away from the public interest towards the interest of a specific group or person.’⁴⁵ This report builds on this new analysis, applying it to a UK and housing specific context.

We chose the area of housing policy because:

- There is a broad consensus that there is a housing crisis and it is of major policy importance.
- The persistence of the housing crisis is symptomatic of dysfunctional and potentially captured policy.
- The policy solutions are hotly debated, which makes it critical that no views are unduly excluded or awarded privileged weight.



- It covers a range of highly technical issues. For example, planning, mortgage finance and land valuation, which could give an advantage to those with greater resources.
- The amounts of money involved in terms of market value, policy interventions and costs to the wider public are substantial and significant.
- There is an obvious monopoly in the delivery of new homes, with a dozen developers accounting for over half of new properties, which increases the risk of government dependency on a small number of actors to achieve policy outcomes.



We do not understand policy capture merely as the influence of one actor over another. It is not simply a matter of Interest Group A buying Policy B from Minister C. It is a constellation of factors and pressures that help shape the limits of what is perceived to be possible or desirable.

METHODOLOGY AND FINDINGS

We defined housing policy in this research as any form of state intervention in the housing market, such as:⁴⁶

- **rights of tenure:** including rental, private ownership, and social
- **regulation of the built environment:** including building control, greenbelt protection, and determining planning decisions
- **financial incentives:** including taxation, subsidies, interest rates, and the supply of land

We confined our research to examining the Westminster political system – principally engagement with ministers, their departments and their political parties, and activity covering the last 10 years. We used both quantitative analysis using open data and qualitative analysis using semi-structured interviews.

Our research answers three broad questions:

- **Access:** are there any substantial imbalances in interest groups' access to the policymaking process, and why?
- **Influence:** what factors leave the policy process exposed to undue influence by vested interests?
- **Transparency:** is the policymaking process transparent, both in terms of the ability for interest groups to engage in the process and the activities of interest groups themselves?

Answering our three principal research questions required making several assumptions. We have outlined these explicitly below alongside how we sought to answer them using identifiable data. Under each of our questions we outline our findings based on this data collection exercise.

We recognise there is a lot more that we could examine on this subject. However, we did not have the time and resources to do so. In particular, we **did not** examine in detail:

Other routes to influence policy:

we recognise that lobbying tactics vary significantly, with 'set-piece' ministerial engagements forming only one part of interest groups' influencing strategies. Other routes can include formal consultation submissions, providing evidence to parliamentary select committees, and securing the support of backbench MPs.

Interest groups' economic activity: we recognise that key stakeholders' contribution towards the economy and taxation will have some influence on key policy decisions.

Interest group preferences: we recognise there could be some interesting insight gained from correlating interest groups' preferences with the data we collected as part of this research and government policy outcomes.

Voter preferences: we recognise this is a significant factor influencing policy considerations.

Access

Question 1: Are there any substantial imbalances in interest groups' access to the policymaking process, and why?

We split this question into two related lines of inquiry. The first sought to establish whether certain interest groups have substantially more access to policymakers than others.

Access does not equal influence, and policy outcomes can be achieved without any lobbying, that is, through pure coincidence or an ideological alignment between interest groups and those in power. However, we concluded that heavily uneven access between actors could have some material effect on their judgements. For example, historically, financial institutions dominated the lobbying of EU institutions on finance policy.⁴⁷ Given the highly technical nature of this policy area and the absence of any alternative voices, EU civil servants and politicians were reliant on financial institutions' expertise, despite the banks' vested interests in certain policy outcomes. In response to these concerns, a group of Members of the European Parliament (MEPs) established Finance Watch, an EU non-governmental organisation (NGO),⁴⁸ to try and provide a more balanced and independent voice in EU policymaking.⁴⁹

We sought to understand whether there has been a substantial imbalance in access to ministers on housing issues using available official data. The ministerial code requires departments to publish the details of ministers' external engagements quarterly.⁵⁰ We have collected and published this data dating back to 2012⁵¹ in a searchable online portal.⁵² We tagged and analysed this data to examine whether, according to official disclosures, certain types of interest group have substantially more access to key ministers than others.

We recognise that there are some limitations to this data; for example, it does not capture:

- informal engagements between interest groups and ministers that may take place outside of official settings⁵³
- the significance of individual engagements between ministers and interest groups

- electronic communication with ministers (such as emails, letters, phone calls or WhatsApp messages) that are not reported consistently by departments
- interest groups' engagement with special advisors or senior civil servants⁵

However, it provides a picture as to whether there is a substantial imbalance in access between interest groups according to departments' official transparency disclosures.

We also sought to assess interest groups' perceptions of the equity of access to the policymaking process, including how open civil servants, ministers and special advisers are to engaging them. To do this we conducted semi-structured interviews with 20 individuals and organisations with an interest in housing policy. This included a range of interest groups, including charities, campaigners, think tanks, developers, membership associations, and housing associations.

We recognise that perceptions do not equate to reality; however, they have the potential to influence interest groups' evaluations of the integrity of the policymaking process and their behaviour. They also help fill in some of the holes we have identified in the official data.

Ministerial meetings data

Since 2012, UK government departments have published over 1,000 disclosures containing more than 70,000 meetings between ministers and interest groups. Using keyword searches for data covering January 2012 and March 2020, we extracted a sample of 1,678 meetings where the purpose of discussions related to housing policy.⁵⁴ Through a resource-

⁵ These data are available, but due to issues with the quality of historical disclosures we were unable to collect and analyse them within the scope of this research.

intensive, multi-stage data cleaning and refining process, we identified which interest groups met with government ministers the most during this period from this sample.

In total, there were 1,679 interest groups within our sample. Whilst some meetings only included one attendee, frequently they involved ministers meeting with multiple individuals and organisations. Where this happened, we counted each attendee as an individual 'interaction' with government. Collectively, across the 1,678 meetings these interest groups had 3,605 interactions with ministers – an average of just over two attendees a meeting.

Using this sample, we reviewed ministers' most frequent visitors,⁶ either individually or in groups. Overall, these 129 interest groups accounted for 1,477 (40 per cent) of the 3,605 interactions within our sample. Ideally, we would have looked at all of those meeting with ministers during this period; however, due to significant issues with departments' data, we only had the resources to review this sub-sample in more detail. We categorised these interest groups into one of nine identifiable entity 'types' based on who they were representing and their primary economic activity:

- Charity / campaign
- Finance
- Housing association
- Politician
- Private property business
- Professional body
- Public body
- Think tank
- Other

As Charts 5 and 6 demonstrate, although charities and campaign organisations formed the largest type within this sub-sample of the most frequent visitors, there

seems to be a fairly equitable distribution of government access between the top four categories: charity / campaign, private property business, public body and housing associations.⁵⁵

As shown in Chart 7, the National Housing Federation (NHF) – the membership body for housing associations – met with ministers the most, with a total of 101 meetings. Four of the top ten most frequent visitors on housing issues were charities/campaign groups, two were public bodies, two represented private property businesses, and one was groups of constituents, often meeting ministers with their MPs.

We also reviewed whether any type of interest group had radically more one-to-one face time than others, which could indicate preferential treatment. Using the same categories and the most frequent visitors as above, we found that this was not the case.

We also explored the extent to which those meeting with ministers on housing issues also engaged the government on a wider spectrum of topics.

To do this analysis we looked at the top five interest groups in each of the three categories of organisation that engaged with the government the most. This totalled 15 interest groups, which are listed in Annex 2.

We did not include the category of public bodies because they have a qualitatively different relationship with central government than those outside the public sector. Some of them are executive agencies, and therefore fall within a broad definition of government. For example, Homes England, which is responsible for increasing the supply of new properties, is sponsored by MHCLG.

⁶ We defined this as those ranked within the top 100 most frequent visitors using standard competitive ranking. In total, this covered 129 interest groups who had met with ministers five or more times within our sample.

Chart 5: Count of interest group type for 129 most frequent visitors meeting UK government ministers on housing issues, Jan 2012 – March 2020 (Source: UK government)

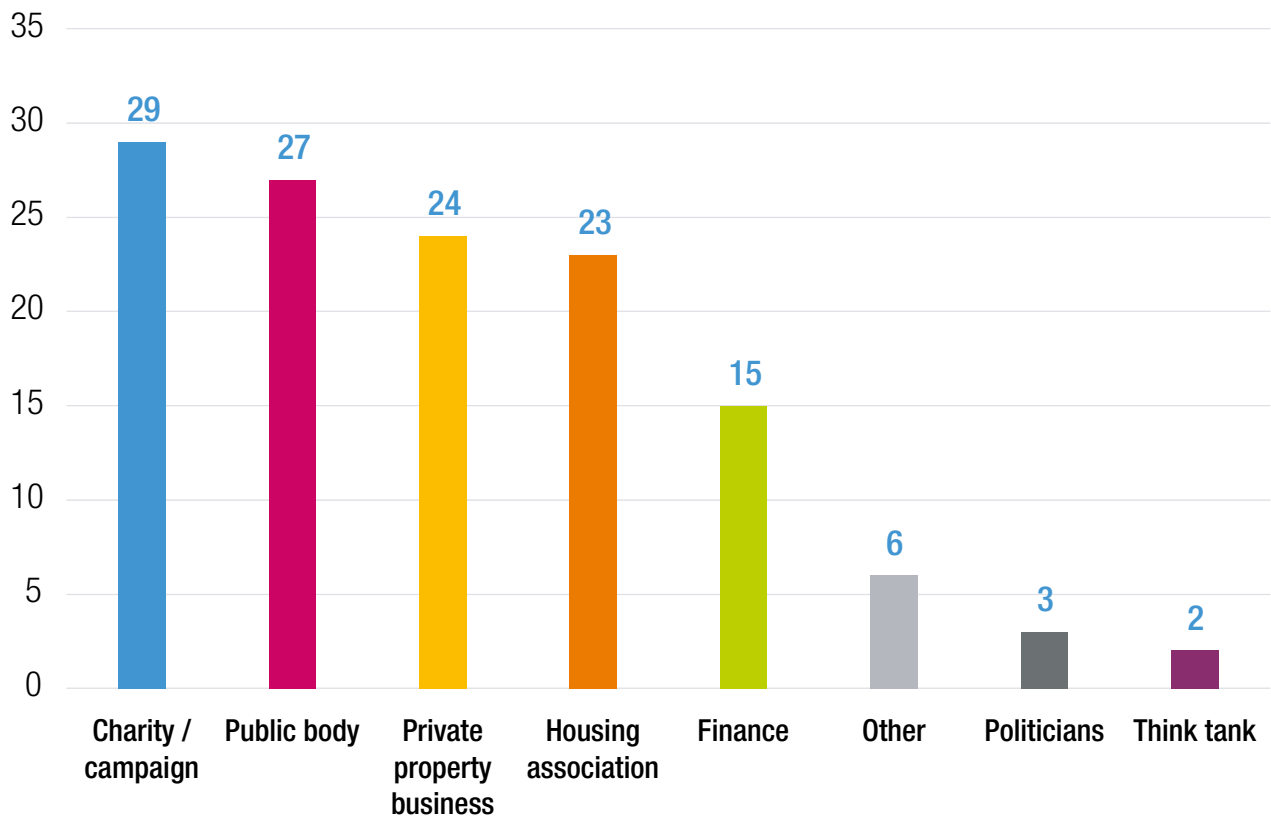


Chart 6: Number of meetings between 129 most frequent visitors and UK government ministers on housing issues by interest group type, Jan 2012 – March 2020 (Source: UK government)

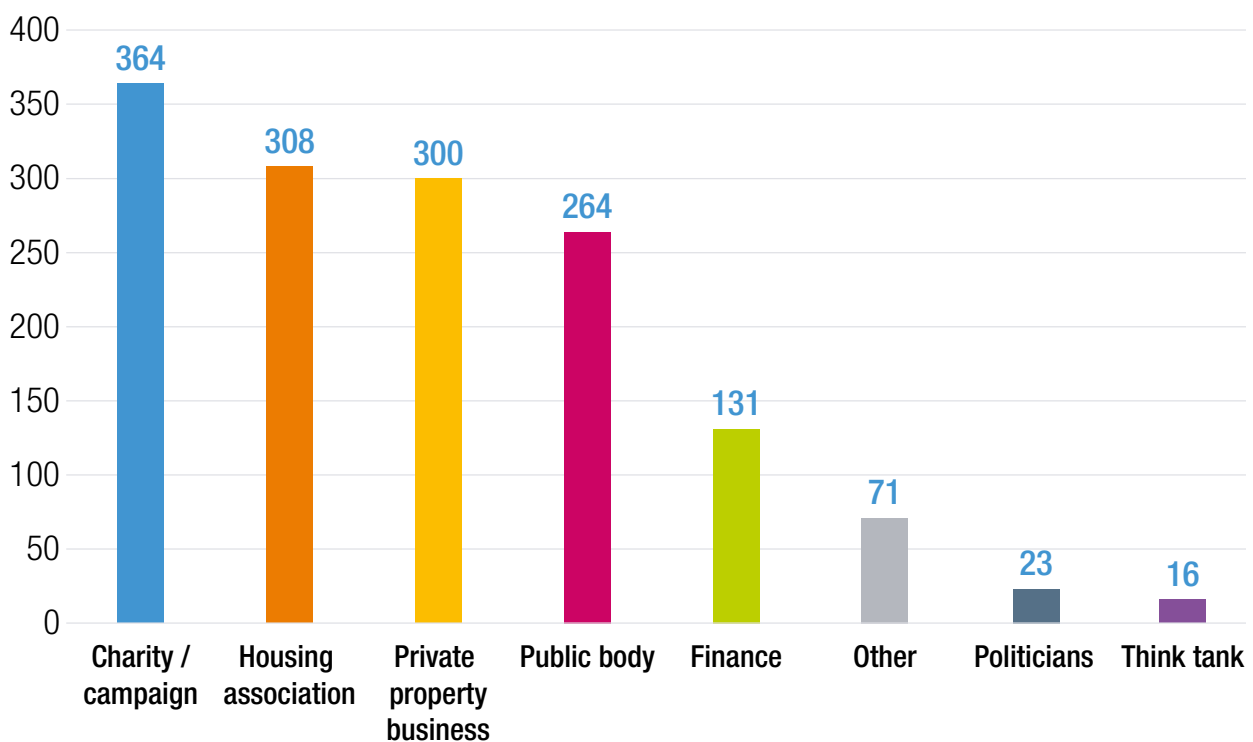
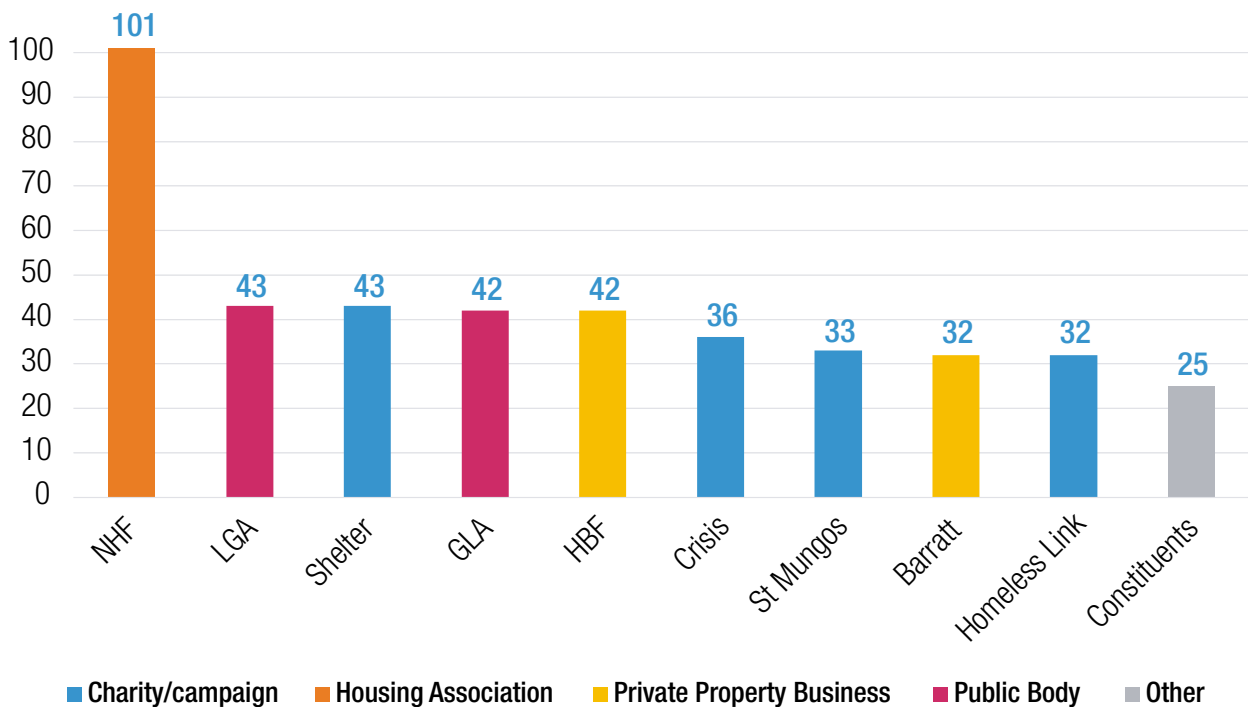


Chart 7: Number of meetings between top 10 most frequent visitors and UK government ministers on housing issues, Jan 2012 – March 2020 (Source: UK government)



Similarly, although local authorities are largely autonomous from central government, they are still responsible for implementing Whitehall policy, as well as carrying out a whole range of other public functions, such as social care provision and economic development. Therefore, their engagement across government is to be expected and of less interest for our analysis.

