



National Audit Office

A REVIEW BY THE  
NATIONAL AUDIT OFFICE  
OCTOBER 2008

# Performance of the Department for Communities and Local Government 2007-08

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This briefing has been prepared for the Communities and Local Government Select Committee to provide an overview of the work and performance of the Department for Communities and Local Government in the financial year 2007-08 and subsequent months.

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This review was conducted by Alex Kidner and Lee Nicholson under the direction of David Corner.

This review can be found on the NAO website at [www.nao.org.uk/publications/select\\_committees.htm](http://www.nao.org.uk/publications/select_committees.htm)

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# Summary

**1** This briefing has been prepared for the Communities and Local Government Select Committee to provide an overview of the work and performance of the Department for Communities and Local Government (the Department) in the financial year 2007-08 and subsequent months. It takes as its basis the Department's Annual Report 2008, drawing upon the work of the National Audit Office (NAO) together with relevant material from other external and internal reviews of departmental performance. The contents of the briefing have been shared with the Department to ensure that the evidence presented is factually accurate, but the commentary and views expressed are the sole responsibility of the NAO.

**2** The Department takes the strategic lead across government on:

- increasing long-term housing supply and affordability, and tackling homelessness;
- cohesive, empowered and active communities and citizens;
- strong and accountable local government and leadership;
- better local services and environment;
- regeneration and investment in towns, cities, regions and neighbourhoods; and
- resilience and the Fire and Rescue Service.

**3** The Department has a complex delivery chain. Many of its policies and programmes are implemented and delivered at the local level through partners, including local government, Registered Social Landlords and arm's length bodies. The Department sponsors a range of other central government bodies, which form the Departmental group. These include the Planning Inspectorate, the Fire Service College, Ordnance Survey, the Queen Elizabeth II Conference Centre, and the Audit Commission. **Figure 1** provides a full list of bodies in the Departmental Group in 2007-08.

**4** The Department also has responsibility for national policy on local government in England and acts as the key interface between central and local government. The Department sponsors the network of nine Government Offices for the English Regions. The Government Offices represent 11 central government departments and deliver a number of cross-cutting policies.

**Figure 1**  
The Departmental Group



Source: Resource Accounts 2007-08, Communities and Local Government, August 2008

## Key events since the Select Committee's hearings on the Departmental Report 2007

- 5 Since October 2007 the Department:
- Was subject to a stocktake of progress since the Cabinet Office Capability Review, published in December 2007;
  - Led the negotiations of new Local Area Agreements with all top-tier English local authorities;
  - Introduced the Planning Bill;
  - Announced a £1.5 billion Working Neighbourhood fund to reduce unemployment in disadvantaged communities;
  - Announced a £4.9 billion Supporting People programme to tackle social exclusion and promote independent living;
  - Set out how it is responding to the credit crunch – *Facing the housing challenge: Action today, innovation for tomorrow*;
  - Announced a £1 billion housing package to tackle the impact of the credit crunch on the housing market;
  - Published the empowerment white paper – *Communities in control: real people, real power*; and
  - Sponsored the Housing and Regeneration Act, which received Royal Assent in July 2008.

## Performance

6 At 31 March 2008, the Department was on course to meet two of its nine PSA targets from the Comprehensive Spending Review 2004 (CSR 2004) period. It had not met two of its targets and the Department reported slippage on the remaining five targets, four of which were reported to be on course last year (**Figure 2**). The latest position will be reported in the Autumn Performance Report, due in December 2008.

## Key issues

### Efficiency

7 The Department has performed strongly against its 2004 Central Efficiency target (of achieving 2.5 per cent efficiency gains per annum) and its Workforce Reduction targets, and is on course to meet its Relocation target by 2010. The new 2007 value for money targets are demanding as they require efficiency gains of at least 3 per cent per annum.



## Capability

**8** The latest Cabinet Office review shows that the Department is making good progress at improving its capability. The Department is addressing the key areas for improvement identified in the original capability review and is actively measuring the impact of enhancing its leadership and influencing skills through a survey of key stakeholders.

## Regeneration

**9** Reported performance against the Department's own indicators for regeneration through neighbourhood renewal indicates that good progress has been made at closing the gap between the most deprived areas and the rest of the country in crime, worklessness, liveability, health, and housing. However, recent data on deprivation shows that pockets of persistent deprivation still exist, and that patterns of concentrated deprivation have remained largely the same.

**10** The Department's regeneration programmes are ambitious. They rely on partnership working between the public and private sectors. The current economic climate is slowing progress and may impact on private sector involvement.

### Figure 2

Summary of the Department's overall reported performance against Public Service Agreement Targets

Public Service Agreement target		Annual Report 2007	Autumn Performance Report 2007	Annual Report 2008
PSA1	Neighbourhood Renewal	● On Course	● Slippage	● Slippage
PSA2	Regional Economic Performance	● On Course	● On Course	● Slippage
PSA3	Fire and Rescue Services	● On Course to partly meet	● Slippage	● Slippage
PSA4	Local Government	● On Course	● On Course	● On Course
PSA5	Housing Supply	● On Course	● On Course	● On Course
PSA6	Planning	● On Course	● Slippage	● Not Met
PSA7	Decent Homes	● Slippage	● Slippage	● Slippage
PSA8	Liveability	● On Course	● Slippage	● Slippage
PSA9	Gender Equality <sup>1</sup>	n/a	n/a	n/a
PSA10	Race Equality and Community Cohesion	● Slippage	● Slippage	● Not Met

Source: Department's Annual Report 2008

#### NOTE

<sup>1</sup> Responsibility for this target transferred to the Government Equalities Office in July 2007.

## Economic Development

**11** The Sub-National Review signalled a streamlining of the regional tier of government and a strengthening of the local authority role in economic development. Clear lines of accountability at both the local and national levels will be important to embed and exploit these changes. Successful implementation of these reforms will require the capacity of local authorities and communities to be enhanced.

**12** The Homes and Communities Agency will bring together housing and regeneration into one national agency, with the aim of facilitating 'one conversation' on regeneration between national and local government. Regional Development Agencies also have a role to play as they will continue to lead on regeneration linked to economic development.

## Fire and Rescue Service

**13** Good progress has been made by Fire and Rescue Services at reducing fire deaths. All Fire and Rescue Services are improving, with partnership working a key strength. Slower progress has been made at securing value for money; improving diversity; and ensuring the benefits from community safety are captured. Savings generated by the national procurement body for the Fire and Rescue Service have not yet covered the investment made by the Department.

## Supply and demand for housing

**14** The Department has stretching targets for housing growth to improve the balance between supply and demand. The international credit crunch has affected developer confidence and mortgage availability, slowing the number of new houses being built and making it harder for first-time buyers to get a foot on the housing ladder. The medium to long term impact of this may mean that housing targets are unachievable.

## Planning

**15** In line with the Sub-National Review, responsibilities for Regional Spatial Strategies will be transferred from Regional Assemblies to Regional Development Agencies in 2010. Regional spatial plans have not yet been reviewed to ensure they reflect the Department's target level of house building. Local Authorities are taking longer than planned to develop sound Local Development Frameworks. The tension between local accountability and national demand for housing may also impact on the achievability of the Department's housing targets.

# Part One

## Financial Review 2007-08

### Expenditure

**1.1** Total Departmental spending (net of receipts) increased by £1,380 million (0.4 per cent) to £34,365 million in 2007-08. Spending is mainly on programmes delivered by partners, with only £450 million (or 1 per cent) spent directly by the Department. In 2007-08 support to local government, through Revenue Support Grants and Re-distributed National Non-domestic Rates totalled £22,257 million. In addition, the Department provided some £5,340 million in grants to local authorities for delivery of the Department's major programmes. The Department also provided some £4,200 million to other bodies delivering the Department's programmes (including £1,600 million to Regional Development Agencies).

**1.2** The Department's net resource outturn of £34,365 million represented an underspend of £721 million (2 per cent) against the sums voted by Parliament. The Department is able to carry forward as end of year flexibility £292 million of the £721 million unspent 2007-08 budget into 2008-09. The 2007-08 underspend was mainly due to delivery partners not drawing down funding as quickly as expected:

- The Housing Corporation's activity was slower than expected (£233 million);
- The transfer of housing stock from Manchester City Council to a Registered Social Landlord, planned for in year, occurred after the year end (£105 million);
- Targets in Local Public Service Agreements were not met (£129 million);<sup>1</sup> and
- Payments to Local Authority Business Growth Incentive Schemes (LABGIS) were suspended due to a legal challenge (£103 million).<sup>2</sup>

**1.3** The Department spent £34,035 million on programmes – the vast majority split between five main programmes and supporting local government (**Figure 3** overleaf). In addition, the Department spent £330 million on administration (£355 million in 2006-07) of which £193 million were staff costs (£205 million in 2006-07). Administration costs included £123 million on the Government Office Network.

<sup>1</sup> The original budget assumed a 100 per cent success rate in achieving targets and hence funding, however the actual achievement has been closer to 50 per cent.

<sup>2</sup> A £100 million contingency fund from 2007-08 expenditure has yet to be committed in case of further legal challenges.

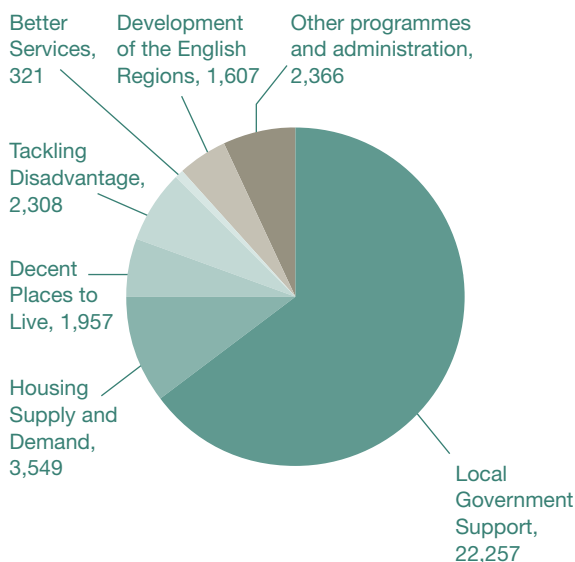
## Balance Sheet

**1.4** The bottom line of the Department's balance sheet has moved from net liabilities of £634 million at 31st March 2007 to net liabilities of £1,593 million at the 31st March 2008. The main reasons for the increase in liabilities were provisions for future costs:

- The Department accrued for the cost of funding a stock transfer from Manchester City Council to a Registered Social Landlord (£735 million);
- The Department accrued for payments delayed by a legal challenge to the Local Authority Business Growth Incentive Schemes (LABGIS) programme (£297 million); and
- An increase in provisions and accruals of £77 million, mainly due to a provision for financial corrections from the European Commission in regards to funds received from the European Regional Development Fund (referred to below).

**Figure 3**  
Expenditure analysed by main programme

**Departmental spend by main programme 2007-08 (£ millions)**



Source: Resource Accounts 2007-08, Communities and Local Government, August 2008

## European Regional Development Fund

**1.5** The European Regional Development Fund (ERDF) was set up to stimulate economic development in the least prosperous regions of the European Union. ERDF funds were administered and monitored by the nine regional Government Offices on behalf of the Government between 2000 and 2006 (2007-2013 programmes are administered by Regional Development Agencies). The Government Offices manage grant programmes and authorise payment of grants for each ERDF programme within their region. Each Government Office submits claims on a broadly quarterly basis for re-imburement by the European Commission. Total ERDF income in 2007-08 was £547 million.

**1.6** During 2006-07 the European Commission expressed concern about grant payments by certain Government Offices and suspended payments to the Department for five of the nine regions. A financial correction whereby grant payments would be withdrawn was expected although the probability, value and timing of such a correction was unclear. Accordingly, the Department disclosed a contingent liability of £62 million in the 2006-07 Resource Accounts.

**1.7** Following discussions with the Commission and instigation of a continuing programme of work to address the Commission's concerns, the grant payment suspensions were lifted in 2007-08. However, in the North West some problems remained and the European Commission imposed a financial correction of £19.8 million, thus reducing available funding in 2007-08 by the same amount.

**1.8** During 2007-08 the Commission also reported further concerns in regards to the 1997-1999 and 2000-2006 programmes. This time the total amount of grant at risk to the Department is about £230 million. The Department believes that many of the Commission's concerns will be assuaged and are working to minimise the value of any potential corrections imposed by the European Union. Having examined the projects in question the Department has reflected this uncertainty in the 2007-08 Resource Accounts in the following way:

- The Department accepts that £6.979 million of grant will be disallowed and that payments totalling £1 million are ineligible for grant. A financial correction for these amounts has therefore been accrued in 2007-08;
- The Department has significant concerns that sums totalling £72.7 million are at risk and has recognised a provision for this amount; and
- The remaining sums totalling £149 million have been disclosed as a contingent liability.

## Financial Reporting

**1.9** The Department met the pre-summer recess deadline for laying its audited 2007-08 Resource Accounts before Parliament. The Comptroller and Auditor General gave an unqualified opinion on the Department's 2007-08 Resource Accounts. The Department published the Resource Accounts separately to its Annual Report (published in May 2008). Best practice is to publish these two documents together, agencies and smaller government bodies routinely do so, but only three Ministerial Departments achieved this in 2007-08. The Department intends to move to combined Annual Reports and Accounts from 2009 onwards, subject to discussions with the Select Committee.

## Efficiency targets

**1.10** The Department reports in its Annual Report that it was on course to meet its three main efficiency targets by the end of March 2008, as noted below:

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### Central efficiency target

To achieve at least 2.5 per cent per annum efficiency gains equating to at least £620m by March 2008. At least two thirds of these must be cash-releasing (approx £413 million). ● Ahead

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**1.11** The Department forecast in its Annual Report 2008 to deliver £1,231 million efficiency gains, of which £673 million were cash-releasing, by March 2008 (Appendix one). The Department has subsequently reported in the 2007-08 Resource Accounts that it has met this target by delivering £1,128 million efficiency gains as at 31 March 2008, of which £610 million were cash-releasing.

**1.12** The Department planned to contribute efficiency savings of £25 million from its administrative spending. In practice, administration savings were £16 million. The Department had to reduce reported administration efficiencies by £2.8 million in 2007-08 as they were found by Internal Audit to not follow Office of Government Commerce guidance. Those disallowed gains were mostly savings that should have been classified as one-offs. The Department plans for Internal Audit to validate all gains secured between January and March 2008.

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### Workforce reduction target

To achieve, in the Department as a whole (including agencies and non-departmental public bodies), a reduction of 400 Full Time Equivalent (FTE) posts by the end of March 2008. At least 250 of these will be Headquarters and Government Office civil service posts. ● Ahead

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**1.13** The Department significantly out-performed its workforce reduction target. The Department reported a workforce reduction of 999 Full Time Equivalent posts (against the June 2004 baseline) in the Department and Government Offices as at 31 March 2008.<sup>3</sup> Voluntary redundancies accounted for approximately half the reported reduction in posts. The Department does not have a central compulsory redundancy programme, but a voluntary early exit scheme. This scheme is open on a self-selection

<sup>3</sup> *Resource Accounts 2007-08, Communities and Local Government, August 2008.*

basis and has secured 466 voluntary redundancies (between 2004-05 and 2006-07). During this period there were two compulsory redundancies. Natural wastage for the same period totalled 982 members of staff.<sup>4</sup>

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## Relocation target

To relocate 240 FTE posts out of London and the greater South East by 2010. ● On course

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**1.14** The Department is on course to meet the relocation target. The Department reported 205 full time equivalent posts were relocated to 31 March 2008.<sup>5</sup>

**1.15** The Department has a further two efficiency targets as part of the CSR 2004:

- **Across the whole of local government, including fire, police, schools and local authorities, leading and coordinating delivery of £6.45 billion efficiency gains per annum by March 2008. Of this, £1.38 billion is to be secured from the Department's areas of direct responsibility (housing, homelessness, fire, procurement, and cross cutting areas).** The Department reports that by the end of December 2007, £7.024 billion of efficiencies had been achieved since April 2004, meeting the £6.45 billion target early. The Department forecasts that £8.2 billion in total will be secured by March 2008 and that £2.1 billion will be secured in the Department's area of responsibility. Final data to measure this target is expected in November 2008.
- **Across the social housing sector, to achieve at least £835 million efficiency gains per annum by March 2008.** The Department report that £898 million efficiency gains have been reported by December 2007 and therefore has achieved this target early.

## Future Efficiency Targets

**1.16** As part of the CSR 2007, the Department must directly deliver efficiencies of £887 million by 2011. All savings are to be cash-releasing. These efficiencies will be delivered by the central Department and its agencies. Regional Development Agencies, which delivered 25 per cent of the Department's efficiencies over the CSR 2004 period will no longer contribute to the Department's efficiency target.

**1.17** The Department plans efficiencies from administration spend to contribute £43 million towards this overall efficiency target. The Department's Value for Money Delivery Agreement (Appendix One) includes a target to deliver £43 million of administration efficiencies over the CSR 2007 period (compared to £16 million delivered over the CSR 2004 period).

**1.18 Local Government has a separate efficiency target from that of the Department and must deliver £4.9 billion of efficiencies by 2011;** unlike in CSR 2004, this target will cover only councils. Schools, police and fire services will contribute towards the targets for the Department for Children, Schools and Families, Home Office and the Department's Central Efficiency target respectively.

<sup>4</sup> Written response to Parliamentary Question 1067 (Session 2007-08), 16 January 2008.

<sup>5</sup> *Resource Accounts 2007-08, Communities and Local Government, August 2008.*

# Part Two

## The Department's Capability

### Cabinet Office Capability Review

**2.1** The Cabinet Office Capability Review of the Department in December 2006 identified five key areas for improvement (later combined into four). In January 2008, the Department's progress in addressing these five key areas was measured by a Cabinet Office stocktake. This stocktake found that the Department had made progress across all areas for action and that the Department is using the actions identified as a driver for ongoing change and improvement. It found that the Department is moving in the right direction, but there is still some way to go and sustained efforts are required to achieve the desired change (Appendix Two).