Ideally, we would have been able to do this comparison for all organisations meeting with ministers on housing issues; however, again, the quality of data provided by departments meant this was beyond the resources available to us. There are two principal issues with the data. Firstly, the government’s transparency disclosures do not hold a unique identity for those meeting ministers, so one organisation can have multiple different names in the data. For example, ‘National Housing Federation’ was also called ‘The Housing Federation’, and ‘L&Q’ was also labelled ‘London

& Quadrant’. While time-consuming, standardising these names was just about possible were it not for a second issue. In each meeting record, the names of interest group attendees were clumped together in one cell. This needed splitting out before we could standardise and analyse the data. However, there was no uniform separator between these values to allow us to do this quickly and accurately over thousands of records. Consequently, processing the data for our analysis across all meetings would have taken too long.

We looked at every meeting these select 15 organisations had with the government between January 2012 and March 2020, and separated them into meetings discussing housing policy and meetings discussing wider issues.

We found that the five organisations from the private property business category met with the government to discuss housing policy

64 per cent of the time, with the remaining 36 per cent spent discussing other issues. The purpose of these other meetings ranged from ‘to discuss industrial strategy’ to ‘discuss productivity and EU Exit’.

For comparison, charity and campaign interest groups discussed housing policy with ministers 71 per cent of the time, and housing associations/housing association bodies, 73 per cent. Moreover, for charities/campaign organisations, where housing policy was the purpose of the meeting, 60 per cent of these engagements were to discuss homelessness.

This shows that the government consults private property organisations on issues beyond housing more frequently than other housing interest groups. While charities and campaign organisations do have access to government ministers, what they are consulted on in-person has a narrower policy focus.

From the data alone, it is difficult to extrapolate why private property organisations engage ministers on a wider range of subjects than other types of interest groups. This pattern of engagement could be reflective of property developers’ financial footprint in the UK economy; for example, some are also big employers. Nonetheless, it does indicate that property developers and property trade associations are seen as key stakeholders across a wider range of government business than other groups.

Interviews

The views and experiences expressed by our interviewees aligns with Charts 5 and 6. Most groups, regardless of their sector, said they had good access to government officials and ministers. Some of the leading charities campaigning for affordable housing recognised that they had relatively good access to officials

and ministers, and in many ways have better access than other groups, which is reflected in the official data we analysed above.^{56 57} Conversely, a policy director at an industry body dismissed the idea that his organisation had higher access than others, saying ‘there’s a perception that this is a world of glamour where you’re meeting politicians on a daily basis, but that’s not the case’.⁵⁸ Similarly, a head of policy in local government said ‘developers certainly seem to spend a lot of time with ministers, but then so do some council leaders’.⁵⁹

Nevertheless, there is a strong perception that developers and certain think tanks still have superior access to the government than others. Many noted the ‘highly professionalised landlord and property lobby’ that has a ‘more direct route to ministers’⁶⁰ than most groups. For example, a policy director at a housing charity noted that a particular think tank is so close to the government that the distinction from one another is ‘blurred’,⁶¹ citing a recent case in which the author of a report, whose core proposal was adopted by ministers as a major new policy initiative, subsequently went to work as a special advisor in Number 10. In particular, their ability to influence ministers’ thinking early on has a major impact on the scope and terms of any subsequent policy consultation process.

By contrast, tenants were perceived to have the least opportunities to influence policy development – a view shared by many interviewees. The head of policy at a think tank said ‘the [difference in] ability of organisations by and for tenants to enter the policy process compared to the landlord lobby is phenomenal’.⁶² Other stakeholders noted that the housing policy process ‘has consistently been lacking a tenant voice’.⁶³ A policy manager at a housing charity agreed saying ‘there definitely are some organisations that have greater access than us’.⁶⁴

However, there remains a concern amongst even the largest charities that ‘good access’ does not equate to being listened to.⁶⁵ Interviewees were highly critical of the point at which stakeholders entered the policy process, in particular the consultation phase. A deputy policy director at an industry body said ‘you just wonder how much attentiveness is given to consultations. You can’t tell’.⁶⁶ Other groups said consultations are just government ‘going through the motions’,⁶⁷ with ministers having already made up their minds.

Implicit in many of these statements is an acknowledgement that ideology and favoured counsel trumps any evidence or alternative proposals for achieving change. Consequently, many interviewees cautioned that, despite having good access, the government does not listen to people who are directly affected, nor the groups that represent them.⁶⁸

One area of broad agreement amongst the various types of interviewees was that government could do better at engaging and listening to marginalised groups, such as those in precarious rental arrangements. The government, and civil servants more specifically, seem to proactively engage many of the stakeholders we interviewed, whether that be to gather evidence from a well-resourced charity, trade association, professional body, or housing association. However, there is much less engagement with those without much resources.

The head of policy at a housing campaign group, said ‘we know civil servants know we’re here – they read our work. But we don’t get invited to panels whereas larger groups certainly get invited’.⁶⁹ Also, a research fellow at a think tank said it is difficult for tenants to organise into unions or other organisations. By nature, they are already marginalised and cannot organise in the same way the professionalised and

financed house builders do. Policymaking would be improved if they were able to contribute to this process.⁷⁰

A head of policy in local government said ‘on the national level, private tenants are not really picked up by policy groups. Local authorities try to bridge that gap, but we don’t do it well because we don’t have the same routes in with government as other groups’.⁷¹

A policy manager at a housing charity agreed: ‘we have a challenge of trying to get as many people as possible to engage the policy process. Government consultations are inaccessible – the language used and its strange surveys are too technical and unclear to the point where we have to advise our supporters to say “yes” or “no” to a particular question’.⁷² Furthermore, a policy director at a homeless charity said ‘people who are impacted by policy decisions are not involved in the process’⁷³ and a director at another charity said ‘there is no attempt by the government to reach out to communities’.⁷⁴

Our second line of inquiry explored whether there was a substantial imbalance in the resources available to interest groups, which may affect their ability to engage meaningfully with the policymaking process.

Given the ad hoc and fast pace of policymaking in the UK, it requires resource to stay on top of policy briefs and seek opportunities to influence the political process. Therefore, we hypothesised that the ability of interest groups to engage, react and organise their response to policy developments is dependent on their resources. While we recognised that having more resources does not necessarily translate into securing more influence, it does help with developing a stronger case for change. Building evidence for your cause, whether through surveys,



data analysis or policy reviews, takes time, resource and ultimately money.

In the US and EU, it is easy to assess major disparities in lobbying resources because those seeking to influence policymakers in Washington and Brussels must report good faith estimates of their spending on these activities. Unfortunately, there is no equivalent requirement in the UK and we could not find a reliable and comparable source of hard data to evaluate how well-resourced interest groups were to engage with the policy process. We explored collecting information on the number of staff employed by organisations to engage government stakeholders, for example public affairs teams; however, this was not available consistently. Also, we recognised that those who are meeting with government are not the only ones who contribute towards lobbying efforts, which could also involve communications

staff, policy specialists and researchers. Yet finding a way to collect information on these resources and accurately assess how much time they spent on trying to influence government on housing policy proved elusive. Therefore, our evidence here relies solely on stakeholder interviews.

Interviews

Our interviewees not only indicated an imbalance of resources between them, but also that some lack the capacity to adequately engage in government consultations.

Charities and certain public sector bodies identified a lack of staff and finances as an obstacle to engaging substantively with policy development in Whitehall. A policy director at a housing charity said, '[we] try to meet with civil servants and ministers more...I could certainly do with more staff working in the

policy area.¹⁷⁵ A charity representing private renters noted, ‘we only have three members of staff so obviously there are issues. There are some organisations that have greater facilities and budgets, and so sometimes imbalances do occur.’¹⁷⁶ Similarly, a director from a leading public-sector professional body said ‘[we] lack the capacity and skills to lobby ministers. There are other bodies that are good on this space, and it’s something we should do more of.’¹⁷⁷ A policy director at a housing charity expressed that ‘[as] a small NGO we have no buying power. We can’t sponsor a Policy Exchange event.’¹⁷⁸ Additionally, a local government organisation explained that limited resources ‘massively’ affected their ability to engage ministers and respond to policy proposals; ‘we have a really small team where I’m responsible for housing, planning and welfare and so when a white paper comes out it’s hard to adequately respond.’¹⁷⁹

By contrast, organisations representing housebuilders, planners, landlords and certain think tanks either did not mention a lack of resources or specifically said that they have no such constraints. A policy manager at an industry body explained, ‘we have colleagues who have expertise in various aspects of housing policy, so I wouldn’t say anything particular that is a challenge, or a barrier for us when engaging the policy process.’¹⁸⁰ Some even seemed resentful at the amount of money they had to spend just to get the government’s attention. For example, a deputy director at an industry body mentioned they had to spend £20,000 commissioning private research in order to respond to questions from the Treasury.¹⁸¹

This imbalance of resources is seen as a significant problem by many of our interviewees, including some that do not experience such obstacles themselves. For instance, a policy director at a professional body explained that under-resourced groups are unable to provide the same level of

evidence as well-resourced ones: ‘you get very well financed and private research with a hundred references, and then there are groups that simply can’t do it. So, anyone in government can say “I have all this evidence, where is your evidence?” but it’s not that their argument doesn’t have evidence, they just can’t gather it’. They referred to this as an ‘uneven playing field’.⁸²

Influence

Question 2: What factors leave the policy process exposed to undue influence by vested interests?

Undue influence is a subtle form of corruption, which involves one person taking advantage of a position of power over another. This can involve making use of legal mechanisms to influence the decision-making process. For example, they may legally contribute to electoral campaigns, provide research, and host receptions but expect favourable decisions in exchange.

To explore what factors leave policymaking exposed to undue influence, we divided this question into two separate lines of inquiry. The first sought to examine the extent to which there is an information asymmetry between those formulating government policy and those seeking to influence them. As a proxy, we used the length of ministers’ and officials’ tenure in office to quantify this risk.

We held the assumption that it takes time to build policy expertise. Hence, the ability of ministers to form independent and objective evaluations of proposals presented by interest groups increases with the length of their tenure.⁸³ Therefore, the longer they served in office, the more independent their evaluations would be – a view supported by the experiences of some former ministers themselves.⁸⁴ The same would apply to their civil servants. Conversely, this would make them less dependent on external counsel

to make shortcuts to making decisions – a potential avenue for undue influence and captured policy.

Parliament publishes accurate, machine-readable data on all ministerial positions, including length of tenure, going back decades.⁸⁵ We analysed this data to determine the length of tenure for secretaries of state and ministers of state with a housing portfolio since 1997. Considering the support ministers receive from their officials, we recognised it was just as important to understand the tenure of relevant civil servants, too. Unfortunately, equivalent data were not available, so we could not undertake a similar analysis for them. However, research elsewhere shows that within MHCLG, annual staff turnover can be as high as 25 per cent a year.⁸⁶

Our assumptions for this question were not without challenge. We also acknowledged that the inverse could be true: that the longer ministers and their officials spent in post, the more they could rely on the same networks and same expertise through repeated interactions and relationship building. But we agree with the Institute for Government's analysis that on balance, especially in this area of policy, a longer tenure would be beneficial.⁸⁷

To provide a more holistic view, we complemented the data analysis with semi-structured interviews. This allowed us to understand interest groups' perceptions of ministers' ability to make independent judgements given the length of their tenure in office, and how this might impact their engagement with government.

Ministerial position data

Between 1997 and 2020 there were 10 secretaries of state and 18 ministers of state with some form of responsibility for housing. On average secretaries of state stayed in

office for around two and a half years, with John Prescott (3,290 days) and Eric Pickles (1,822 days) serving the longest terms. However, this was the last substantial stint in this post with eight of the last secretaries of state spending under two years in the job (see Chart 8).⁸⁸

The tenure for ministers of state was even shorter. Three of the last five left office within a year (see Chart 9). When the last one lost their post in a recent reshuffle, industry observers noted that they had been the tenth housing minister in ten years.⁸⁹

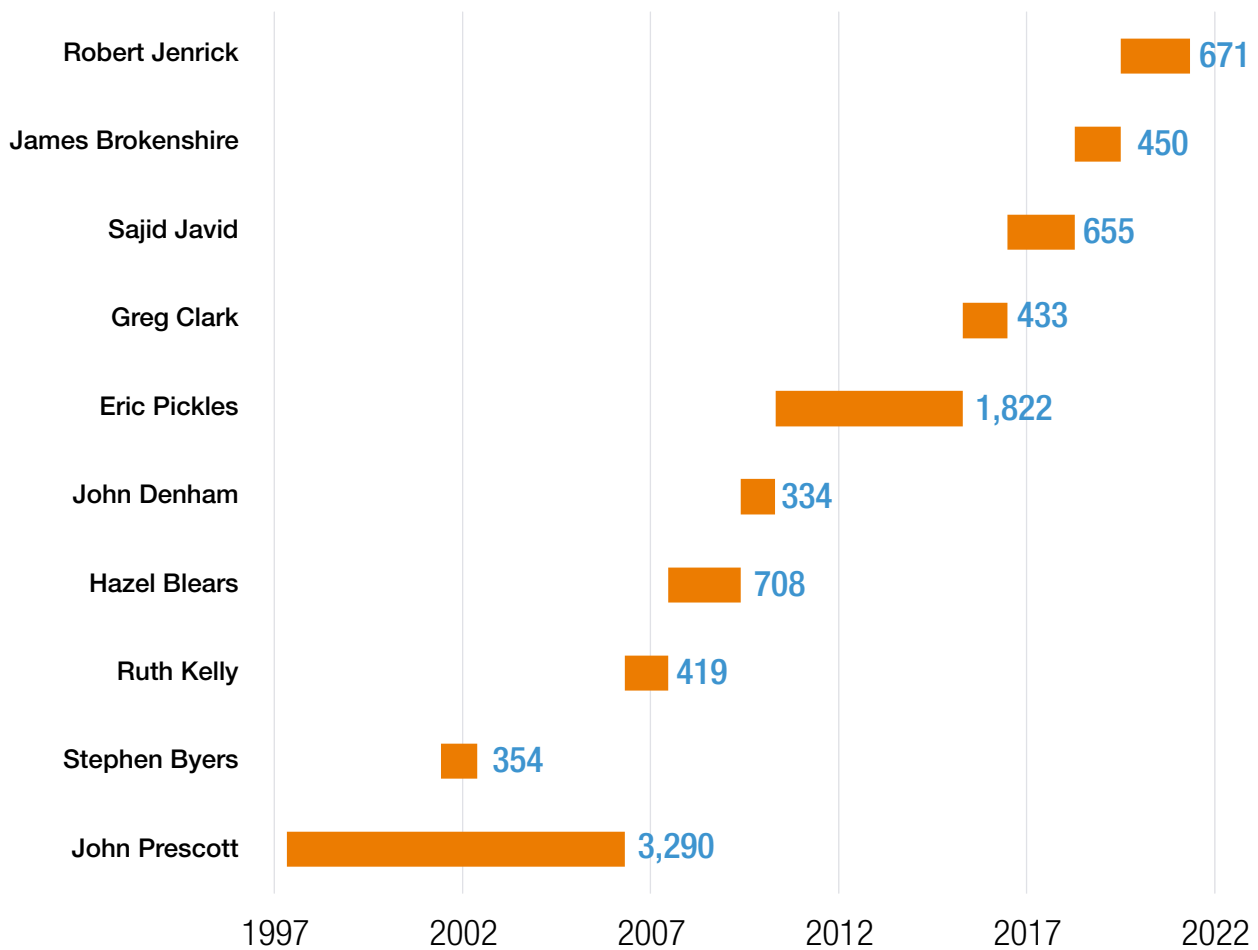
We did not attempt to make in-depth evaluations as to why there has been such a high turnover of senior ministers in this policy area, but we can make some more general observations.

Firstly, there have been seven UK Parliamentary general elections during this period. Just under a third of new secretaries of state (3) and a quarter of ministers of state (5) started their roles shortly after a major poll. This suggests some of the churn is linked to elections, but the majority is not.

Secondly, none of the ministers of state with responsibility for housing go on to be secretaries of state within a department with this brief. Five of them do go on to hold some of the highest offices in government, including Foreign Secretary, but none do so within the MHCLG (or any of its predecessor departments).

Thirdly, whilst these seem like short-lived tenures, they are by no means isolated to those overseeing housing policy. Across all government ministers between 1997 and 2021, the average length of time in a particular post was only 596 days – just over a year and a half. Therefore, overall this is not substantially different from other departments. This is to simplify the data slightly. There is quite a bit of variance, with

Chart 8: Length of tenure in days for Secretaries of State responsible for housing, 1997 – 2021 (Source: Parliament)



278 ministerial posts that have been held for at least three years or more during this same period – 38 of which were held for over five years. But nonetheless, it is not radically out of kilter with recent history.

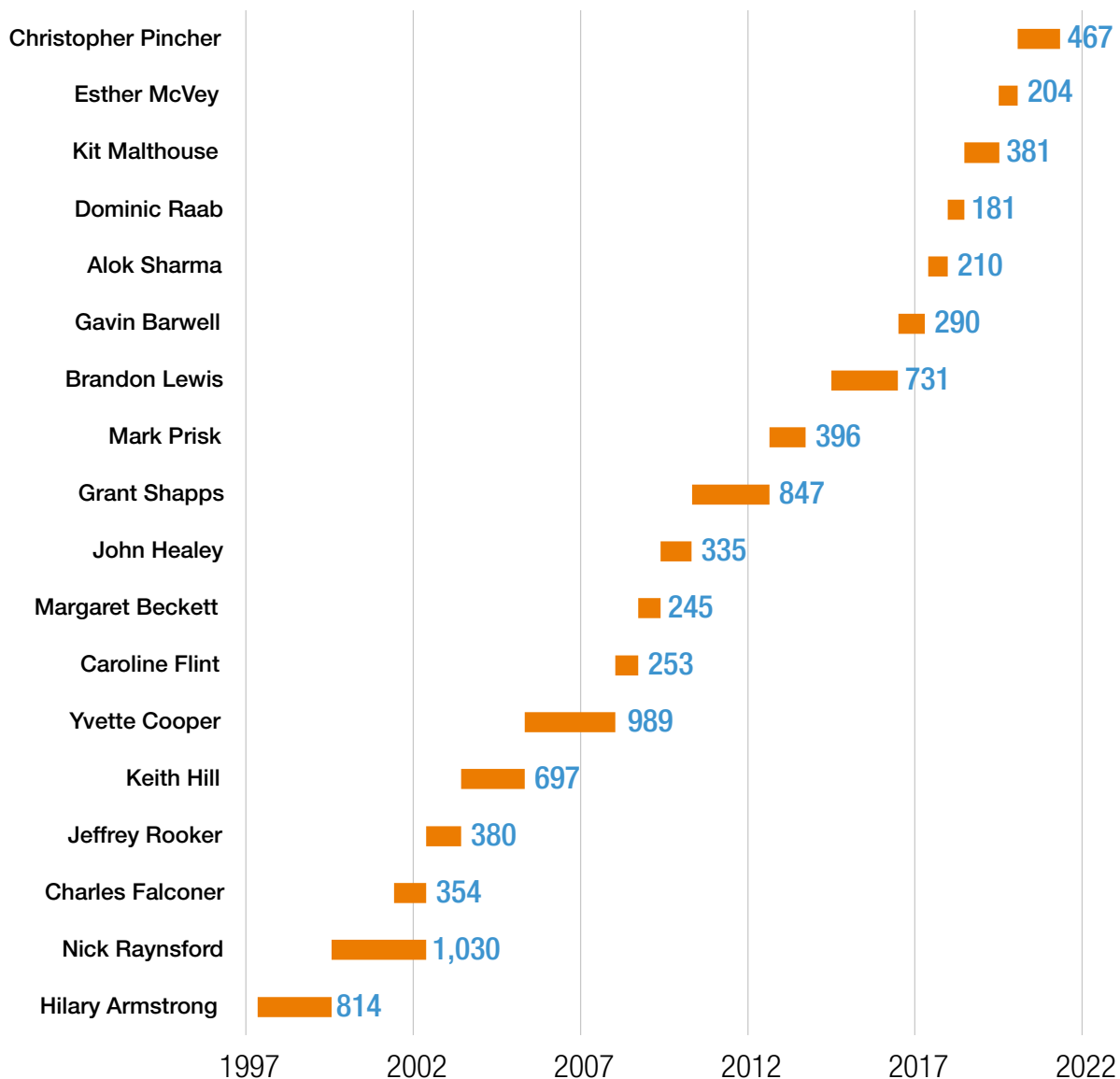
Interviews

A sizeable majority of our interviewees thought that high turnover in the MHCLG – including secretaries of state, housing ministers and their officials – plays a key role in limiting policymakers’ expertise on housing and their ability to develop impactful policy ideas. A director at a consultancy said, ‘I’ve spoken to so many ministers over the years I’ve lost count – it’s crazy.’⁹⁰ Others stated that the high ministerial turnover is

‘incredibly high’⁹¹ and ‘really frustrating’.⁹²

Most interviewees agreed that this negatively affects ministers’ ability to make objective and informed policy decisions. A research fellow at a think tank explained, ‘housing policy isn’t going anywhere because ministers who have only been in office for 12 months won’t have any impact. They can’t come up with a flagship policy in that time.’⁹³ Others say that high turnover means that ‘things just get picked up and dropped’.⁹⁴ Some interviewees go as far as to think that the position of secretary of state is ‘not taken seriously’⁹⁵ because it is a ‘stepping stone job’⁹⁶ and a ‘springboard’⁹⁷ for more prestigious positions in government, and so ‘nobody wants to be there very long’.⁹⁸

Chart 9: Length of tenure in days for Ministers of State responsible for housing, 1997 – 2021 (Source: Parliament)



The problem of high turnover does not only sit with politicians, as interviewees also think it is a problem in the civil service. For instance, a policy director at a professional housing body said, ‘you build up a good relationship with one or two civil servants, and before you know it, they’ve moved on.’⁹⁹ Another said, ‘the movement of civil servants around departments means they lack technical knowledge, and when the main ones retire, they’re not replaced.’¹⁰⁰ However, the issue is perceived to be more prevalent with ministers; for example, a

researcher at a think tank felt that the civil service ‘tends to have more stability’.¹⁰¹

Not only has high turnover among both politicians and civil servants affected their perceived expertise on housing policy, but it also constrains interest groups’ ability to engage them in a meaningful way. A policy director at an industry body said, ‘relationships are key but without continuity we’re no longer building relationships’, and the challenge of building new contacts is shared by most interviewees.¹⁰²

Furthermore, some interviewees spent much of their time with ministers and civil servants just so they can ‘help build their knowledge’.¹⁰³ A policy director at a housing charity said, ‘I spend most of my time explaining to civil servants how core parts of the system operates.’¹⁰⁴ A local government interviewee said, ‘I have a problem explaining again and again to some civil servants of the nuance of MHCLG, like how local government works – such as what the tier-two systems are and where housing responsibility sits within that.’¹⁰⁵

Others cautioned that ‘nobody’s going to want to invest in a conversation with a housing minister who’ll only be around for a year’¹⁰⁶ and ‘you have good conversations with them, you do all of that. And then your relationships keep changing and it’s really hard to keep on top of it all’.¹⁰⁷

A minority of interviewees either did not raise the subject of turnover as an issue or they actively disagreed. For example, a senior research fellow at a think tank said policies that are blocked ‘are driven from the top of central government. So, turnover of ministers isn’t the problem’.¹⁰⁸ In addition, a policy manager at an industry body agreed that such turnover did not affect their ability to engage government.¹⁰⁹

Our interviews also found that high turnover from both ministers and civil servants is not the only factor limiting their ability to make evidence-based decisions. Many of our interviewees cited ministers’ ideological viewpoint as a driving force behind their decisions, which often led them to be closed-minded. Some expressed how ministers ‘already know what they want’, that ‘it feels like they’ve already made up their minds’, and the biggest problem they have with policymakers is that they do not change their opinions.¹¹⁰ One referred to the recent white paper on planning reform¹¹¹ as ‘not designed to listen, but rather take on those who disagree’.¹¹²

Some felt that a key factor to this is ideology. A policy director at a professional body for housing said at the moment ministers are not receptive to their ideas on social rent because there is a strong drive on homeownership.¹¹³ Others said they are mainly receptive to ideas where there is ministerial will,¹¹⁴ and that current ministers have an ‘ideological predisposition to homeownership’.¹¹⁵ A director at a consultancy said, ‘they don’t listen because my ideas want to break the obsession with homeownership, which is their religion.’¹¹⁶ Others feel that they are less likely to be ‘included in conversations’ where they are not ‘aligned to government thinking’¹¹⁷ or when they ‘don’t play the homeownership game’.¹¹⁸

This has enabled developers to have greater influence in the formation of housing policy. A policy director at a housing charity explained ‘there is an ideological fantasy land. It used to only be on the Left but now it’s also on the Right. Commercial interests are very happy to see it there.’¹¹⁹ Other stakeholders said; ‘let’s not forget, what the developers are lobbying for is what the government is ideologically committed to anyway’.¹²⁰

On the other hand, some strongly disagreed. A researcher we spoke to argued ‘policymakers are able to make informed decisions based on all the evidence they’re given. Influence from our perspective has been won on the back of continuous research built over years.’¹²¹ Additionally, a senior research fellow at a think tank said ‘there’s been ten years of open discussion about land-use planning, and I think Members of Parliament just changed their mind on the sheer weight of evidence.’¹²² They also referenced recent planning reform as a policy that negatively affects developers, as it ‘challenges the status quo’ that house builders greatly benefit from.

Given impartiality and objectivity are core tenets of the civil service code¹²³ it was unsurprising that, despite a few dissenting views, most interviewees thought this ideological bias did not extend to officials. Many praised civil servants for being impartial and open to a range of views. Comments included that ‘civil servants make an effort to engage with our ideas’,¹²⁴ they are ‘helpful, positive and interested’,¹²⁵ and ‘their interest and engagement is high and increasing’.¹²⁶

Out of the data available, we identified political finance as a measurable and valid proxy for analysing potential undue influence over key decision makers. Consequently, our second line of inquiry evaluated the distribution of political donations from those with a major stake in housing policy.

While individually donations may not deliver some form of transactional quid pro quo, we hypothesised that cumulatively money given to a ministers’ party is likely to have some effect on their decision-making calculus – a form of ‘aggregative corruption’.¹²⁷ Their party’s financial existence and ability to win office is dependent on its financial backers, so it is implausible that their donor’s considerations would not in some way inform ministers’ decisions when in government. Where there is a higher concentration of political donations from those with a major stake in housing policy – for example, developers, construction firms and landowners – especially as a proportion of a political party’s overall income, this signifies a donor hot spot that merits further scrutiny. Though this does not indicate definite cash for influence, it signifies a higher risk of this occurring. Similarly, it increases the likelihood that policy options that would run counter to donors’ interests are excluded from consideration.

We recognise there may be alternative risk indicators for undue influence. However, political donations were the most identifiable and measurable within the resource and time constraints available.

A full explanation of the methods we used to collect and prepare this data for analysis is outlined in Annex 4.

Political donations data

Between January 2010 and March 2020, political parties, their members, and other campaigns accepted a total of £742 million in donations.⁷ In total, the largest types of donors were individuals (£334.6 million/45 per cent), companies (£130.1 million/18 per cent), trade unions (£115 million/16 per cent), and public funds (£107.3 million/14 per cent) (see Chart 10). As you can see from Chart 11, for most types of donors these contributions remain relatively stable over time. However, for individuals and companies, there are more pronounced peaks around years with major polls.

Over 10 per cent of all political donations during this period came from individuals and companies related to substantial property interests (£75.1 million).⁸ As Chart 12 shows, 80 per cent of these donations by value (£60.8 million) went to the Conservative Party. These contributions accounted for over a fifth of their reportable donations. No other political party had a ratio of reportable donations from this industry this high.

As well as donations to parties, the Electoral Commission also publishes parties’ annual statement of accounts (SoA). As the Conservatives were the party that had the highest proportion of their reportable donations from the property industry, we also analysed property donations to the Conservative Party HQ as a percentage

⁷ We calculated donations to political parties by including all contributions to their central party, local accounting units, party members and members associations who are wholly or mainly members of their party.

⁸ See Annex 4 for more details on how we define property related donations.

of their total income in their SoA. On average, these contributions constituted one in every 10 pounds of total income per year¹²⁸ between 2015 and 2019.¹²⁹

Chart 13 shows how this changes over time. We see that donations from the property industry appear to follow a pattern. While there is a consistent supply of donations over time, they seem to spike in election years. This is perhaps unsurprising. With the demand to fund campaign spending increasing in election years, the supply of donations also needs to rise to pay for it. Interestingly, there is a slight gradual and consistent increase in the proportion of the party's income from those with links to the property industry outside of the electoral cycle too.