#### Leading and enthusing partners

**2.2** One of the key areas for improvement identified by Cabinet Office's Capability Review was the Department's ability to lead and enthuse its delivery partners. The Department has taken a number of steps to improve its performance in this area, including: developing a database of shared information on partners to improve coordination; issuing guidance and running a number of seminars to spread best practice; and creating a small central support team to provide ad hoc advice direct to teams.

**2.3** The Department has also introduced a survey of 26 key partners to monitor satisfaction with the way the Department engages them. The Department plans for this to be an ongoing survey. The first survey was completed in January 2008, and showed that stakeholders generally felt well looked after by their "home" policy areas. They were content with the frequency and variety of communication, and thought the Department listens to concerns and responds. Overall, the survey showed progress but also scope to do better. Stakeholders emphasised early and positive engagement with stakeholders in the development of policy, especially by senior officials. They wanted the Department to encourage staff at all levels and across all areas to have a stronger understanding of stakeholder interests outside their own policy areas to help remove "compartmentalisation". Stakeholders also appreciate the chance to give feedback.



## Enhancing capability

**2.4** The Department has also taken a number of steps to enhance its capability in-year, including:

- Strengthening of corporate governance. Four new non-Executive members have been appointed to the Board,<sup>6</sup> which now comprises the Permanent Secretary, six Director-Generals, the Director for strategy and performance, and six non-Executive members.
- Creating a new Delivery Sub-Committee (DSC) chaired by the Permanent Secretary, responsible for scrutinising and ensuring key programmes are successfully delivered. New programme boards have also been established to oversee the Department's key programmes.
- Implementing the Strategic Resourcing Unit to work with Finance and policy areas to ensure that Departmental priorities are appropriately resourced and that, through workforce planning and talent management, departmental development needs and opportunities are addressed centrally.
- Implementing cross departmental development solutions e.g. Programme and Project Management training, working with Ministers workshops and stakeholder management.
- Monitoring its resilience through a Contingencies Planning Committee which advises the Board and Ministers on the Department's overall state of preparedness to respond and recover from emergencies and continue with essential business.

## Survey of Staff

**2.5** A survey of staff was undertaken by the Department in 2007, over three waves. It had a 62 per cent response rate. 87 per cent of staff indicated that they were committed to helping the Department achieve its objectives, and 85 per cent understood how their work contributes to the objectives of the Department. However, only 24 per cent of staff felt that inadequate performance is dealt with effectively, and only 31 per cent felt that the Department as a whole is well managed.

**2.6** In 2008 the Department re-performed a mini-survey of senior civil servants last carried out in 2006. It had a 67 per cent response rate. The survey found that 96 per cent of senior civil servants were committed to seeing the Department succeed, and 89 per cent felt that their job gave them a feeling of personal accomplishment. However, only 22 per cent felt the Department's Board models a culture of effective teamwork, and only 24 per cent felt that change is managed well in the Department.

**2.7** A summary of the highest and lowest scoring questions for each survey are at Appendix Three.

<sup>6</sup> Two of the previous four non-Executives ended their terms of appointment at the end of 2007.

## Procurement capability

**2.8** The Department volunteered to be one of the first three Departments to undergo an Office of Government Commerce (OGC) Procurement Capability Review (PCR) in July 2007. All Departments will undergo a PCR by the end of 2008. PCRs provide an independent strategic overview of overall procurement capability. The review's key findings<sup>7</sup> were:

- there are pockets of good procurement practice, but there is a general lack of heavyweight commercial capability and little evidence of a strong contract management capability, able to drive out VFM once contracts have been let;
- the central procurement function has evolved into a guidance and process control organisation, unable to optimise commercial benefits;
- the Department has systems in place to capture procurement data but there is a paucity of good quality management information; and
- some issues can be traced to legacy structures and projects but there remain some that are persistent systemic problems.

**2.9** The review found that the Department needs to improve against all of the nine PCR indicators (**Figure 4**).

**2.10** The Department agreed an improvement plan of 27 actions with OGC in November 2007. The Department planned to complete the majority of these actions by June 2008. A new Commercial Delivery Board has been established to monitor progress. The OGC have recently reviewed the Department's progress against these agreed development actions and found real changes are taking place in the Department.

**Figure 4**  
Department's Procurement Capability Review score card

Indicator	RAG rating
1 Visibility and impact of leadership	●
2 Vision, aspirations, business and policy alignment	●
3 Stakeholder and supply base confidence levels	●
4 Effective resourcing of procurement activity	●
5 'Intelligent client' capability	●
6 Governance and organisation	●
7 Strategic and collaborative approach to market engagement and sourcing	●
8 Effective use of procurement and Programme and Project Management tools and techniques	●
9 Knowledge and performance management	●

● Serious Concerns   
 ● Development area   
 ● Urgent development area  
● Well placed   
 ● Strong

Source: Procurement Capability Review Programme: Communities and Local Government, Office of Government Commerce, July 2007

<sup>7</sup> Procurement Capability Review Programme: Communities and Local Government, Office of Government Commerce, July 2007.

# Part Three

## Performance against PSA targets

**3.1** During 2007-08 the Department was responsible for achieving nine Public Sector Agreement (PSA) targets set following the Comprehensive Spending Review 2004. Eight of these targets were set for the former Office of the Deputy Prime Minister. Two were added in May 2006 when the Department was created. Responsibility for PSA 9 on gender equality was transferred to the Government Equalities Office, on its creation in July 2007. The Department has reported that: it is on course to meet two of its nine PSA targets; there is slippage on five targets; and that it has not met the remaining two targets (Figure 1).

**3.2** In 2007 the NAO examined the quality of the data systems used by the Department to measure its progress against its PSA targets. This work validated the quality of the data systems underpinning the PSAs. It did not validate the quality of the PSAs themselves, nor did it provide a conclusion about the accuracy of the outturn figures included in the Departments' public performance statements. The NAO found that five of the nine data systems were 'fit for purpose' and that the remaining four data systems were 'broadly appropriate but needed strengthening'.

**3.3** The remainder of this part considers the Department's performance against each of its PSA targets in turn.

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### Public Service Agreement 1

#### Neighbourhood Renewal

Tackle social exclusion and deliver neighbourhood renewal working with departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvement by 2010.

#### Reported Progress

● Slippage

**3.4** Progress on this PSA relies on relevant departments delivering in the six key outcome areas listed above. Performance is measured against a baseline and progress in deprived areas is compared with that in the rest of the country to provide an overview of progress. Each of the six indicators in this PSA are linked to other PSA targets (two of which are the Department's, and the other four are those of other Departments), but with the performance for PSA 1 being measured mostly in areas in receipt of Neighbourhood Renewal Funding (**Box 1** overleaf).

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## Box 1

### The Neighbourhood Renewal Fund

The Neighbourhood Renewal Fund (NRF) was the primary means by which the Department aimed to tackle deprivation and social exclusion. It provided £2,925 million over the period 2001-2008 to 91 of the most deprived authorities in England. The Department have stated that it is difficult to quantify the impact of the NRF on the relative level of deprivation. A forthcoming report evaluating the impact of NRF notes that there is limited evidence of outcomes and impacts of NRF funded activities at the local level. It found “Stakeholder perceptions of outputs and outcomes, together with the literature review, suggest that there have been some key achievements from NRF activities on a target group, deprived area and intervention basis. However, measurable impact in terms of the strategic/area wide or programme level is less evident... there was a strong view that given the scale and size of NRF, the potential impact of the Fund on these issues is highly unlikely to be significant.” From 2007-08 the NRF has been replaced with the Working Neighbourhoods Fund (£1.5 billion over the CSR 2007 period). This fund is focused on economic activity and enterprise and 65 Local Authority areas are eligible for this funding.

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**3.5** The Department reports slippage against this target overall. While it is ahead on the liveability indicator, and on course on the health, crime, worklessness and housing indicators, it records slippage on the education indicator (Appendix Four for further details). The Department reports that it is on course against the housing indicator, whilst it is reporting slippage against PSA 7. In PSA 7 the element of the target relating to deprived areas is on course for delivery.

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## Public Service Agreement 2

### Regional Economic Performance

To make sustainable improvements in economic performance of all the English regions, reduce the gap in growth rates between the regions, including by establishing elected regional assemblies in regions which vote in a referendum to have one.

### Progress reported

● Slippage

**3.6** This target is jointly owned by the Department, the Department for Business, Enterprise, and Regulatory Reform (BERR) and HM Treasury, and has three elements, all of which must be met for this target to be achieved:

- **Make sustainable improvements in the economic performance of all English regions by 2008** ● Slippage – The Department reports a mixed picture of improvement in regional economic performance. Performance is measured using Gross Value Added (GVA) data. Between 2002 and 2006, four regions saw stronger growth (North East, East Midlands, London and the South West), one held its position (North West) and four saw weaker growth (South East, East of England, West Midlands, and Yorkshire and the Humber).

- **Reduce the persistent gap in growth rates between the regions** ● On Course  
– This element of the PSA requires a reduction in the gap between the average trend growth rate of GVA in the three regions with above GVA per head (London, the South East and East of England) and the other six regions over the period 2003-2012. Performance against this element of the target has improved because two of the regions showing weaker growth in 2006 were the South East and the East of England.
- **Establishing elected regional assemblies in regions which vote in a referendum to have one** ● Met – Following the North East referendum in 2004, which voted against the establishment of an elected regional assembly, the Government has decided not to bring forward orders for referendums to be held in other regions. The Department reported that it met this element in its 2006 Annual Report.

**3.7** A number of factors mean that reported progress to 2006 may be revised. The Office of National Statistics is currently undertaking a project to improve and develop regional estimates. The Department have stated that a final assessment of performance can only be made once the current economic cycle is complete.<sup>8</sup> There is a 12–18 month time lag in GVA data becoming available and the Government will not be able to make a full assessment of performance against this target until 2014. The first two elements of this PSA now form part of the new BERR led PSA with future reporting in BERR's Annual and Autumn Performance Reports.

## **Review of Sub National Economic Development and Regeneration (Sub-National Review)**

**3.8** The Department and BERR are jointly leading the implementation of the Sub-National Review. The reforms proposed by the review aim to ensure that economic policy decisions are taken at the right spatial level. In March 2008, the Department and BERR published a consultation paper setting out proposals to implement key elements of the Review, including: streamlining the regional tier, introducing single regional strategies and giving Regional Development Agencies (RDAs) lead responsibility for regional spatial planning; and strengthening the local authority role in economic development.

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## **Public Service Agreement 3**

### **Fire and Rescue Services**

By 2010, reduce the number of accidental fire-related deaths in the home by 20 per cent and the number of deliberate fires by 10 per cent.

### **Progress reported**

● Slippage

<sup>8</sup> If timing of the cycle is such that the Department is unable to produce an estimate over the period 2003-2012, it will explain why.

**3.9** This target comprises a main target and two sub-targets. In order to meet the target, the main and both sub-targets must be achieved:

- **Main target: To reduce the number of accidental fire-related deaths in the home by 20 per cent, averaged over the eleven-year period from 1 April 1999 to 31 March 2010, equivalent to 280 fire-related deaths per annum, compared with the average recorded in the five-year period to 31 March 1999 of 350 fire-related deaths** ● On course – The Annual Report 2008 notes that there were 199 deaths in accidental dwelling fires during 2006-07, bringing the average from 1 April 2000 to 256, which is 23 fewer than the 2010 target. The Department had not measured performance according to its PSA technical note, which states that the average should be calculated from 1999, not 2000. On this basis, average accidental fire-related deaths are 264, some 16 fewer than the 2010 target. Whilst this is a national target, four of the 46<sup>9</sup> Fire and Rescue Services (FRSs) are not on track to achieve a 20 per cent reduction in fire deaths by 2010.<sup>10</sup> These fire services have not been on target for two years or more and serve large populations.<sup>11</sup>
- **Sub-target 1: to ensure that no local Fire and Rescue Service has an average annual fatality rate from accidental fires in the home that is more than 1.25 times the national annual average between 1 April 2005 to 31 March 2010** ● Slippage – The Department reports that for the five years to March 2007, five of the 47 Fire and Rescue Services had an average fatality rate above 1.25 times the national average (using the latest 2006-07 data).<sup>12</sup> This is a correction as eight were stated as being above sub-target 1 in the Department's 2008 Annual Report. The Department has subsequently written to the Chair of the Select Committee correcting the errors relating to PSA3 in the 2008 Annual Report. Whilst the Department no longer considers sub-target 1 to be a robust measure of performance, due to the relatively small number of fire deaths per 100,000 of the population, the national target remains an active driver for Fire and Rescue Services. The Department plans to continue to report against this sub target, and has introduced two<sup>13</sup> National Indicators in the National Indicator set for Local Government. The Department considers that these provide a more comprehensive and statistically valid measure of FRSs' performance as it assesses a broader range of incident outcomes. 29 areas out of 150 have adopted a Fire National Indicator. Of the five FRSs above sub-target 1, one chose NI 49 the others chose local indicators.
- **Sub-target 2: To achieve a 10 per cent reduction in deliberate fires by 31 March 2010 to 94,000 from 2001-02 baseline of 104,500** ● Ahead – The Department reports there were 57,900 deliberate primary fires recorded during 2006-07 (the most recent data for a complete financial year). This is 38 per cent below the target of 94,000.

9 There were 47 FRSs in 2006-07 – Devon and Somerset combined in 2007.

10 *Fire and Rescue Service Performance Assessment*, Audit Commission, January 2008.

11 County Durham and Darlington, Greater Manchester, Lancashire, and West Yorkshire.

12 Lancashire, Greater Manchester, West Yorkshire, County Durham and Darlington, and South Yorkshire.

13 NI 49: Number of primary fires and related fatalities and non-fatal casualties, excluding precautionary checks and NI 33: Arson incidents.

## Response times

**3.10** The response times of Fire and Rescue Services are increasing. In 2006<sup>14</sup> 35 per cent of fires were responded to in less than five minutes, whereas in 2000 this was 46 per cent. Overall, FRSs' response times have increased by 14 per cent between 2000 and 2006. During the same period traffic has increased by nine per cent.<sup>15</sup> The Department has commissioned a research project to look at the reasons behind, and the impact of, increasing response times. The report is currently being finalised for publication during autumn 2008. The report's provisional conclusions indicate that increased response times to fires are mainly a result of increased traffic, and may contribute to around 13 additional fatalities each year. However this is against a background of dwelling fire fatalities falling by 142 between 1996 and 2006. The Department is encouraging the Fire and Rescue Service to consider further means to counter the effect of traffic and to reduce reliance on emergency response, for instance by further increased fire prevention.

## Summer 2007 flooding in England

**3.11** During the summer of 2007, England suffered two separate but concerted periods of flooding on an unprecedented scale. The Department for Business, Enterprise and Regulatory Reform estimate that £3.1 billion of damage was caused by the flooding and 48,000 people were displaced. Following the floods, the Department supported Ministers (including John Healy MP, the flood recovery minister) in leading and coordinating the overall government contribution to flood recovery. The Government provided £133 million of grant packages<sup>16</sup> and secured £110 million of EU funding. Recovery efforts are still ongoing with 3,400 people still displaced at the end of June 2008.

**3.12** An independent review<sup>17</sup> of the response to the flooding calls for urgent and fundamental changes in the way the country is adapting to the likelihood of more frequent and intense periods of heavy rainfall. The review includes 92 recommendations directed at various government departments, mainly the Environment Agency and local authorities. The review recognises the responsibility of the Department in coordinating cross government delivery of the flood recovery programme; however the report recommends that there is more coherence and coordination between recovery operations. The Government's response to the review is being coordinated by the Department for the Environment Food and Rural Affairs with the Department making a strong contribution and is expected in the autumn.

<sup>14</sup> Latest data available.

<sup>15</sup> Road Traffic Statistics 2007, Department for Transport, August 2008.

<sup>16</sup> From the Department: Flood recovery grants of £18.4 million; £30.6 million through the restoration fund; and £19 million through the Bellwin Scheme. Plus from other Departments: £14.5 million provided by DCSF; £10 million provided by RDAs; £40 million provided by DfT; £1 million from DWP.

<sup>17</sup> The Pitt Review: Learning the Lessons from the 2007 floods, Sir Michael Pitt, June 2008.

## Performance assessment of Fire and Rescue Services

**3.13** The Audit Commission's 2007 performance assessments of Fire and Rescue Services<sup>18</sup> found that:

- All FRSs in England have improved the safety of their local Communities since the last assessment in January 2006, but there is scope for further improvement.
- All FRSs are improving. Over half are improving well, however the rate of improvement in almost a third (30 per cent) of fire services has slowed.
- All FRSs show great commitment to improve community safety, but almost half (45 per cent) cannot demonstrate the costs and benefits of their community safety work.
- Partnership working is now a key feature in all FRSs. In high-performing areas, partnership working has evolved to the extent that the FRS' leads and influences joint work to drive better outcomes.
- No FRS is performing strongly on Value for Money. However, all FRSs are achieving some efficiency savings, and 31 FRSs (67 per cent) are meeting their efficiency targets.
- No FRS demonstrates good practice in its approach to equalities and diversity, and all FRSs still have a long way to go.

## Resilience Programme

**3.14** The Department is delivering three resilience projects to improve the capacity of Fire and Rescue Services:

- **New Dimension** – a project costing some £200 million to provide specialist vehicles and equipment for responding to catastrophic events, and associated training for fire-fighters to use the new equipment. Following the roll out of all the vehicles and training, the Department is in negotiations aimed at formally transferring ownership of the equipment to Fire and Rescue Services. Equipment provided by the programme has already had a positive impact – “the provision, mobilisation and effectiveness of high-volume water pumps..... during the 2007 floods were widely praised by local Fire and Rescue Service officers”.<sup>19</sup>

<sup>18</sup> *Fire and Rescue Service Performance Assessment*, Audit Commission, January 2008.

<sup>19</sup> *Facing the Challenge*, the Chief Fire and Rescue Adviser, March 2008.