As Chart 14 shows, the biggest donors related to the property industry are a mix of individuals and companies. JCB related legal entities and individuals make up four out of the 20 largest donors, with a total of £12 million donated between January 2010 and March 2020.

The total of these 20 property related donors is the equivalent of five per cent of all reportable donations to all political parties, politicians, and campaigners in the last 10 years. Ten of these alone account for just under one in ten pounds in donations reported to the Electoral Commission by the Conservatives in the last decade.

Given the Conservatives have been the party of government during the same period, we checked to see if there was any relationship

Chart 10: Percentage of reportable donations to Conservatives, Labour and Liberal Democrats by donor type, January 2010 – March 2020 (Source: Electoral Commission)

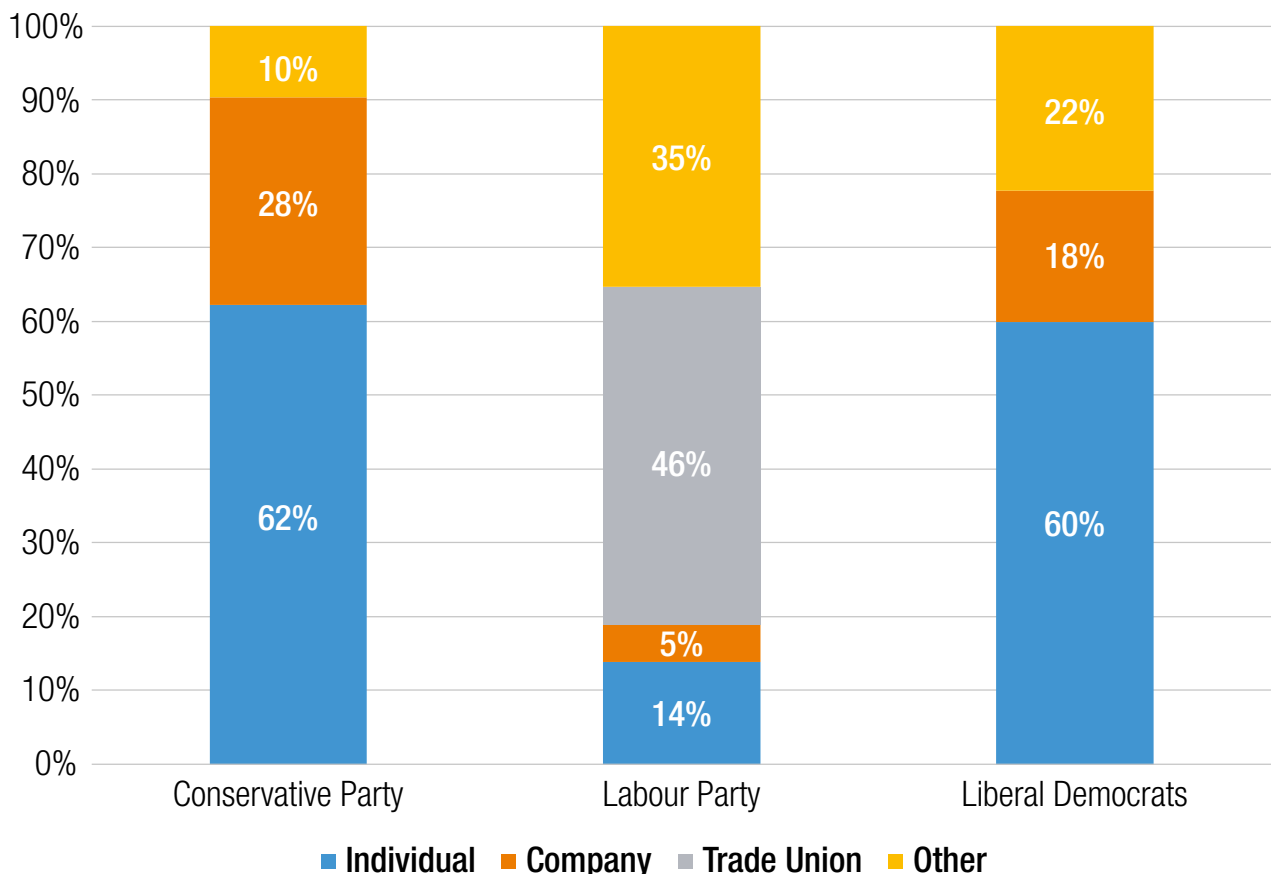


Chart 11: Amount in donations (£'000) given to the Conservatives, Labour and Liberal Democrats by donor type, January 2010 to March 2020 (Source: Electoral Commission)

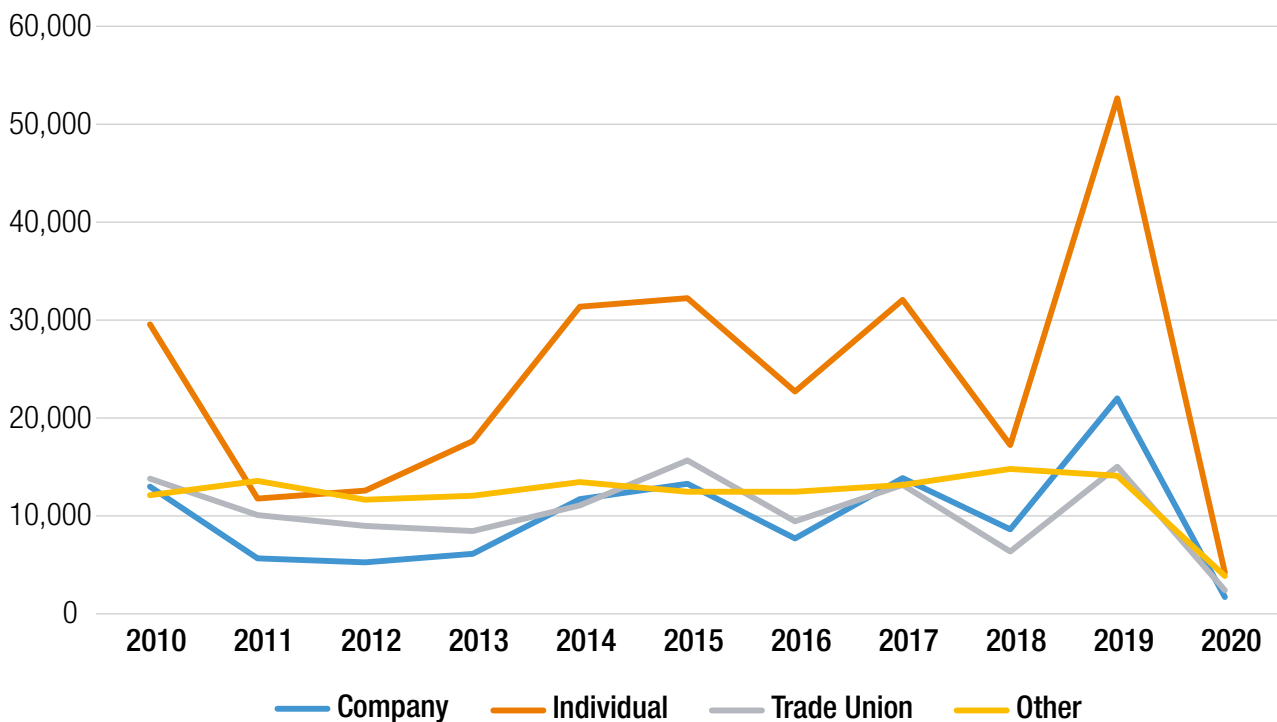


Chart 12: Donations to UK political parties and campaigns from the property industry (£'000), January 2010 – March 2020 (Source: Electoral Commission)

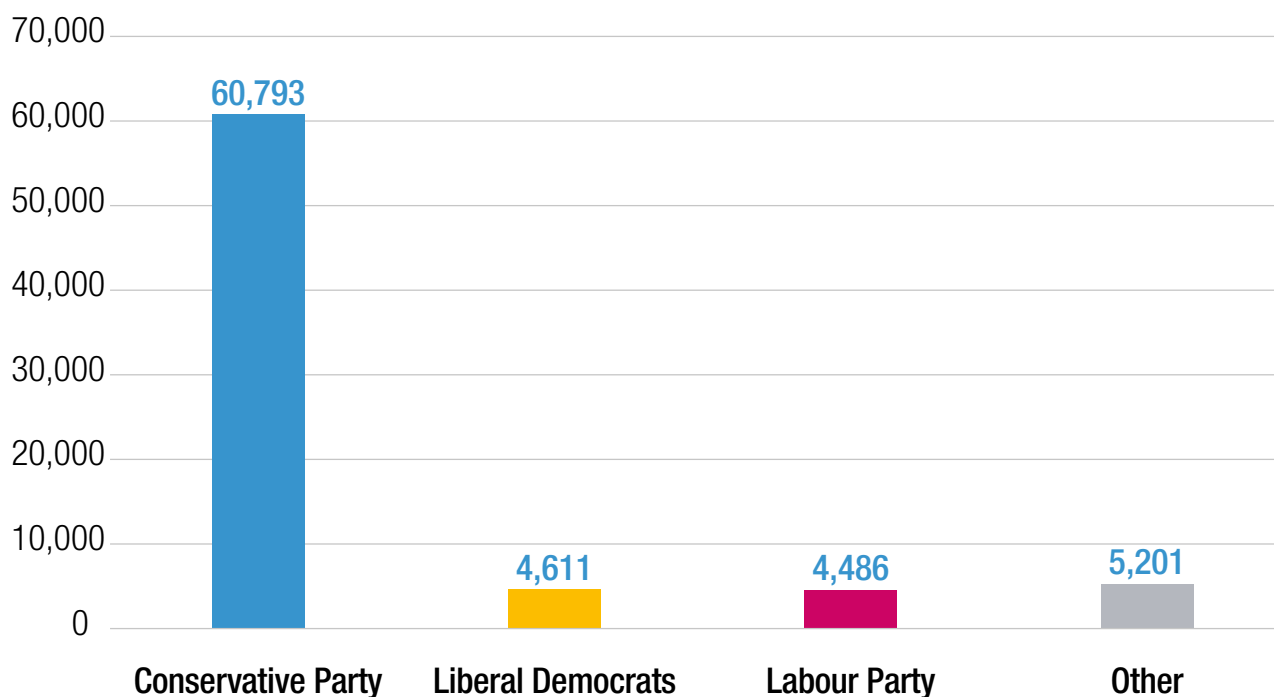
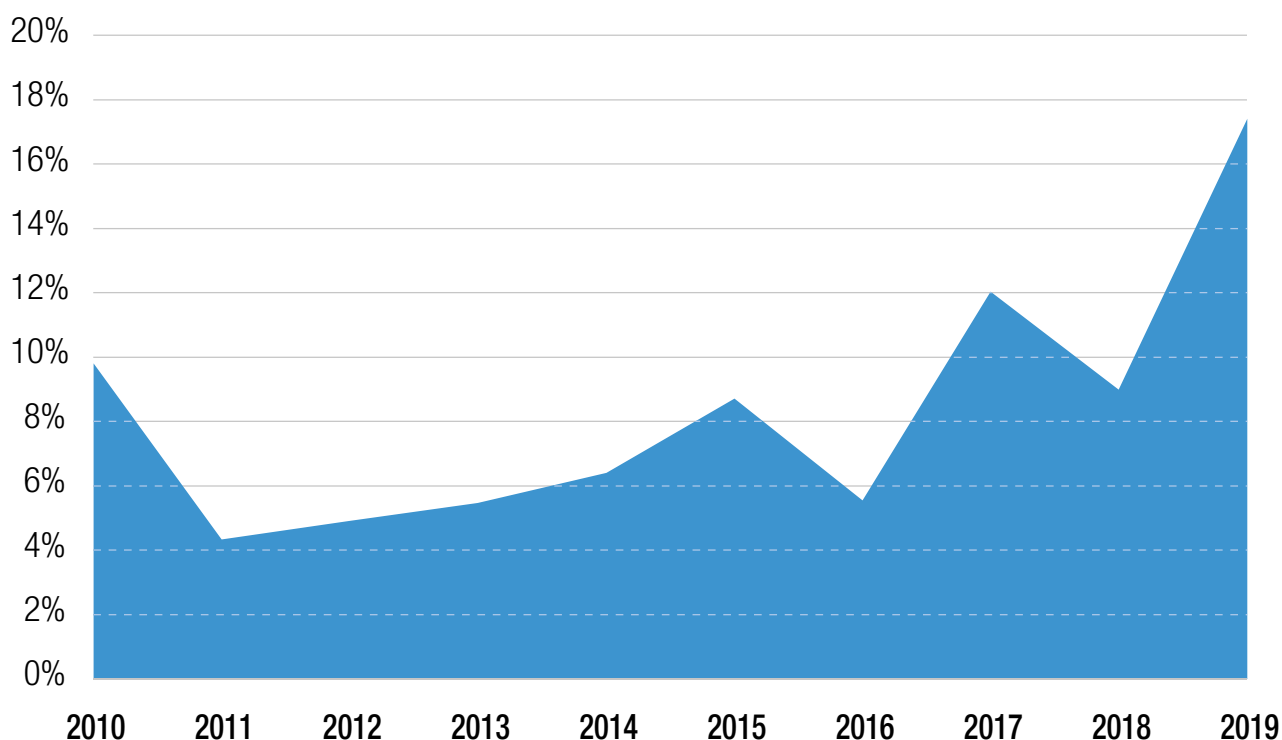


Chart 13: Property industry donations as % of CCHQ total statement of accounts (SoA) income, FYE 2010 – 2019 (Source: Electoral Commission)



between these donations and access to ministers. We tested for any correlation between two variables: the number of meetings with government ministers, and the amount donated to the party of government.

Perhaps counter-intuitively, we found that there was a weak negative correlation between how much someone donated and how many times they met with ministers. In this instance, those who donated more tended to have fewer official meetings with ministers. This comes with a strong caveat: this is only based on meetings recorded by departments. As we will see later on, this does not include all interactions between ministers and lobbyists, and is unlikely to capture all engagements they have.

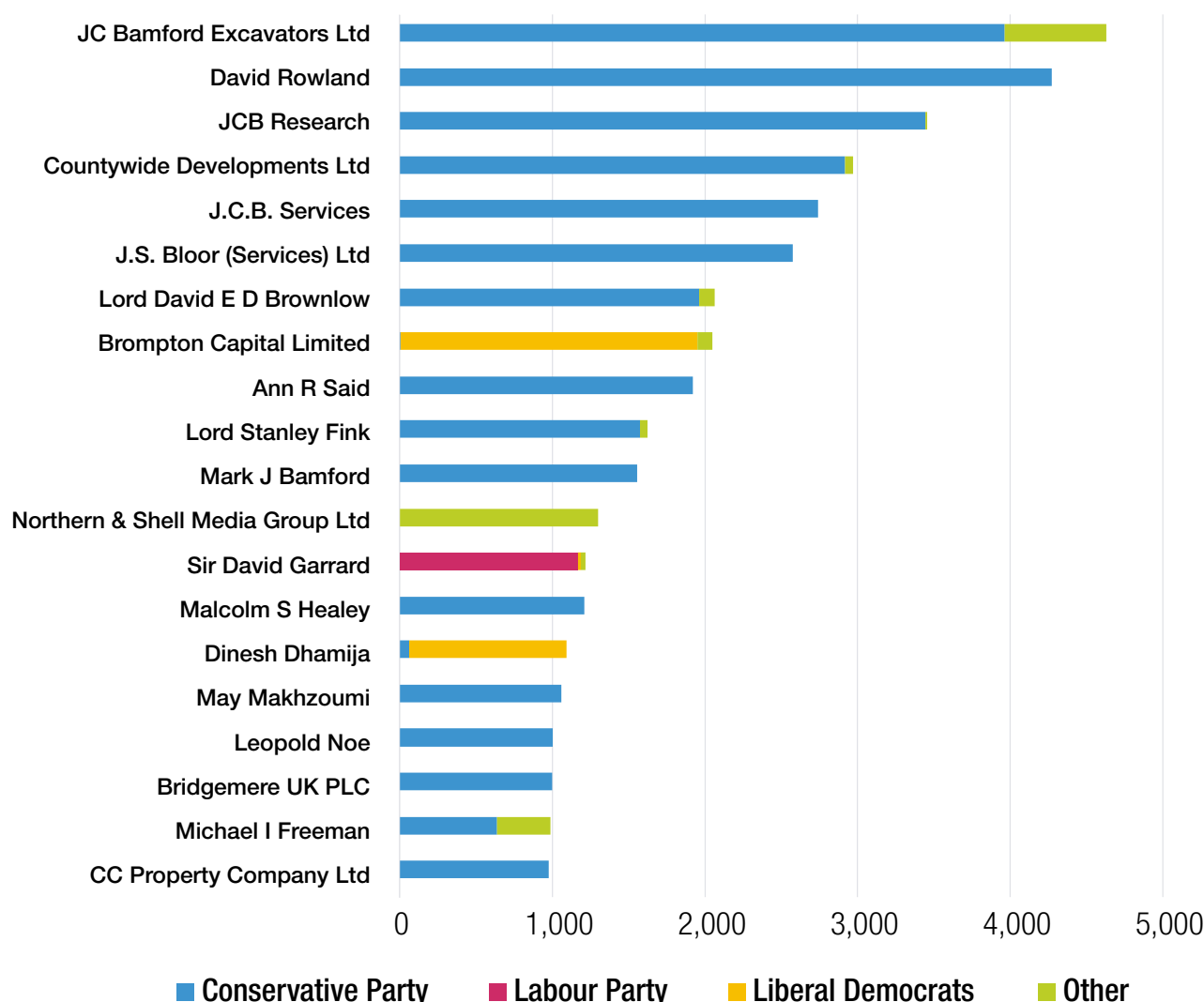
Interviews

Despite the prevalence of political contributions from those with property interests, and the ethical questions such

donations can raise, not one of those we interviewed said that they have either worked with, or knew of, an organisation that lobbies the government unethically or corruptly. That said, there is still a strong perception from most interviewees that unethical lobbying still takes place.

When asked if they had experienced or seen this behaviour in a housing context, many firmly said no.¹³⁰ For example, a policy manager at an industry body said, ‘I have never come across this in my entire career’.¹³¹ Others said, ‘it happens a lot less than you think’¹³² and ‘I can’t point to evidence that decision makers are in the pockets of, say, developers’.¹³³ A senior research fellow at a think tank argued, ‘I don’t think it happens in this area. Tens of millions of businesses are affected by planning reform, so there would be much less investment to lobby on this as opposed to a more specific issue where a small number of interests will benefit directly’.¹³⁴

Chart 14: Top 20 property related donors and their beneficiaries (£'000), January 2010 – March 2020 (Source: Electoral Commission)



On the other hand, many of the others believed that corrupt or unethical lobbying in this sector exists, despite not seeing it themselves. A director at a housing association said, ‘realistically I don’t know of it. But you do get the feeling that behind the scenes there are relationships that have been worked on through hospitality and so on, that isn’t something that we hope for in the way that people work.’¹³⁵ Other interviewees said, ‘I don’t see it because I don’t get invited to the dinners’¹³⁶ and ‘things...happen, like when somebody’s had a word with somebody at a fundraising dinner’.¹³⁷

Many interviewees then brought up the Westferry scandal as a case in point.¹³⁸ For example, a policy manager from a homeless charity said, ‘look at the Jenrick saga, unethical lobbying clearly happens.’¹³⁹ A deputy policy director at an industry body said ‘unfortunately, at the end of the day money can talk. We saw that at the Jenrick-Desmond case. I was shocked’.¹⁴⁰

Six interviewees thought that undue influence in this sector is more ‘pervasive’ and ‘systemic’ than transactional corruption, such as bribery. One interviewee said, ‘the problem is that the system itself, the people in power,



a consultancy said ‘I don’t think the government is rubbing their hands in green because the land association pays them loads in donations. But there is a systemic problem that affects policy to the bone. The government doesn’t want to change this system because homeowners will lose out, or housing developers will stop building.’ A director at a consultancy thought this resulted in ‘policy inertia’, with ministers unwilling to take big decisions for fear of it affecting one of these constituencies.¹⁴⁷

Transparency

Question 3: Is the policymaking process transparent, both in terms of the ability for interest groups to engage in the process and the activities of interest groups themselves?

their advisers, the party’s funders, they all work towards a small agenda that enriches that group.¹⁴¹ Others noted how MPs are predominantly homeowners or private landlords,¹⁴² with previous research suggesting about one in five were landlords during the last Parliament,¹⁴³ and these interests subsequently ‘bleed into the system’.¹⁴⁴ A policy manager at a housing charity said, ‘obviously MPs are able to take their own policy decisions, but the fact that there’s a small minority of renters across Parliament, it does provide a barrier to a real representation of renters’ interests and there’s a lack of understanding of renter experiences.’¹⁴⁵

Furthermore, many interviewees think there is a disproportionate amount of influence from housebuilders, landowners, and land promoters. The head of policy at a professional body for housing explained that developers are ‘big donors to political parties. They’re influential. They’re also seen as important to economic stimulus, and they’re very quick to turn off the taps [housing supply]’.¹⁴⁶ A director at

Following the Nolan principles⁹ for integrity in public office, decisions and attempts to influence them¹⁴⁸ should be made openly and transparently, unless there are lawful reasons for not doing so.¹⁴⁹ We recognise that transparency in and of itself will not stop unethical or outright corrupt conduct. However, it provides fewer places for this kind of behaviour to hide. Consequently, the more opaque a political system is, the higher the risk of misconduct going unnoticed and unchecked.

Furthermore, transparency is also important for maintaining the perception of propriety and warding off suspicion of wrongdoing. Both perceptions and reality matter when it comes to trying to prevent deepening distrust in politics, so opacity is more likely to undermine confidence in our democratic institutions than bolster it.

In most advanced Western democracies, there is some legal arrangement for providing public sight of activity seeking to influence politicians and senior officials. Global best

⁹ Otherwise known as the *Seven principles in public life*, the Nolan principles outline the ethical expectations from those holding public office in the UK <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2> [accessed 3 June 2021]



practice standards recommend this includes a central database containing information on all those seeking to influence policymakers, including details of their advocacy objectives and major interactions.¹⁵⁰ Our principal focus was on how the UK's arrangements for providing openness about these engagements worked in practice.

We used a sub-set of official data to evaluate the effectiveness of the existing transparency regime for lobbying in the UK.¹⁵¹ We also used the semi-structured interviews to gather interest groups' perspectives on the openness of access and potential influence in Whitehall.

To analyse the effectiveness of the current transparency regime, we utilised two datasets. The first was the statutory register of consultant lobbyists, which records those hiring professionals to help try and influence UK government ministers and

permanent secretaries.¹⁵² The second was the ministerial meetings data published by the UK government. This also includes basic details about which interest groups have discussed official business with ministers and the general purpose of the meeting. Due to data quality issues and the statutory lobbying register only going live in 2016, we used a sub-set of these data sources covering January 2017 to March 2020.

According to the UK government, when analysed together, these two data sets are expected to give an adequate picture of lobbying in the UK.¹⁵³ To test this out we explored three ways in which interest groups could lobby the government. They could:

- meet directly with ministers
- engage a consultant lobbyist to meet with ministers on their behalf and discuss their interests

- seek to influence ministers directly by other means, such as emails or WhatsApp

We sought to identify whether these three forms of interaction would turn-up anywhere on available public records.

Meeting directly with ministers

According to departments' meetings data, between January 2017 to March 2020, ministers met with 894 separate interest groups to discuss housing issues. Within this were only three consultant lobbyists. This means the statutory register of consultant lobbyists only provided some additional information on 0.3 per cent of those lobbying ministers face-to-face on housing issues during this period.

The reported purpose of discussion tended to be very generic, with almost half of the 669 meetings given one of twenty descriptors, many of which were very similar (see Table 1 below). In some instances the departments cited a specific bill or issue being discussed, but most descriptions were unhelpfully vague. Over 40 per cent of descriptions merely alluded to discussions about 'housing' or 'planning'. Unlike other countries, where information about interest groups' lobbying objectives are recorded as a matter of public record, the UK government's data contains almost nothing about the overall purpose of these engagements.



Table 1: Top 20 most frequent descriptions of meetings between interest groups and ministers, January 2017-March 2020 (Source: UK government)

Purpose of meeting	Number	% of all meetings
To discuss housing	94	30.2%
To discuss building safety	26	8.4%
To discuss homelessness	22	7.1%
To discuss Supported Housing	21	6.8%
To discuss planning	20	6.4%
To discuss Homelessness and Rough Sleeping	19	6.1%
To discuss social housing	15	4.8%
To discuss housing and planning	13	4.2%
To discuss social housing and engagement with landlords	9	2.9%
To discuss social housing and engagement with tenants	9	2.9%
Supported Housing	9	2.9%
To discuss building safety	8	2.6%
To discuss the private rented sector	7	2.3%
To discuss rehousing of Grenfell residents	7	2.3%
To discuss housing supply	6	1.9%
To discuss land management techniques	6	1.9%
To discuss the social housing green paper	5	1.6%
To discuss regeneration	5	1.6%
To discuss Social Housing green paper	5	1.6%
Meeting to discuss the mortgages market	5	1.6%

Engaging a consultant lobbyist to meet with ministers

In the register of consultant lobbyists during the same period, we identified 48 registrants whose clients' primary activity related to housing. Organisations only end up on this statutory register if they lobby ministers or senior civil servants on behalf of paying clients. This includes trying to influence government policy, existing or prospective legislation, or any other government function.¹⁵⁴

In total these 48 consultant lobbyists had 107 housing related clients, ranging from charities to housing developers.¹⁵⁵ Yet, as mentioned, only three of these consultant lobbyists appear in the departmental ministerial meetings data during the same period: Curtin Communications Ltd., Field Consulting and Thorncliffe. Confusingly, during the period in which these firms met ministers, they worked for multiple developers. This means it was impossible to know whose interests they were representing, illustrating the complete redundancy of the statutory lobbying register.

There are also questions as to what activities the remaining 45 consultant lobbyists were undertaking on behalf of their clients, when they were doing them, and how. Whatever they were doing, the public is not currently privy to this information.

Consultant lobbyists often provide preparatory support to clients ahead of government engagement, so we checked to see whether their clients appeared in the ministerial meetings data instead. Only 34 per cent of their clients did, at least for meetings discussing housing policy issues.¹⁵⁶ This raises the question of what activities the other 66 per cent of clients hired a consultant lobbyist to do. It could be that these clients wanted to influence the government on a different issue, but this is unclear.

We also looked at how many of these clients appeared in all meetings with ministers from January 2017 to March 2020, not just those meetings where housing-related issues were discussed. Just less than half (49 per cent) of them did.

Seeking to influence ministers by other means, such as emails or WhatsApp

It is possible that the missing 45 consultant lobbyists mentioned above were attempting to influence the government via a different form of communication other than in a face-to-face meeting. For example, through phone calls or emails. However, departments do not proactively publish this information, so the public has no identifiable footprint of this potential lobbying activity.

Interviews

Many interviewees noted that housing policy is transparent 'on paper', because they can see government's responses to consultations, ministerial statements, committee hearings, and which groups have engaged with the formal policy development process.¹⁵⁷ However, it is the informal networks and the opaque influence before this where most of our interviewees voiced concern.

A policy manager at a think tank said, 'policymaking is generally...behind closed doors...A lot of it is networking with the right people to get a seat at the table'.¹⁵⁸ Others said, 'the issue is about who you know and who you're connected to'.¹⁵⁹ A research fellow at a think tank explained that existing relationships that interest groups have had with those in power are unknown: 'Sometimes it will be declared, but it's not always about who the MP is listening to, it's about who their advisers are listening to'.¹⁶⁰

Some attempts to secure informal interactions focused on engaging ministers in their party capacity, sometimes using a

game of odds. For example, a director at a consultancy said: 'We pay £3,000 to go to a Tory conference on the chance that we bump into a minister. You know if you go 10 times, you'll eventually get 10 minutes with the chancellor'.¹⁶¹

While these early influencing opportunities are completely legal and theoretically open to all with the right resources and/or contacts, they can be opaque. A policy director at an industry body explained 'conversations with civil servants at pre-consultative stages are not apparent to everybody. There is a lack of transparency over who they're approaching and why. How can we make sure the right issues and questions are being asked, and that they're speaking to a range of stakeholders?'¹⁶² Similarly, a director at a housing association wished that ministers and civil servants engaged his organisation at an earlier stage in the policy development process than they do currently, because at the moment 'the problem is already defined before the discussion starts',¹⁶³ which narrows the scope of engagement and can result in government trying to solve the wrong issue.

Consequently, a key issue for many is how particular interest groups can feed into the pre-consultation phase behind closed doors. Many highlighted that ministers obtain their views and policy ideas from 'chosen' think tanks. A policy director at a professional body was alarmed that his organisation had few opportunities to influence this stage of policy development, whereas an '[the ideas of an] obscure economist is able to feed in at the beginning of the process...that's not transparent'.¹⁶⁴

A researcher we spoke to thought that 'a lot of white paper thinking' on planning reform came from individuals at just one think tank, and this 'wouldn't be picked up from a formal transparent process'.¹⁶⁵ In contrast, a head of policy at a local government

organisation said 'so the planning white paper is huge, but we weren't involved in the thinking behind it at all'.¹⁶⁶ Other interviewees agreed, explaining that some think tanks 'are closely aligned' to the government, where their ideas come straight in and no one knows what they are talking to ministers and their advisers about.¹⁶⁷

Not only were some interviewees concerned over the lack of transparency of how these organisations feed into policy development, but they were also alarmed by how the very funding of these groups is unknown. For example, a policy director at an industry body said, 'If you look at the funding of these think tanks and lobby groups, I think there should be more scrutiny and transparency'.¹⁶⁸ A head of policy at a local government organisation agreed: 'You need to ask who is resourcing these think tanks? Sometimes it's not clear and that is potentially quite dangerous'.¹⁶⁹ The insinuation being that their perceived impartiality and independence could mask attempts to further the agenda of more malign vested interests.