- **FiReControl** – a project to amalgamate the 46 local control centres into a network of 9 Regional Control Centres. The 2007 business case for the project estimates total project and running costs to be £1,400 million over 15 years to 2019-20 and projected national savings of some 28 per cent per year on running costs.<sup>20</sup> Part 2 of the 2008 Business Case, to be published later this year, estimates there will be an overall saving of 10 per cent – government believes that Regional Control Centres will recover some costs by exploring revenue generating options. The Department recently published regional level business cases that indicate whilst some regions will make savings, some regions will make an overall loss. The Department plan to make £5.6 million of resilience payments to those regions which will incur a net cost. These payments will be reviewed after 3 years.
- **Firelink** – a project to upgrade each Fire and Rescue Services' current main radio system to a common system, enabling easier communication with Police and Ambulance Services and across local boundaries. This project will cost £350 million over ten years and is due for completion at the same time as FiReControl.

### Procurement efficiencies

**3.15** Savings generated by Firebuy have not yet recovered set up costs. The Department set up Firebuy as the National procurement body for Fire and Rescue Services in 2005. One of Firebuy's tasks is generating efficiencies from the £300 million spent by Fire and Rescue Services per year on goods and services. It has cost the Department £6 million since 2005-06 but so far has only generated savings of £1.5 million.

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## Public Service Agreement 4

### Local Government

By 2008, to improve the effectiveness and efficiency of local government in leading and delivering services.

### Reported Progress

● On course

**3.16** This target has six sub targets, four of which must be met for this target to be achieved. Performance is based on the Audit Commission's Comprehensive Performance Assessment (CPA) of local authority services. The results of the 2007 CPA were used by the Department to measure progress in 2007-08. Scores for the 2008 CPA, allowing final performance to be measured, will be available in February 2009.

**3.17** The Department reports that it is on course to meet this target overall. The Department's Annual Report 2008, reported that three of the targets are on course, two are ahead and one is not yet assessed. The Department has agreed with Treasury that performance against the other sub target can not be assessed due to changes in the Audit Commission's district assessment framework, see Appendix Four for further details.

**3.18** The Department commissioned an evaluation of 'Freedoms and flexibilities' offered to Local Authorities to encourage better performance, it found that 'Freedoms and flexibilities' do not appear to be a strong incentive for improvement at CPA.<sup>21</sup>

### Providing greater flexibility in how funding is used to meet local needs

**3.19** The Department has overseen the Government's plans to continue to not ring-fence grants, giving local authorities greater discretion in the way that grants are spent. Thus allowing greater prioritisation to the needs of local communities. The Government also plan to reduce the number of specific grants from all Departments by over a third and move these into the Revenue Support Grant and the New Area Based Grants. By 2010-11, £5.6 billion of the funding available for that year will be moved into general grants that are not ring-fenced. The Department plans to monitor the success of grants paid through New Area Based Grants through measuring outcomes. The Department is yet to quantify the savings flowing from streamlining the number of grants paid to local authorities, and the associated processing and monitoring of them.

### Streamlining Local Government performance indicators

**3.20** The Department has simplified the performance measurement regime at the local level. From 2008, local authorities in England will only be required to report to central government against 196 National Indicators of performance. These replace approximately 1200 former indicators.

**3.21** In each local area, targets against the set of national indicators have been negotiated through new Local Area Agreements (LAAs). Each agreement can include up to 35 targets from amongst the National Indicators, complemented by 16 statutory targets on educational attainment and early years. The 150 agreed LAAs have an average of 31 targets. There will be no other way of setting targets and no other way of Government managing local authority performance.

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## Public Service Agreement 5

### Housing Supply and Demand

To achieve a better balance between housing availability and the demand for housing

### Reported Progress

● On course

**3.22** This PSA has five Indicators, under three elements. The headline target will be achieved if all three elements are met:

<sup>21</sup> Evaluation of freedoms and flexibilities in local government: Feasibility Study, Communities and Local Government, September 2006.

## Element 1: Low Demand ● On course

**3.23** This element has two indicators:

- **Indicator 1: Low Demand: By 2016, reduce the long-term rate of vacant dwellings in the North West and North East regions to 1.65 per cent of regional stock, and in the Yorkshire and Humber region to 1.35 per cent of regional stock** – The Department reports an overall reduction in long-term vacancy rates in Yorkshire and the Humber, and the North East, since 2003 and that these are broadly on trajectory. Vacant dwellings in the North West region are above the planned trajectory but have reduced since they peaked in 2004. The Department reported slippage in its 2007 Annual Report. The Department state that because 2007 data confirms that the trend in the North West is still reducing, it is now on course on this indicator. This target runs to 2016, but will not be taken forward into the Department's new DSOs. While the Department is reporting it is on trajectory for reducing vacant dwellings in three regions, vacant dwellings in England as a whole have increased from 714,000 in 2004 to some 762,500 in 2007.<sup>22</sup>
- **Indicator 2: By 2008, to reduce the number of Local Authorities with low house prices to 47 (Local Authorities with 15th percentile prices that are less than 70 per cent of the national level).** – This target is aimed at measuring the Department's performance at strengthening relatively weak housing markets at the local level. There were 52 local authorities with low house prices in the baseline year of 2003-04. The Department report that in 2007 just 20 Local Authorities (out of 150) are falling under the threshold and therefore are exceeding this target by a significant margin. This indicator will not be taken forward into the Department's new set of DSOs.

**3.24** The Department has invested some £1,200 million between 2002 and 2008 in its Housing Market Renewal pathfinders programme which aims to stimulate the housing market in low demand areas of the North and Midlands. The Government has committed a further £1,038 million on the programme over the period 2008-11.<sup>23</sup> An NAO report on Housing Market Renewal in November 2007<sup>24</sup> found that:

- Low demand is less severe in pathfinder areas and gaps with surrounding regions have started to close. However, the extent to which pathfinder intervention itself has led to the improvements is unclear;
- While intervention has improved housing conditions for some, for others it has led to heightened stress; and
- It is too early to judge the overall success of the programme as it still has many years to run. However, if the programme is to achieve its long term objectives, the Department needs to provide greater certainty over future objectives and governance of the programme.

<sup>22</sup> Written response to Parliamentary Question 176902 (Session 2007-08), 9 January 2008 and Written response to Parliamentary Question 4601 (Session 2007-08), 16 July 2008.

<sup>23</sup> *Resource Accounts 2007-08*, Communities and Local Government, August 2008.

<sup>24</sup> *Housing Market Renewal*, Comptroller and Auditor General HC (2007-08) 20, 9 November 2007.

## Element 2: Homelessness ● Ahead

**3.25** This element has one indicator:

- **Indicator 3: By 2016, reduce the number of statutory homeless households with children in temporary accommodation by over 30,000 in comparison with 2003-04 levels. In 2005, an additional target was set to halve the number of all households in temporary accommodation by 2010.** – The Department has not reported progress against the first part of this element – number of households with children in temporary accommodation. However, the Department has reported against the second element, stating that the number of households placed in temporary accommodation has been falling since 2005 and at the end of March 2008 was 77,510 (from a total of 101,000 at the end of 2004). Of which approximately 60,000 were families with children (73,000 at the end of 2004).

## Element 3: High demand ● On course

**3.26** This element has two indicators:

- **Indicator 4: Housing Market affordability** – The Department reports that the ratio of lower quartile house prices to lower quartile earnings in all English regions has been rising steadily between 1998 and 2005 but has recently levelled out. The Department have not stated in the relevant technical note over what period it will measure performance against this sub-target.
- **Indicators 5: Annual levels of new housing in London, the South East and East of England regions to reach Regional Planning Guidance for the South East (RPG9) levels plus additional growth by 2006-07 and shortfalls from the previous year to be recouped by 2011-12. Also all homes planned for the period 2001-2016, including additional homes in the Thames Gateway and both within the existing growth areas and elsewhere, where demand suggests additional growth would be appropriate, to be built by 2016.** – The Department only reports against the first part of this indicator, and states that RPG 9 levels of housing delivery were met by 2004 and progress since that date has shown previous shortfalls have been recouped. The Department has therefore said that there is no further need to report on this indicator.

## Housing targets

**3.27** In July 2008 the Prime Minister announced that three million new homes are to be provided by 2020, some 250,000 more than the previous target. The Department also published a green paper<sup>25</sup> setting out how it planned to meet this ambition which included proposals for:

- two million homes by 2016 and three million homes by 2020;
- 240,000 additional homes per annum by 2016, representing a significant increase in the recent levels of only 185,000 additional homes in 2005-06, and approaching 200,000 in 2006-07;
- 70,000 new affordable homes per annum by 2010-11, including at least 45,000 social rented homes; and
- 200,000 homes to be delivered on surplus public sector sites by 2016; and that all new homes to be built to zero-carbon standards from 2016.

**3.28** The Department's independent advisory body on planning issues, the National Housing and Planning Advice Unit, has warned that these targets may not be enough. It estimates that about 270,000 new homes a year by 2016 will be required to meet the backlog of demand and stabilise affordability.