Most interest groups we interviewed felt that not only were activities seeking to influence housing policy opaque, but the policy process itself was also too unclear to provide them with opportunities to share their views. Despite official channels, such as formal consultations and calls for evidence, being transparent 'on paper', and that there are clear opportunities to feed in during the consultation phase, interviewees were frustrated by how the government does not follow its own rules; for example, its own deadlines for responding to consultations.¹⁷⁰

A policy director at a housing charity said, 'when the government follows its own procedure, it's easy for groups like us to anticipate what's coming and how we need to engage'.¹⁷¹ However, consultations sometimes get announced last-minute, and the development of policy can be so unclear

that ‘things go into black holes’¹⁷² or are ‘kicked into the long grass.’¹⁷³

A policy manager at a charity said there needs to be clearer timetabling, but even then ‘it’s hard to know what’s being looked at seriously.’¹⁷⁴ In addition, others said, ‘you have no idea when the government will release a consultation and what form it will take.’¹⁷⁵ The Renters Reform Bill¹⁷⁶ was then brought up as a key example: ‘it was planned for the autumn but then it got delayed’ and ‘none of the things that were promised would come with it’.¹⁷⁷ In addition, the head of policy at a housing campaign group noted, ‘I haven’t been able to figure anything out about what the Renters Bill actually is or what they’re looking for, and it keeps getting pushed back. We don’t even know if the government has lost interest in that policy totally, or whether they will come back to it later’.¹⁷⁸

This lack of clarity compounds another problem for interest groups, which is the limited amount of time they are given when asked to respond to consultations and other government engagement opportunities.¹⁷⁹ The head of policy at a professional body told us ‘there was a period in the last two to three years where there was a large number of consultations – several of which were less than the usual 12-week period. Sometimes as little as four weeks.’¹⁸⁰ Even a policy manager at an industry body, who say they can easily engage with government, recognised that ‘time is always pressured with competing demands and so [we need] as much time as possible to prepare responses to consultations means we can engage fully with our members.’¹⁸¹

Overall, the lack of clarity over the timing and scope of influencing opportunities seems to have two major impacts. Firstly, ambiguity and uncertainty over timing means that interest groups ‘can’t plan ahead and work out what mechanisms to

use in order to influence.’¹⁸² Secondly, it can be demoralising. As a policy manager at a housing charity said, ‘you have a very strict deadline for when you have to reply, but then it’s not clear that you will ever see that it had any effect.’¹⁸³

ANALYSIS

Based on the data collected through this research we have identified three areas where there are significant deficiencies in the current approach to developing housing policy in Westminster.

Closed and exclusive policy development

A crucial part of informed policymaking is consulting a diverse range of interest groups who are affected by the decisions and who may have valuable insights and data to offer. Relying heavily on a small number of similar voices increases the risk of policy being skewed in favour of their vested interests, potentially to the detriment of the wider public good. Conversely, excluding whole interest groups can leave weak spots and evidential gaps that undermine a robust approach to solving society's ills.

Our research suggests most interest groups have 'good access' at some point in the policy development process, with the notable exception of the tenant groups. This was supported by both the quantitative and qualitative data we collected. While landlords appear to find no major difficulty in securing ear time with ministers, those renting their properties do. In fact, their absence is noticeable.

The exact reasons for this disparity are not yet fully understood. Insufficient resources were raised as a potential factor, which combined with the slightly opaque and sporadic approach to stakeholder engagement by departments would present major challenges. Although it is also unclear how often they are asked to provide their views.

RECOMMENDATION 1

Government should ensure greater engagement of tenants and other marginalised groups in the development of housing policy.

Engaging groups less au fait with policy development and more technical issues does present its challenges. We sensed there are areas where participation by those affected by policy proposals felt unable to contribute because consultations included complex, technical language. This is reminiscent of accessibility issues mentioned above concerning the development of EU financial policy – only those with technical expertise have a voice, of which many have a vested interest in an outcome that is not necessarily aligned with the public good.

Whilst it is the role of ministers and their civil servants to provide an independent evaluation of these submissions and guard against policy capture, as we discuss shortly, a high turnover of personnel weakens their ability to do so. To help level the playing field, there should be greater consideration as to how technical issues can be discussed with a non-technical audience. Facilitating discussions that transcend the barriers of technical knowledge are by no means impossible and should be considered more when developing key policy proposals in government.

There is a recent example of MHCLG doing this well, through its residents' reference

panels on building safety policy.¹⁸⁴ This took a relatively technical area, which had lacked sufficient tenant voice previously, and used deliberative processes to help root policy responses in the lived experience of those inhabiting high rise residential buildings. While this narrow and intensive form of engagement might not be suitable for informing policy development across the whole of MHCLG's policy brief, it shows how alternative means of outreach can enrich government thinking by those with direct experience of the issues under consideration.

A related challenge is the tempo and timing of government's engagement. A lack of resources and/or technical expertise is exacerbated when consultations have short windows for input. The shortness of these engagement windows amplifies other inequities – those with more resources and technical capacity, who tend to represent parts of the private sector, are advantaged significantly more than others, such as charities and public sector bodies.

Before 2012, the UK government had a code of practice for consultations, which set out the expectations for departments about how they should engage with interest groups during the development of public policy.¹⁸⁵ While not mandatory, it proposed that the government should normally seek to consult

for 12 weeks.¹⁸⁶ Since then it has adopted a set of consultation principles instead, most recently updated in 2018, which states that 'consultations should last for a proportionate amount of time'.¹⁸⁷ Given the concerns we have heard there is a desire, especially among less well-resourced groups, to have more time to feed-in to set-piece engagements, like consultations.

✓ RECOMMENDATION 2

Government should ensure it complies with its own principles for consultations by:

- exploring how better to engage marginalised and under-resourced interest groups in developing key technical policy proposals, and
- providing sufficient time for consultees, especially less resourced groups, to provide more informed and evidenced responses.

A major challenge raised during our interviews was how to ensure those contributing to consultative processes are listened to. This does not necessarily mean ministers and their civil servants must accept all views they receive, but there is a feeling among a sizeable number of those we spoke to who feel like their contributions are either rejected out of hand without adequate consideration or end-up in a Whitehall black hole. These are two separate issues: one concerning the consultor's disposition and the other the feedback mechanisms for consultees.

The former is seemingly intractable. A recurring observation from a sizable cohort of our interviewees was that ministers are blinkered by their ideology. We do not pass judgement on whether this is the



case. However, it is worth recognising that ideology – whether used consciously or not – is an inherent way in which we all make sense of the world, and cannot be eradicated entirely. Arguably, it is a necessary part of politics – a way of connecting seemingly disparate initiatives and responses into a coherent agenda for change. Nevertheless, there is merit in questioning the extent to which new ideas should be given more of a hearing, even if they are eventually rejected, and how this exchange of views can take place in a way that challenges assumptions on both sides of an argument and advances new solutions. This Socratic ideal may seem naively utopian, but ministers’ diaries suggest there is no shortage of opportunities to debate with a range of different views.

The latter is by no means insurmountable, and is arguably about ensuring ministers and their departments comply with the government’s own consultation principles. Whitehall’s standards establish that engaging outside views should be an on-going deliberative process, with official responses published on time. As such,

providing feedback on how submissions are considered should be a normal part of how the government talks to the outside world rather than a new obligation. However, from what we have heard this is not being followed as it should, and there should be some careful reflection within MHCLG as to how it addresses these concerns.

As a minimum, there should be greater openness about who has contributed to consultations, as is the case for parliamentary inquiries. The UK government’s principles for consultation states departments should explain the responses it has received and how they have influenced policy. However, it does not require they publish submissions by default, which would help those outside of government better understand how interest groups’ views are reflected in ministers’ decisions. This should be the case unless there are overwhelming reasons to keep the provenance of submissions confidential; for example security concerns.

✓ RECOMMENDATION 3

Government should publish submissions it receives for consultations by default unless there are strong reasons not to do so; for example security concerns.

Opacity and exclusivity surrounding the pre-consultative phase of policy development was a noticeable area of concern among many of those we interviewed, and understandably so. Defining the scope and terms of the debate shapes the parameters of what is possible to a great extent and impacts the outcome of the process. There can be legitimate reasons for doing this. For example, budgetary constraints, electoral mandates, and a need for issue prioritisation. However, activities to influence these decisions should be more transparent.



‘Chosen’ think tanks were seen by many of our interviewees as key influencers behind closed doors. As one interviewee, summarised: ‘a lot of white paper thinking [on planning reform comes from individuals at Policy Exchange] and this wouldn’t be picked up from a formal transparent process.’ It is easy to see why.

Think tanks sit in a grey space between academia and advocacy. While they specialise in the world of ideas, whether explicitly or not, their purpose is primarily to have their thinking realised in action. At the same time, they are not easily identifiable as lobbyists, and more typically viewed as generators of policy options for those most aligned with their political worldview.

Among some think tanks, there is an intertwining with politics that is far more intentional than you find elsewhere. Many have strong connections with parties including MPs and peers on their board, staff being party members, and think tank events regularly featuring their political patrons. Some, like the Fabian Society, are even formally affiliated with a political party.

Yet they are also amorphous and varied. There is no statutory definition of a think tank, with many subject to a range of legal requirements, controls and reporting obligations, including company and charitable law. This means that there are no uniform arrangements to help the public understand the relationship between the ideas they promote and their sources of funding. This can be problematic.

While there are noble initiatives that seek to encourage voluntary disclosure of think tank funders, compliance with these standards is patchy. Seven well-known and established think tanks were rated either ‘highly opaque’ or ‘deceptive’ in an assessment in 2018,¹⁸⁸ meaning they provided no meaningful information on their

donors to the public. Therefore, the outside world cannot know whether the ideas they espouse are designed to promote the vested interests of their financial backers while coating them in a veneer of objectivity. Given some of their proximity to those in power, it is a matter of public interest this information be disclosed.

The rebuttals against this assertion include:

- **Lack of authority:** Disclosure would require the permission of donors, which would be unlikely in many cases.
- **Privacy:** Donations to charities are a private matter; this privacy is sacrosanct and should not be violated; and any disclosure of this information would be a breach of trust.
- **Fund management:** There is no hypothecation between individual giving and research outputs, so there cannot be any possible conflict of interest in the objectivity of publications.
- **Right to free speech:** Those who attack their research outputs do so not because of any wrongdoing by the think tank related to their funding arrangements, but because their opponents do not like the think tank’s views.

Similar arguments were used in defence of the privacy of political donors over two decades ago.¹⁸⁹ Since then the presumption in favour of disclosure based on the public interest has strengthened, not weakened. As we discussed earlier, voluntary disclosure of ministerial engagements is now the norm, while there are also statutory requirements for those lobbying ministers and senior civil servants to disclose their client lists. Disclosing funders of think tanks is a logical extension of these reforms and one that is in the public interest.



Given the challenges of defining think tanks in law and the speed at which any such reform would likely take, a legislative solution does not seem feasible in the short-term. However, this should not prohibit think tanks from voluntarily disclosing their funders and others imposing social sanctions for their failure to do so. The Transparify initiative has a clear and workable methodology for assessing think tanks donor transparency, whilst providing them with practical steps on how to meet the highest standards of income disclosure.¹⁰ As a minimum, those seeking to engagement government and parliamentarians should seek to achieve Transparify's five star rating.

There is also a role for those engaging with think tanks to encourage higher levels of donor disclosure. For example, media outlets providing them with a platform could require a minimum standard of transparency to ensure viewers fully understood the context of their policy positions. Similarly, government and parliamentary committees could mandate a minimum level of disclosure before granting think tanks an audience. And donors could refuse to give them grants without some level

of income disclosure. These new rules and practices would need a transitional period to enable think tanks to comply, but they are fundamentally a reasonable ask – if an organisation wishes to seek to influence public policy, it needs to be open to the public about its sources of funding and the interests supporting their advocacy.

✓ RECOMMENDATION 4

Think tanks should voluntarily disclose their funding and aim to achieve a 5-star Transparify rating.¹⁰

Government, Parliament, the media and donors should provide strong incentives for encouraging think tank donor disclosure. This could include government highlighting where they receive consultations submissions from opaque think tanks, media organisations refusing them a platform until they meet minimum disclosure standards, and bans on employing those who have worked for opaque think tanks within the last two years.

✓ RECOMMENDATION 5

There should be earlier involvement of a broader range of actors in determining the scope of policy options; for example, in the pre-consultative stage. An open door for undue influence

Since 1997 there has been a comparatively high turnover of ministers, especially in more recent years. Secretaries of state tended to stay in post for around two and a half years, with ministers of state doing so for

¹⁰ Transparify is an initiative that rates the financial transparency of think tanks and non-profit organisations, and provides a methodology for how these groups can improve their donor disclosure <https://www.transparify.org/>

barely one and a half years on average. For comparison, according to the latest available data from PwC, the tenure of UK CEOs was 4.8 years in 2016, which itself is relatively low compared to international standards.¹⁹¹ The overwhelming majority of those we interviewed thought that high turnover in the MHCLG plays a key role in limiting policymakers' expertise on housing and their ability to engage adequately in major debates. Much time appears to be spent explaining the policy landscape to ministers, and sometimes officials, which can be frustrating for interest groups who are keen to see more action more quickly.

Relying heavily on outside perspectives to help inform the government's deliberations does hold risks, especially if only shared by a small group with vested interests in a particular policy outcome. Fortunately, save for a need to better engage renters and marginalised groups, there is a relatively even balance of engagement with charities, businesses, and the wider public sector (at least according to official records). Nevertheless, there does seem to be a common perception that the institutional knowledge of government, especially within MHCLG, needs improving – both at a ministerial and official level. Not only would this help provide an additional safeguard against captured policy, but also increase government's ability to deal with these complex issues with greater efficacy.

It is well within the power of the Prime Minister to give their colleagues, especially ministers of state, a longer run at making an impact so long as they do not fall below the standards expected of them in high office. Similarly, promoting able ministers through the ranks within the same department would also ensure that those supposedly driving the housing agenda can apply their organisational and policy knowledge to maximum effect. The current hopping of briefs is patently unhelpful for

solving a policy challenge that is both incredibly complicated and needing of longer-term solutions.

The same goes for their officials, upon which ministers turn for advice. That a department can lose a quarter of its workforce in one single year is an incredible challenge for institutional memory. There have been attempts to utilise technology to help, although these cannot alone be a replacement for the human mind.¹⁹²

RECOMMENDATION 6

Government should explore how to increase the level of organisational knowledge retention within the MHCLG to enable its policymaking to be resilient to regular changes, both at ministerial and official level.

Our research found that the property industry has donated a substantial amount to political parties over the past decade, the overwhelming majority of which has gone to a single recipient: the Conservative Party. We found that property related donations to this party rose substantially every major election year. We also found that a large proportion of the overall income for its headquarters – including other sources of revenue, such as membership fees and commercial profits – came from property related donations.

We and those we spoke to are yet to see any evidence of a direct exchange of donations for policy or planning decisions in central government. Yet it is almost certain that these contributions open-up opportunities for relationship building with senior politicians – for example, through private dinners with ministers – and that in sufficient quantity donors' preferences are likely to have some impact on the party's policy considerations and those of its senior

members in government. The Westferry affair makes a case in point, and one that is referenced by many of those we interviewed.

Alongside their political contributions, major developers also hold financial clout. They provide jobs and activity that contributes towards economic growth. This must also have some bearing on policy considerations. As one interviewee noted, many developers are 'big donors to political parties. They're influential. They're also seen as important to economic stimulus, and they're very quick to turn off the taps [of housing supply].' Going against their interests, therefore, would take some political will.

We must also consider alternative explanations for this correlation between a particular donor group and the current party of government. Undoubtedly ideology plays a role. Political scientists have argued that one of the main motivating factors for companies donating to political parties is their ideology.¹⁹³ It also provides an intuitive reason why many of those we interviewed felt like their views were not being heard – their ideas did not fit within ministers' ideological worldview. As one interviewee argued 'what developers are lobbying for is what the government is ideologically committed to anyway'. Consequently, it is hard to distinguish if government policy is influenced by donors or donors are influenced by government policy.