## Regional planning

**3.29** Regional Spatial Strategies (RSSs) set out regional planning guidance, including housing and transport provision, and provide a broad development strategy for a region over a 15 to 20 year period. They are statutory documents that inform Local Development Frameworks. In line with the Sub-National Review, responsibilities for Regional Spatial Strategies will be transferred from Regional Assemblies to Regional Development Agencies in 2010. Current Regional Spatial Strategies have plans for 210,000 homes per year to be delivered. The Department plans a flexible approach to the review of spatial strategies to ensure they reflect the plans for 240,000 new homes a year by 2016 and is to agree with regions when these reviews will now take place.<sup>26</sup> The National Housing and Planning Advice Unit's advice on the range of housing supply to be tested in each region broadly agrees with the Government's targets for new housing additions by 2016 and 2020.<sup>27</sup>

<sup>25</sup> *Homes for the Future: More Affordable, More Sustainable*, Communities and Local Government, July 2007.

<sup>26</sup> *Facing the housing challenge: Action Today, innovation tomorrow*, Communities and Local Government, July 2008.

<sup>27</sup> In June 2008 the National Housing and Planning Advice Unit (NHPAU) provided advice on the numbers that could be built in each region. These totalled: by 2016 ranges from 1,996,900 to 2,285,200, Net additions by 2020 ranges from 2,957,000 to 3,475,900.

## The Housing Market

**3.30** At the end of 2006, the total value of housing in the UK was valued at £3,915 billion<sup>28</sup>, representing an estimated 60 per cent of the UK's wealth. In 2007-08 the housing market faced a number of significant challenges including:<sup>29</sup>

- Falling house prices and house sales;<sup>30</sup>
- A significant reduction in mortgage approvals – the number in July 2008 were 70 per cent lower than July 2007;<sup>31</sup>
- There were more applications by mortgage lenders to repossess properties in 2007 (137,591) than 2006 (131,219), although the numbers are still well below the highs of the 1990s;<sup>32</sup> and
- The numbers of house building starts and completions dropped significantly in the first two quarters of 2008 (**Figure 5**).

**Figure 5**

Seasonally adjusted house building starts and completions in England



Source: The Department

28 Office of National Statistics.

29 *Facing the housing challenge: Action today, innovation for tomorrow*, Communities and Local Government, July 2008.

30 Land Registry House price index.

31 The Department.

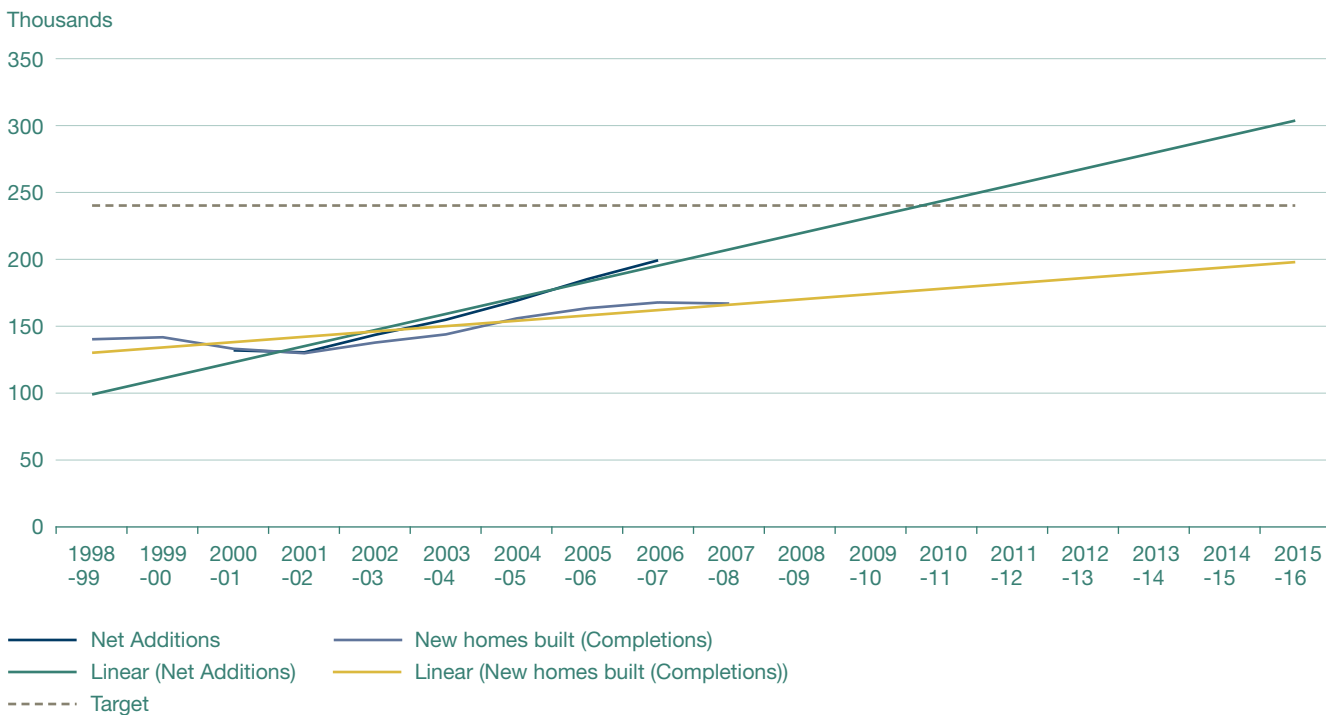
32 Ministry of Justice, August 2008.

### Impact of the current housing market on the Department's objectives

**3.31** The challenging market conditions are putting at risk the Department's targets for providing new homes. While the Department's targets are based on absolute changes to the housing stock, which includes gains and losses through change of use, conversions and demolitions, a significant factor is new builds, **Figure 6**. The Department whilst recognising the challenge caused by current market conditions, remains committed to meeting this long-term target in order to address the serious problem caused by a long-term mismatch between the supply and demand of housing.

**Figure 6**

Trend in the number of net additions to housing stock compared to the Department's target for 240,000 additional homes per year by 2016



Source: National Audit Office analysis

## The Department response to the current housing market conditions

**3.32** In July 2008 the Department announced a number of measures designed to help alleviate the challenges in the housing market and to support the delivery of more homes over the long-term by:

- Providing greater help for first-time buyers – The Department extended its HomeBuy shared equity scheme, giving all first-time buyers with an annual household income of £60,000 a year or less an opportunity to apply to buy a share of a home.<sup>33</sup> Two new equity loans are available to first-time buyers, enabling the purchaser to buy as little as 50 per cent of the equity of their home. An extra £100 million has been invested to expand Open Market Homebuy to help an additional 2,500 first time buyers in 2008-09. The Department also asked the Housing Corporation to pilot a “rent to homebuy” scheme, allowing households to rent a new build property at less than market price for a set time at the end of which they will have the option to buy a share of the property.
- Helping existing homeowners facing difficulties due to problems in the international mortgage markets – the Department put in place a £10 million package of measures to fund face-to-face debt advice from third sector partners and provide access to free legal representation at county courts throughout England.
- Taking steps to keep housing supply, particularly affordable housing supply, as high as possible during the current difficulties – the Department announced an initial allocation of £200 million of extra flexibility for the Housing Corporation to purchase unsold new homes from developers; and allocated two further tranches within the Affordable Housing budget (taking the total allocation to £3.6 billion out of £8.4 billion covering the next three years). It also announced flexibility for the Housing Corporation to pay a higher proportion of grant for starts on site in Affordable Housing Programme projects. The Department also rolled out a bidding round for £1.8 billion of PFI credits for housing and regeneration schemes.
- Taking steps to maintain capacity and create the right conditions for recovery and longer-term growth – the Department announced a further 20 Growth Points capable of providing up to an additional 75,000 new dwellings by 2016<sup>34</sup> and the creation of a zero-carbon unit to coordinate and guide the zero-carbon programme ensuring all new-build homes are zero carbon from 2016.<sup>35</sup>

**3.33** In September 2008, the Secretary of State for Communities and Local Government announced a £1 billion package of measures as part of an ongoing programme of action to support the housing market.<sup>36</sup> The measures included:

- a new £300 million scheme to help up to 10,000 first-time buyers into affordable home ownership over the next two years;

<sup>33</sup> Prior to 14 May 2008, social tenants, key workers, and other groups identified as priorities by Regional Assemblies were eligible.

<sup>34</sup> *Homes for the Future: More Affordable, More Sustainable*, Communities and Local Government, July 2007.

<sup>35</sup> As part of the Department’s response to the Callcutt review of housing.

<sup>36</sup> Ensuring a fairer housing market for all – press release, Communities and Local Government, 1 September 2008.



- bringing forward £400 million from existing budgets with the aim of delivering up to 5,500 more homes over the next 12 months;
- a £200 million mortgage rescue scheme to help the most vulnerable families avoid repossession; and
- a £100 million investment to reform payments to those on benefits to help with mortgage costs, with the aim of preventing 10,000 repossessions.

**3.34** The Department is also bringing forward the launch of the new Homes and Communities Agency from April 2009 to December 2008 in order to ensure the momentum of regeneration programmes is not lost in the current housing market.<sup>37</sup> It will take the functions of English Partnerships and also the functions of the Housing Corporation related to investment in housing. Its main objectives will be to:

- Improve the supply and quality of housing in England;
- Secure the regeneration or development of land or infrastructure in England;
- Support in other ways the creation, regeneration or development of communities in England or their well-being.<sup>38</sup>

### Eco-towns

**3.35** The Department expects eco-towns to play a significant role in easing affordability by improving the supply of affordable housing in a sustainable way. The Department has set itself the target of having five eco-town schemes in place by 2016, and 10 schemes by 2020, delivering a total of up to 100,000 homes. Each eco-town will be a small new town of between 5-20,000 homes, have between 30-50 per cent affordable housing, and attempt to achieve zero carbon development.<sup>39</sup> The Department has made clear that no homes will be built on greenbelt land but that it may be appropriate for there to be some development on greenfield sites. Stakeholders have however expressed concerns that the new Eco-towns will be built on greenfield land.

**3.36** The Department has announced its shortlist of 15 applicants. Three of these have subsequently withdrawn from the process<sup>40</sup>; another has reduced the number of homes from 15,000 to 5,000. The Department expects to select the potential eco-town locations by the beginning of 2009, slightly later than originally planned, in October 2008.

### Thames Gateway

**3.37** The Thames Gateway is Europe's largest regeneration project and covers an area stretching for 40 miles along the Thames estuary from Canary Wharf in London to Southend in Essex and Sittingbourne in Kent. It is a key growth point for housing, which is expected to provide 160,000 new homes by 2016. The Department's delivery plan for

<sup>37</sup> Announced in July 2008.

<sup>38</sup> Housing and Regeneration Bill, November 2007.

<sup>39</sup> The Eco-town Prospectus, Communities and Local Government, July 2007.

<sup>40</sup> Curborough in Staffordshire, Manby and Strubby in Lincolnshire, and Greater Norwich.

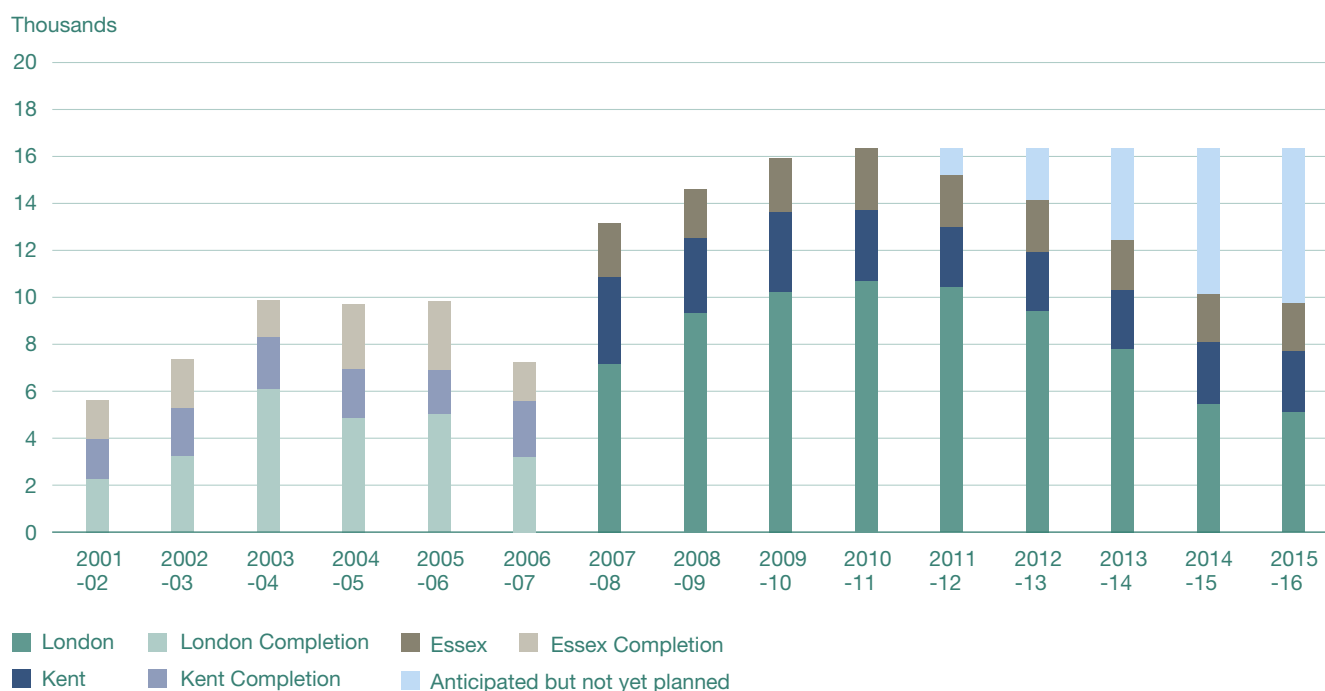
the programme over the period 2008-11 includes a £500 million contribution from the Department, within a total Government commitment of over £9 billion.

**3.38** The Thames Gateway Delivery Plan published in November 2007 included projections for expected growth to meet the 160,000 target. These indicated that a step change was required in the number of completions to meet projections, (**Figure 7**). The Thames Gateway Annual Report 2007-08 reports that “between 2001 and 2007 in excess of 42,000 new homes were delivered in the Thames Gateway and provisional estimates indicate that between 6,500 and 7,000 net additional dwellings have been supplied in the Thames Gateway in 2007-08”.

**3.39** A 2008 report by the NAO on the regeneration of the Greenwich Peninsular, a key part of the Thames Gateway, found that:<sup>41</sup>

- Housing development on the rest of the peninsular is taking longer than expected. The number of houses built was two years behind original forecasts;
- There are limited levers available to English Partnerships to speed up delivery by house-builders. The delay increases the risk that English Partnerships might not meet its forecast of 4,250 housing units by 2016;

**Figure 7**  
Completed and Planned Dwelling Numbers for the Thames Gateway 2001-2016



Source: Thames Gateway Delivery Plan, November 2007

41 The Department has strategic responsibility for delivery of the Greenwich Peninsula regeneration and English Partnerships – the Department’s national regeneration agency, manages the delivery.

- Delays to the housing programme have enabled the development of schools and commercial space to be brought forward; and
- Financial returns to the taxpayer from the residential and commercial elements of the deal (excluding The O2) could be lower than expected as a consequence of these delays.

## Home Information Packs

**3.40** Home Information Packs (HIPs), designed to improve the process of buying and selling a home, were rolled out to all properties by December 2007. By the end of March 2008 over 452,000 HIPs had been produced. The average cost of a HIP ranges from £300 to £350. The Department reports that HIPs are benefiting buyers by reducing the cost of local searches (by an average of £30). Research commissioned by the Department<sup>42</sup> found that:

- 72 per cent of sellers were satisfied with the HIP, and 79 per cent agreed that it contained everything expected. 81 per cent understood the document;
- 40 per cent of buyers saw the HIP for the property they were purchasing. Half of these saw the HIP after making an offer; and
- seven per cent of buyers agreed that the HIP helped them to decide to purchase the property they did. Seventy-six per cent said that it had no effect on their decision.

**3.41** In response to the research findings the Department launched a communications campaign aimed at improving awareness of HIPs and to ensure that consumers are proactively shown an HIP early in the process.<sup>43</sup> The Department has consulted on proposals to simplify leasehold requirements of the HIP and improve its consumer content through the inclusion of a Property Information Questionnaire<sup>44</sup> as mandatory.

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## Public Service Agreement 6

### Planning performance

The planning system to deliver sustainable development outcomes at national, regional and local levels by 2008.

### Reported Progress

● Not met

**3.42** This PSA has 8 sub-targets, all of which have to be met if the headline target is to be achieved. The Department reports that it has not met this target overall. While it has met the sub-target on e-planning, and is on course to meet the land use, average density of new housing development, and town centre regeneration sub-targets it reports slippage against the housing delivery sub-target, and that it has not met the development control, ministerial and net change in greenbelt sub-targets; see Appendix Four for further details.

<sup>42</sup> *Home Information Pack Area Trials – Research Report, Communities and Local Government; March 2008.*

<sup>43</sup> Department's Annual Report 2008.

<sup>44</sup> The questionnaire, developed by the industry will include information such as: council tax banding, parking arrangements, information on utilities and energy and building work carried out on the property.

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## Public Service Agreement 7

### Decent Homes

### Reported Progress

By 2010, bring all social housing into decent condition, with most of this improvement taking place in deprived areas and, increase the proportion of vulnerable people who live in homes that are in decent condition.