Regardless, it is hard to dispute that there is an unhealthily high concentration of contributions from one sector to one party, with nine per cent of the Conservative's total reportable donations coming from just 10 property related donors. This should be a cause for concern. When there is an increasing concentration of financial resources in the hands of fewer people, there are more opportunities for undue influence to occur. At the very least, where there is heightened activity like this, it merits

heightened scrutiny for possible cash for influence or other such behaviour.

Such a strong relationship between one industry and a party of government not only increases the risk of misconduct, but does nothing for public perceptions of impropriety. In 2011, the CSPL found that '81 per cent of respondents thought the most common reason for donating was either the hope of receiving special favours in return or gaining access to those taking decisions.'¹⁹⁴ This broadly correlates with more recent studies, such as Transparency International's Global Corruption Barometer, which found 76 per cent of UK respondents strongly believed that wealthy individuals exert undue influence on governments and action needs to be taken to stop this.¹⁹⁵ And as we mention earlier in this report, 63 per cent of respondents to the 2019 Audit of Political Engagement from the Hansard Society think the British system of government is rigged to the advantage of the rich and powerful. These perceptions do not arise in a vacuum, and our research provides empirical evidence that certainly does not disprove these assertions.

For years we have raised concerns that weak controls on the supply of political contributions leave parties of all colours open to accusations of capture by vested interests.¹⁹⁶ Sir Hayden Phillips review of the mid-2000s and the later inquiry by the CSPL in 2011 also make this point crystal clear. Combined with loose checks on a major demand for funding – spending at major elections – this puts pressure on political parties and their candidates to seek income from wherever they can.

The quickest way to do this is to seek this from a small group of wealthy donors. As we have noted above, this heightens corruption risk and the perception of wrongdoing. If parties remain reliant on a relatively small number of wealthy backers it may undermine

the perception of Britain's new-found sovereignty as a common endowment. Therefore, removing big money from politics is critical to reducing the risk that power entrusted in our politicians is abused for private gain, and restoring confidence in the integrity of our democratic institutions. As we outline in our previous report *Take back control: how big money undermines trust in politics*, there are three principal elements to these reforms.

First are critical changes to the supply of funding, which seek to ensure that a small number of wealthy donors cannot use their contributions as leverage for favours. This would be implemented through a limit on the amount any donor can contribute with a year, known as a 'donation cap'. Similar provisions exist throughout most advanced Western democracies, including Canada, Ireland and the United States. There are different approaches across these countries on the technical details and levels of the caps. For example, Canada imposes a limit of C\$1,650, which applies annually for contributions to political parties and their leadership contestants, and per election for donations to candidates.¹⁹⁷ In Ireland, political parties or other campaigners at elections can only accept up to €2,500 per year from a single donor, with a lower limit of €1,000 for candidates and members of elective office.¹⁹⁸ And in the United States,¹¹ there are a broad range of caps from \$2,900 per election to candidates, to over \$100,000 to political parties in certain contexts.¹⁹⁹

For the UK, we envisage an initial cap allowing political contributions¹² up to £10,000 by any individual – whether given by themselves as a natural person, or through a private limited company, trade

union or other form of legal entity. This would be generous compared to the countries mentioned above. It would only constitute around a third of median annual disposable household income in the UK (£29,900) and our conservative estimate is that it would be unlikely to apply to more than 5,300 donors¹³ – less than 0.01 per cent of those individuals eligible to donate over £500 currently. Consequently, it would strike a balance between providing a key safeguard against political corruption whilst avoiding undue restrictions on individuals' political activity.

Second in this package of reforms is increased transparency over donations. As we note in *Take back control*, it is necessary to reduce the current reporting thresholds for donations to make it possible to monitor compliance with these new contribution limits. This has the additional benefit of being easier to administer for political parties.²⁰⁰ We propose a reporting threshold of £500, which is the current maximum an individual or company can donate anonymously to political parties, and ten times higher than the current reporting threshold for candidates at elections. It is also higher than the reporting thresholds in Canada (C\$200) and the United States (US\$200). Given the relatively high thresholds in the UK, we also see the merit of lowering the reporting threshold and donation controls to £200.

Third is a need to reduce the demand for funding, in particular campaign spending during election cycles. Current national limits on party political expenditure at major elections are seldom reached, in part because they exclude campaign staff costs, which potentially form a substantial proportion of big parties' outgoings.²⁰¹ These loose controls on expenditure have put a

¹¹ We note the limits here are currently almost meaningless given there are no caps on contributions to Super Political Action Committees ('Super PACs'), who can spend unlimited amounts on seeking to influence the outcome of elections.

¹² This would cover donations to political parties, candidates, non-party campaigners at elections, and other entities regulated under the current rules, such as holders of elective office and political party members.

¹³ We calculated this using data from the Electoral Commission as of 7 June 2021. To do so we did a conservative calculation of how many gave over £10,000 over a year in any year since records began in 2001. This excluded public funds, impermissible contributions, and other sources that would be ineligible under our proposals, such as foreign governments. Without any standardisation of the data this totalled 5,297 donors. We then divided this by the total number of eligible electors as of 2 March 2020 (47.6 million).



level ceiling on the demand for big money, but the current statutory maximum is too high and too narrow in scope to be effective. The CSPL called for similar reductions in their 2011 review of political party funding, with a proposed decrease in national party spending limits of around 15 per cent.²⁰²

Frustratingly, as history has shown, progress towards comprehensive party funding reform can be glacial, even when there is broad consensus on key parts of the proposed changes. Yet it is not necessary for parties to wait until Parliament passes legislation in order to reduce their exposure to undue influence by major donors. A key means of doing so is diversifying their donor bases so reduce their dependency on a relatively small number of major contributors. We recognise this is no mean feat – with the current loose limits on campaign spending, the larger parties need to meet expenditure upwards of £50 million in a year – however, this is far from impossible.

At the last UK Parliamentary general election, the largest political parties in Westminster received millions of votes, some of them over ten million, all from those who may be willing to make a financial contribution to the cause. While not all voters will be prepared to provide monetary support to a party, it seems many more could do than is currently the case. As we have seen elsewhere in the world, it is very feasible to raise substantial amounts of money from small donors.

According to data from Open Secrets, an integrity watchdog in the United States, the last US presidential election saw Joe Biden and Donald Trump raise over \$700 million in contributions of \$200 or less.²⁰³ For perspective, the amount raised in small contributions for that one election is more than the combined amount spent by Conservative and Labour party headquarters between 2010 and 2019. We acknowledge this is an imperfect comparison, but it illustrates

the potential here for parties to engage this relatively untapped source of income.

✓ RECOMMENDATION 7

The UK Government should legislate to take big money out of politics by:

- Introducing a £10,000 limit on donations from individuals and companies per donor per year.
- Bringing the reporting threshold for donations and loans into line with the permissibility thresholds, currently £500
- Reducing the maximum amount political parties can spend on national campaigning at elections by 15 per cent, as recommended by the Committee on Standards in Public Life, and widen the scope of these controls to include money spent on campaign staff.

✓ RECOMMENDATION 8

Parties should start diversifying their donor base and explore new and innovative ways to secure smaller amounts from larger numbers of people.

Opaque lobbying

Almost a decade ago, the then Prime Minister, David Cameron, warned that corporate lobbying was ‘the next big scandal waiting to happen’.²⁰⁴ To address this risk, two years later the government’s consulted on proposals for a statutory register of lobbyists that would:

‘...increase transparency by making available to the public, to decision makers and to other interested parties authoritative and easily-accessible information about who is lobbying and for whom. This will help ensure that those seeking to influence decisions do so in a way that is open to scrutiny, improving knowledge about the process and the accountability of those involved.’²⁰⁵

Undoubtedly, the current arrangements have fulfilled part of this objective. There is now one place where the public can see who is lobbying ministers and senior civil servants on behalf of paying clients, and who those clients are. This includes some law firms and accountants who would not otherwise have been captured by the self-regulatory bodies run by the influencing industry itself. Yet it delivers inadequately on the purpose it seeks to achieve.

The UK’s statutory lobbying register only captures a small proportion of those seeking to influence policy, such as housing, in Westminster. Furthermore, our research shows how little insight both this and departmental disclosures provide over the interactions between those seeking policy change and those with the power to change it. In fact, it categorically fails to deliver on the sole purpose of the register – to show who consultant lobbyists are representing in face to face meetings with ministers, the details of which are supposed to be published by departments.

Many of our interviewees noted the government’s approach to developing housing policy is transparent ‘on paper’ but that many informal networks are leading to opaque influence. There was a view that policymaking is very much behind closed doors and that a lot of it is networking with the right people to get a seat at the table. While it is difficult to prove whether this is widespread, the Westferry saga shows this assumption to be true.

Uncertainty over the true nature and extent of lobbying adds a major qualifier to some of our findings. While our research indicates that various interest groups have fair access to formal meetings with government ministers, we cannot know for sure whether this is still the case when more informal and harder to identify interactions are considered. In theory, even discussions about government policy within a social setting should be reported to departments and disclosed every quarter, but evidence of this happening in practice is patchy.

Given the significant shortfalls in the current system, a fundamental rethink is in order. Across several similarly developed democracies there are higher amounts of openness about those seeking to engage policymakers and their intentions for doing so. The US, Canada, and Ireland have managed to achieve this, with no undue adverse effects on interest groups' ability to participate in the democratic process (see Annex 6 for a more detailed comparison). Indeed, we are in the perverse situation whereby we know more about lobbying over zonal planning decisions in rural Ireland than we do about attempts at high-level policy influencing in Whitehall.

A more robust lobbying transparency system should be introduced. It should be closer to those held across the Atlantic and the Irish Sea, and provide a much deeper and clearer picture of who is seeking what, when and how.

Drawing from a range of best practice globally, Transparency International, the Open Knowledge Foundation, Access Info Europe and the Sunlight Foundation developed the international standards for lobbying regulation.²⁰⁶ These draw from experiences and expert thinking from across the world into a set of recommendations that, if implemented, should provide a robust safeguard against lobbying related misconduct. As a minimum, the UK should adopt the core tenets of these

proposals to provide greater openness about the activities of those seeking to influence the political process. Something akin to the Canadian system, which provides meaningful information about the intention of lobbyists, their interactions with those in government, and their employment of former senior public officials, is an example from which the UK can build upon.

RECOMMENDATION 9

To help deter and detect misconduct by lobbyists and/or ministers, we recommend that the UK Government legislates to introduce a comprehensive statutory register of lobbyists similar to Canada's.

This should require regulated individuals and organisations to provide the following details as a minimum, which would be updated at least quarterly:

- Who is lobbying, including details of the organisation, the staff involved, and whether they employ any former public officials or politicians.
- What they are trying to influence and why, including the details of the relevant bill, government policy and/or public contract.
- When the lobbying takes place.
- How they are seeking to influence government, for example through in-person meetings, phone calls or other forms of electronic communication.

Unfortunately, previous experience suggests that progress towards delivery of a more comprehensive lobbying register could be

glacial. The political will to do the right thing is notably absent when it comes to shining a light on access and potential influence in Westminster. In the meantime there is a need to strengthen the existing arrangements as best as possible without recourse to legislation. As a minimum, there should be improvements to the management of this publication process and greater clarity about what is and is not within the scope of departmental disclosures.

Currently, the wording in the ministerial code appears to give rise to some confusion as to what should and should not be included. It is worth quoting the relevant wording in full:

*8.14 Ministers meet many people and organisations and consider a wide range of views as part of the formulation of Government policy. Meetings on official business should normally be arranged through Ministers' departments. A private secretary or official should be present for all discussions relating to Government business. **If a Minister meets an external organisation or individual and finds themselves discussing official business without an official present – for example at a social occasion or on holiday – any significant content should be passed back to the department as soon as possible after the event [emphasis added].** Departments will publish quarterly, details of Ministers' external meetings. Meetings with newspaper and other media proprietors, editors and senior executives will be published on a quarterly basis regardless of the purpose of the meeting.*

A natural reading of the above would suggest that conversations about official business during, say, a party fundraising event would merit inclusion in quarterly departmental disclosures and publication. Yet the Westferry example suggests otherwise. While the secretary of state claims he notified his department of this

engagement and discussions with Richard Desmond, this does not appear in any departmental record.²⁰⁷ And this is not the only time there have been such omissions.

It is known publicly that the former Prime Minister, David Cameron, lobbied the Secretary of State for Health and Social Care over a payment system provided by his new employer, Greensill Capital.²⁰⁸ Yet whilst this discussion related to official business and a government spokesperson claims this information was reported to his department,²⁰⁹ there is no evidence of this meeting in the department's quarterly disclosures. This shows a highly inconsistent approach to determining what is and is not included in departmental transparency disclosures, which needs addressing.

A clear explanation for this inconsistency is that this transparency process is overseen by ministers and the government's communication grid. Not only does this political involvement in publications lead to arbitrary decisions about what is and is not made available to the public, it also has severe implications for their timeliness. In theory, departments publish details of ministers' engagements with outside interest groups within three months after the end of the relevant quarter – potentially up to six months after the discussion took place. In reality, the publication of this information happens even later,²¹⁰ and is getting worse – publication of the last four quarters all took more than 120 days after the end of the reporting period.²¹¹

As a minimum, the ministerial code, associated guidance and publication standards should make clear the absolute latest this information should be made public. There is certainly scope to reduce the delay between the end of a reporting period and the date of publications – in Canada, lobbyists have to report similar information with a month of them taking place, so it is

unclear why the government could not do the same here. The CSPL agrees.²¹²

More fundamentally, ensuring the complete and timely availability of ministers' engagements with interest groups requires an independence of oversight and publication that is currently absent. Giving the Independent Advisor on Ministerial Interests with the power and resources to investigate a failure to comply with this duty without a request from the Prime Minister should help ensure there are few attempts to wilfully flout the rules. In addition, separating the publication of these disclosures from the government's communications grid is critical to ensure more timely access to this information.

On a related point, the COVID-19 pandemic has raised questions as to what extent

other forms of communication should be included more explicitly within the scope of these rules. Most likely because of social distancing rules and an increase in remote engagements, there has been an uptick in the number of discussions reported that have not taken place face to face; for example phone calls. However, it is not clear whether this is due to the pandemic and the change in working arrangements resulting from it, or because of a slight shift in how the code is interpreted by ministers and officials. Either way, including only face to face engagements, especially in the current context, is far too narrow and should be expanded explicitly to include all forms of communication involving official business. Given recent examples suggest ministers report these back to their departments already, it should not be unduly burdensome to make this information public.

RECOMMENDATION 10

The UK Government should improve the completeness and timeliness of departmental transparency disclosures by:

- Amending the ministerial code to require explicitly that engagements between ministers and interest groups concerning official business, via whatever means, be published.
- Amending the ministerial code,¹⁴ internal government guidance and publication standards to include a clear deadline for publishing this information, which should happen monthly.
- Establishing a separate publication process that is relatively fixed and not subject to the government's communication 'grid'.
- Giving the Independent Advisor on Ministerial Interests the power and resources to investigate proactively any failure to comply with the ministerial code.

¹⁴ The rules governing the conduct of ministers in the UK government.

CONCLUSIONS

The emerging literature surrounding ‘policy capture’ provides a helpful new frame for analysing the relationship between private interests and those in positions of power. Drawing inspiration from this work, we have explored access, potential influence and transparency within the development of housing policy in England using available data. While there were many limitations in this research – largely due to the unavailability or quality of official data – there are some clear conclusions we can make.

First, government could and should do more to engage those who have a meaningful contribution to make to public policy – for example, through their lived experience – do not have the resources or Whitehall know-how to do so. There are examples of where this has happened, with relative success, but these are too few and far between.

Second, there is a worrying dependence of the party of government on a small number of wealthy financial backers with relationships to substantial property interests. Although there is no evidence of any direct quid pro quo, ministers’ ability to think bold and think big is likely to be unduly influenced by the interests of their patrons. Weaning them from this dependence is critical to freeing government to explore and implement policy options that will make a substantial, positive difference to housing affordability. This risk of capture is further compounded by the dizzying churn of ministers and civil servants from key posts, which are supposed to be driving policy in this area.

Third, Westminster remains woefully opaque, especially when compared to its peers in the Western world. Although government transparency disclosures provide some insight into some forms of interest group engagement, it is too narrow, inconsistent and tardy to be meaningful. Additionally, the statutory register of consultant lobbyists does not even fulfil the basic function it is supposed to, and should be completely

overhauled. Providing transparency over access and potential influence is a core element of good governance, and one that is well within the Britain’s capabilities, yet it is currently well wide of the mark.

Overall, our assessment is that Whitehall has poor protections against policy capture, especially when compared against some of its allies. Legislation is certainly necessary for some of the key changes needed – for example, party funding reform – but many others do not need to wait so long. Consulting better, keeping people in their posts longer, and improving departmental transparency disclosures are all low-cost and high value measures government can take right now. Although solving the housing crisis might seem like a long-slog, getting the process right for overcoming this challenge is a relatively easy win in the short-term.



ANNEX 1:

KEY WORD SEARCH TERMS

To identify meetings where housing policy related issues were discussed we tagged those including the following key words and phrases:

- Affordable
- Building
- Developer
- Help to buy
- Homelessness
- Homes
- House building
- Housing
- Land
- Leaseholder
- Mortgages
- Ownership
- Planning
- Property
- Regeneration
- Rent/rented
- Right to buy

The results of this tagging exercise were then sense checked in order to spot any false positives. For example, where the purpose of the meeting was to 'discuss solicitors in Scotland', the presence of the word 'land' would return a false positive.

ANNEX 2:

MOST FREQUENT MINISTERIAL VISITORS

The fifteen organisations who met with UK Government ministers the most between 1 January 2012 and 31 March 2020 from each category are:

Developers

- Barratt Developments
- Berkeley Group
- Home Builders Federation
- Taylor Wimpey
- Redrow

Housing associations

- National Housing Federation
- L&Q
- Riverside
- Chartered Institute of Housing
- Home Group

Charities/campaign organisations

- Shelter
- Crisis
- St Mungo's
- Homeless Link
- Grenfell United

ANNEX 3:

PERMISSIBLE UK POLITICAL DONORS

Under the 2000 Act there are controls on who political parties can receive donations from. Those who are allowed to donate are called 'permissible donors'. A permissible donor in the UK is:

- An individual registered on a UK electoral register, including overseas electors and those leaving bequests.
- Most UK-registered companies.
- A Great Britain registered political party.
- A UK-registered trade union.
- A UK-registered building society.
- A UK-registered limited liability partnership (LLP) that carries on business in the UK.
- A UK-registered friendly society.
- A UK-based unincorporated association that carries on business or other activities in the UK.
- Public Funds.
- Some types of trust and certain public funds.

Foreign donors, other than registered British electors living abroad, are not permitted to donate.

ANNEX 4:

IDENTIFYING PROPERTY DONATIONS

Scope

To analyse the relationship between political donors and the property industry, we used data from the Electoral Commission, Companies House and media reports. We included all reportable donations to political parties in the UK between January 2010 and March 2020.²¹³ Specifically, we focussed on donations from companies and individuals because they were the easiest to link back to interests in property.

Setting clear parameters to our definition of 'property related', and those with an interest in that sector, proved challenging. Financial interests change over the time and so do the relationship between individuals and businesses and this broad area of economic activity. Generally, we sought to capture those who had a substantial direct financial interest connected to property during the ten year period, including one of more of the following:

- holdings and/or active investment in a substantial property portfolio¹⁵
- buying and/or selling land for use in residential developments
- providing goods or services with a direct connection to residential property, such as site clearances or home improvements

We also recognise that the timing of donations might not coincide exactly with a donor's known interest in property. For example, they may donate millions of

pounds prior to embarking on a major site redevelopment later on. However, we posit that their previous donations are just as relevant as those given by individuals or organisations active in the sector at the time of their political contributions, because it shows their prospect as a potential major donor in the future. This could still have a bearing on ministers' considerations.

Source data

The Electoral Commission publishes the details of large political donations to political parties, politicians and certain other types of political organisations.²¹⁴ Donations over £500 to any of these recipients are only allowed from 'permissible donors', such as a UK-registered registered companies or individuals on an electoral register here.²¹⁵ Companies House contains details on all companies incorporated in the UK. Over the years, there have been several media reports about individual donors and their relationship with the property industry.

Company donors

In theory, political parties must accurately report the details of donors for the public record, including a unique reference number given by Companies House to companies. This unique company number allows the public to know exactly which business made a political contribution – a task that would otherwise be very difficult given the number of companies with similar names registered in the UK. Unfortunately, political parties

¹⁵ We did not use a strict definition of 'substantial', but in all instances this involved portfolios of over ten properties and/or worth over £5 million. Given the relaxation of permitted development rules during this period, which allow the conversion of commercial property into residential, we include commercial property holdings within this definition, too.

occasionally omit these unique company registration numbers or report them incorrectly, so we needed to clean this up.

We manually reconciled all companies that had donated over £10,000 in a single contribution using the Open Refine software package and the OpenCorporates' API interface. Companies that donated less than £10,000 in a single donation were auto-reconciled against the OpenCorporates API. This auto-reconciliation was manually cross-referenced with the company's reported unique reference number in the Electoral Commission data to ensure a high level of accuracy in our records.

After we cleaned the company data, we called the Companies House API to extract all publicly available information on the businesses via their unique company references numbers. This included their 'SIC codes' – a standardised set of codes which summarise a company's primary economic activity. We then used these codes to tag companies' primary economic activity in the Electoral Commission dataset of political donations.

The SIC Codes that were classified as relating to the property industry are listed below in Annex 5. Some SIC codes are of more relevance to the property industry than others, so we only selected those that were more directly connected to the property industry.

Companies whose SIC descriptor was 'Activities of Head Office' were manually checked using the filing history of the company on Companies House to identify the companies' 'principal economic activity'. The company was then categorised in the spreadsheet according to this principal activity.

Those which were labelled 'Activities of other holding companies n.e.c.' were also categorised using the same method. However, to establish the interests of the

holding company the 'ultimate parent undertaking and controlling party' was examined.

Companies with the prefix SP, SL, OC, LP, IP, FC, BR – i.e. Limited Liability Partnerships, were omitted.

In some instances, there were groups of companies with substantial related party transactions between businesses directly involved in property development and those that were not. Where this was the case we took the view that the whole group of companies had a joint interest in the success of this property portfolio, and therefore counted all of them within our calculations.

Individual donors

Unlike companies, there is no unique identifier in the Electoral Commission's data to confirm categorically the identity of individual donors. Whilst political parties must report these donors' addresses to confirm they are eligible to donate, this information is not published for privacy reasons. Nevertheless, existing media reports allowed us to confirm the identity of some donors with accuracy.

Given the number of individual donors and the time it would take to verify all of their identities with accuracy, we took a targeted approach mapping this type of political contributor to the property industry. We looked at the top 50 highest single donations from individuals to political parties and researched if they have any property related business interests. We also cross-checked this information and well-known individuals connected to the property industry, including those mentioned in high profile media articles.²¹⁶

ANNEX 5:

SIC CODE CATEGORISATION

SIC Code (Standard Industrial Classification)	Description
1500	Mixed farming
41100	Development of building projects
41202	Construction of domestic buildings
43110	Demolition
43120	Site preparation
64192	Building societies
64203	Activities of construction holding companies
64922	Activities of mortgage finance companies
68100	Buying and selling of own real estate
68201	Renting and operating of Housing Association real estate
68209	Other letting and operating of own or leased real estate
68310	Real estate agencies
68320	Management of real estate on a fee or contract basis
71111	Architectural activities
71112	Urban planning and landscape architectural activities
86102	Medical nursing home activities
87100	Residential nursing care facilities
98000	Residents property management

ANNEX 6: LOBBYING REGISTERS: AN INTERNATIONAL COMPARISON

COUNTRY	SCOPE: Lobbyists		SCOPE: PUBLIC OFFICIALS		FORM OF COMMUNICATION					REPORTING		
	In-house	Consultant	Executive	Special advisors	Legislators	Face-to-face	Written	Oral (remote)	Purpose of lobbying	Spending	Reporting period	
US (Statutory register) Est. 1946												
Canada (Statutory register) Est. 1989												
Ireland (Statutory register) Est. 2015												
Scotland (Statutory register) Est. 2016												
UK (Statutory register) Est. 2014												
UK (ministerial code)												

Nearest to best practice

In-between

Furthest from best practice

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- 57 Policy manager at a think tank interviewed on 26 June 2020
- 58 Policy director at an industry body interviewed on 12 August 2020
- 59 Head of policy in local government interviewed on 29 October 2020
- 60 Research fellow at a think tank interviewed on 12 August 2020
- 61 Policy director at a housing charity interviewed on 20 August 2020
- 62 Head of policy at a think tank interviewed on 13 July 2020
- 63 Head of policy at a professional body interviewed on 22 July 2020
- 64 Policy manager at a housing charity interviewed on 22 July 2020
- 65 Policy director at a housing charity interviewed on 09 September 2020; Policy manager at a housing charity interviewed on 03 July 2020
- 66 Deputy policy director at an industry body interviewed on 16 September 2020
- 67 Research officer at a trade union interviewed on 31 July 2020
- 68 Head of policy at a think tank interviewed on 13 July 2020
- 69 Head of policy at a housing campaign group interviewed on 02 October 2020
- 70 Research fellow at a think tank interviewed on 12 August 2020
- 71 Head of policy in local government interviewed on 29 October 2020
- 72 Policy manager at a housing charity interviewed on 22 July 2020
- 73 Policy director at a housing charity interviewed on 09 September 2020
- 74 Policy director at a housing charity interviewed on 20 August 2020
- 75 Policy director at a housing charity interviewed on 09 September 2020
- 76 Policy manager at a housing charity interviewed on 22 July 2020
- 77 Head of policy at a professional body interviewed on 22 July 2020
- 78 Policy director at a housing charity interviewed on 20 August 2020
- 79 Head of policy in local government interviewed on 29 October 2020
- 80 Policy manager at an industry body interviewed on 15 September 2020
- 81 Deputy policy director at an industry body interviewed on 16 September 2020
- 82 Policy director at a professional body interviewed on 09 September 2020
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- 91 Policy manager at a housing charity interviewed on 22 July 2020
- 92 Policy director at a housing charity interviewed on 09 September 2020
- 93 Research fellow at a think tank interviewed on 12 August 2020
- 94 Policy manager at a housing charity interviewed on 22 July 2020

- 95 Policy director at a housing charity interviewed on 09 September 2020
- 96 A director at a consultancy interviewed on 24 September 2020
- 97 Head of policy at a professional body interviewed on 22 July 2020
- 98 A director at a consultancy interviewed on 24 September 2020
- 99 Head of policy at a professional body interviewed on 22 July 2020
- 100 Policy director at a housing charity interviewed on 20 August 2020
- 101 Researcher interviewed on 14 September 2020
- 102 Policy director at an industry body interviewed on 16 September 2020
- 103 Policy director at a housing charity interviewed on 09 September 2020
- 104 Policy director at a housing charity interviewed on 20 August 2020
- 105 Head of policy in local government interviewed on 29 October 2020
- 106 A director at a consultancy interviewed on 24 September 2020
- 107 Head of policy in local government interviewed on 29 October 2020
- 108 Senior research fellow at a think tank interviewed on 08 September 2020
- 109 Policy manager at an industry body interviewed on 15 September 2020
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- 113 Head of policy at a professional body interviewed on 22 July 2020
- 114 Policy manager at a housing charity interviewed on 22 July 2020
- 115 Policy manager at a housing charity interviewed on 03 July 2020
- 116 A director at a consultancy interviewed on 24 September 2020
- 117 Research fellow at a think tank interviewed on 12 August 2020
- 118 Head of policy at a professional body interviewed on 22 July 2020
- 119 Policy director at a housing charity interviewed on 20 August 2020
- 120 Head of policy at a think tank interviewed on 13 July 2020
- 121 Researcher interviewed on 14 September 2020
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- 131 Policy manager at an industry body interviewed on 15 September 2020
- 132 Policy director at an industry body interviewed on 16 September 2020

- 133 Policy manager at a housing charity interviewed on 03 July 2020
- 134 Senior research fellow at a think tank interviewed on 08 September 2020
- 135 Director at a housing association interviewed on 29 September 2020
- 136 Head of policy at a housing campaign group interviewed on 02 October 2020
- 137 Policy manager at a housing charity interviewed on 03 July 2020
- 138 Head of policy at a think tank interviewed on 13 July 2020, Policy manager at a think tank interviewed on 26 June 2020, Policy manager at a housing charity interviewed on 03 July 2020, Research officer at a trade union interviewed on 31 July 2020, Head of policy at a professional body interviewed on 22 July 2020, Researcher interviewed on 14 September 2020, Policy director at an industry body interviewed on 16 September 2020
- 139 Policy manager at a housing charity interviewed on 03 July 2020
- 140 Policy director at an industry body interviewed on 16 September 2020
- 141 Policy manager at a think tank interviewed on 26 June 2020
- 142 Research fellow at a think tank interviewed on 12 August 2020, Policy manager at a housing charity interviewed on 22 July 2020, Policy manager at a housing charity interviewed on 03 July 2020
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- 146 Head of policy at a professional body interviewed on 22 July 2020
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- 158 Policy manager at a think tank interviewed on 26 June 2020
- 159 Research officer at a trade union interviewed on 31 July 2020
- 160 Research fellow at a think tank interviewed on 12 August 2020
- 161 A director at a consultancy interviewed on 24 September 2020
- 162 Policy director at an industry body interviewed on 12 August 2020
- 163 Director at a housing association interviewed on 29 September 2020
- 164 Policy director at a professional body interviewed on 09 September 2020
- 165 Researcher interviewed on 14 September 2020
- 166 Head of policy in local government interviewed on 29 October 2020

- 167 Research officer at a trade union interviewed on 31 July 2020, Policy director at a housing charity interviewed on 20 August 2020, Director at a housing association interviewed on 29 September 2020
- 168 Policy director at an industry body interviewed on 16 September 2020
- 169 Head of policy in local government interviewed on 29 October 2020
- 170 Policy director at a housing charity interviewed on 20 August 2020 and Policy manager at a housing charity interviewed on 22 July 2020
- 171 Policy director at a housing charity interviewed on 20 August 2020
- 172 Head of policy at a professional body interviewed on 22 July 2020
- 173 Policy director at an industry body interviewed on 16 September 2020, Policy manager at a housing charity interviewed on 21 July 2020
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- 180 Head of policy at a professional body interviewed on 22 July 2020
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- 213 The data was downloaded in May 2020, figures may differ to the most recent release by the Electoral Commission.
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