● Slippage

**3.43** This target has two sub-targets, both of which must be met for the target to be achieved:

**Sub target 1 – A reduction in the number of non-decent homes in the social sector of: between 45–50 per cent by 2006; between 65–70 per cent by 2008; and 100 per cent by 2010. 2001 is the baseline year** ● slippage

**3.44** The Department provided three options for local authorities to draw down funding to make their homes decent by 2010. Local authorities can set up a high performing Arm's Length Management company (ALMO),<sup>45</sup> use a PFI scheme, or transfer its housing to a Registered Social Landlord. The Department reports that the three options have levered in £10.3 billion of additional private sector funds. The Department expects a total of £40 billion to be invested by 2010 on making homes decent.<sup>46</sup>

**3.45** There were 1.65 million non-decent existing homes in the social sector in 2001. The Department reports that according to data from local authorities and housing associations (landlords), there was an estimated 858,000 non-decent social rented homes as at April 2007. This is equivalent to a 52 per cent reduction since 2001. The Department also uses data from the English Housing Condition Survey (EHCS) to measure this target. Data from the EHCS indicates that the level of improvement in bringing homes up to the decent homes standard between 2005 and 2006 was slower than that reported by landlords themselves.<sup>47</sup> The 2006 EHCS headline report estimates that as at April 2006, there were 1.13 million non-decent homes (957,000 according to landlords' estimates). The Department is investigating the reasons behind this discrepancy and expect to revise its trajectory for improvement once this is complete.

**3.46** The Department has stated that it will not meet the 100 per cent target by 2010, estimating that 95 per cent will be made decent by that date (equivalent to 304 local authorities meeting the target by 2010). This estimate relies on tenant support for local authority delivery strategies, and ALMOs improving performance to be able to draw down the relevant government funding.<sup>48</sup> The Department has agreed decent homes delivery deadlines after 2010 for 62 local authorities, and is in the process of agreeing a further 3. A further 17 local authorities have yet to agree a revised deadline as their ALMO is yet to draw down decent homes funding; see below and Appendix Five.

**3.47** A significant proportion of local authorities (93 out of the 354) in England have not selected one of the three funding options provided by Government. These local

<sup>45</sup> ALMOs are companies owned by the local authority. They manage the local authorities' housing stock.

<sup>46</sup> This figure includes investment by RSLs, which will include raising houses above the decent homes standard.

<sup>47</sup> Department's Annual Report 2008.

<sup>48</sup> This will leave around 200,000 social homes below the decent homes standard (40,000 owned by Registered Social Landlords and 160,000 owned by local authorities).

authorities must meet the decent homes target from their Housing Revenue Account Subsidy and through supported local borrowing. The Department has supported £300 million of borrowing by local authorities (and £400 million for the refurbishment of private homes which are not covered by this target).

**3.48** As of April 2007, 56 of the 264 ballots of local tenants held by local authorities proposing to transfer stock to qualify for decent homes funding have failed to secure the necessary support. This has led to revised delivery options, increasing timescales. Other factors contributing to the slippage in the programme include:

- ALMOs must achieve at least a 2\* rating from the Audit Commission to secure Decent Homes funding, but 17 out of 51 local authorities' ALMOs have not yet done so;
- Over half of local authorities' decent homes programmes are carried out over a number of years on an element by element basis (e.g. bathrooms, kitchens, windows) across an estate and a home cannot be counted as decent until the last element is improved.

**3.49** The cost to make a home decent varies. The Department estimates that local authorities spend on average some £5,000 per property to make their homes decent compared with Registered Social Landlords who spend some £15,000.<sup>49, 50</sup> The Department attributes the difference to Registered Social Landlords raising standards higher than the decent homes standard.

**3.50** Within this target the Department was also required to ensure that over half of the homes made decent since 2001 are situated in the 112 most deprived local authority areas. The Department report that they are ahead on this element of the target, with 69 per cent of the overall improvement taking place in deprived areas.

**Sub target 2 – To ensure the proportion of vulnerable private sector households in decent homes is: more than 65 per cent by 2006; more than 70 per cent by 2010; and more than 75 per cent by 2020 ● Ahead**

**3.51** The Department reports that there were 2.15 million vulnerable households living in Decent Homes by 2006 (68 per cent), from the baseline position of 1,542 in 2001 (57 per cent).

## Decent homes definition

**3.52** The Decent Homes definition was revised in April 2006 when the Housing Health and Safety Rating System (HHSRS) replaced the Fitness Standard element of the definition.<sup>51</sup> This revised definition led to an increase in the total number of dwellings in 2006 classified as non-decent from 27 per cent to 37 per cent. The majority of this increase relates to private sector dwellings, which have an older age profile with the risks often a result of construction or design. The Department will set a new baseline for 2006 against which to measure these indicators.

<sup>49</sup> Data on average spend over a five year period for ALMOs is unavailable.

<sup>50</sup> Written report to Parliamentary Question 109347 (Session 2006-07), 5 March 2007.

<sup>51</sup> The new HHSRS replaces the Fitness standard and is a rigorous and comprehensive risk assessment of hazards that may be present in homes, rather than the impact of deficiencies in design or maintenance.

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## Public Service Agreement 8

### Liveability

To lead the delivery of cleaner, safer, greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvements by 2008.

### Reported Progress

● Slippage

**3.53** This target has seven sub-targets. To achieve this target four of the sub targets must be met. The Department is reporting slippage on this target. While it is ahead on the cleaner places, and safer streets sub-targets, and is on course to meet the local environmental services and quality of parks and open spaces sub-targets, it reports slippage on improving the quality of neighbourhoods and household satisfaction sub-targets. The Department also reports that it has not met the public satisfaction with parks and open spaces sub-target; please see Appendix Four.

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## Public Service Agreement 10

### Race equality and community cohesion

To reduce race inequalities and build community cohesion.

### Progress reported

● Not met

**3.54** To meet this target a statistically significant improvement across all three sub targets is required. This is further defined as statistically significant at the five per cent level.<sup>52</sup> The Department's Programme Board overseeing this PSA defines target percentages to meet this target.

- **Sub target 1 – Discrimination by organisations – A decrease in the number of people from Black and Minority Ethnic (BME) communities who perceive that they would be treated worse than people of other races by one or more key public services<sup>53</sup> between 2001 and 2007** ● On Course. – The Department reports that it was on course to meet this sub target with 33 per cent of BMEs believing that one or more of the eight organisations measured would treat them worse than people of other races as at December 2007. Final data for 2007-08 is now available and indicates that there was a three percentage point change between 2001 and 2008 to 34 per cent. This is one percentage point below the target of 35 per cent (as noted in the Department's, Annual Report 2008).
- **Sub target 2 – Discrimination in the Labour market – A decrease in the number of people from Black and Minority Ethnic (BME) communities who perceive that they would be treated worse than people of other races in the labour market between 2003 and 2007** ● Slippage. – The Department reports slippage against this sub-target with 48 per cent of BMEs perceiving that they had been discriminated against at work in the last five years with regards to promotion. Final data for 2007-08 is now available and this indicates that the Department has not met

<sup>52</sup> "Difference reported are statistically significant at the 5% level", Citizenship Survey, Communities and Local Government, July 2008.

<sup>53</sup> The police, the prison service, the courts and the Crown Prosecution service.

this sub-target. There has only been a small decrease (three percentage points) in people believing that they had been turned down for a job as a result of their race, and a small increase (three percentage points) in those believing that they had not been promoted due to their race. The Department considers that neither of these changes were statistically significant.

- **Sub target 3 – Community Cohesion – An increase between 2003 and 2007 in perceptions of community cohesion in the ten areas where the risk of disturbance is high** ● Not met. – The Department reports, that this target was not met, but also reports in the ten areas where the risk of disturbance is high, perceptions of community cohesion significantly increased in three areas, there was no significant change in a further six areas, and in one area it declined.

**3.55** The Citizenship Survey provides information on perceptions of cohesion and discrimination. The Citizenship Survey 2007-08 found that:

- there was only a small increase in the percentage of people who perceived their community as cohesive, agreeing that their local area is a place where people from different backgrounds get on well together (up slightly to 82 per cent in 2008 from 80 per cent in 2005);
- there is a considerable increase in the numbers of white people feeling there is more racial prejudice in Britain today than five years ago (up 14 per cent to 58 per cent). Overall, over half the people surveyed felt that racial prejudice had got worse in Britain over the last five years; and
- a considerable percentage (16 per cent) of minority ethnic people say that racial or religious harassment is a fairly big or very big problem in their local area, compared with eight per cent of white people.

**3.56** All but two of the ten areas where the risk of disturbance is high has selected one of the new two National Indicators for Local Government that measure cohesion as part of their local area agreement.<sup>54</sup> The cohesion of these eight areas will therefore count towards the Department's performance against the new PSA 21 – to build more cohesive, empowered and active communities, see part 4.

**3.57** Measuring the drivers behind why perceptions of fairness change is difficult. Research commissioned by the Department found that reductions in actual inequalities in service provision and delivery should generate improvements in perceptions of fairness, although it is unlikely to happen quickly and uniformly.<sup>55</sup> This presents the Department with the challenge of assessing the impact its work is having on perceptions and its ability to measure against its new PSA 21.

<sup>54</sup> NI 1 – percentage of people who believe people from different backgrounds get on well and NI2 – percentage of people who feel that they belong to their neighbourhood.

<sup>55</sup> The drivers of Black and Asian people's perceptions of racial discrimination by public services, a qualitative study. Ethnos Research and Consultancy, Communities and Local Government, 2008.

# Part Four

## Future targets

### Public Service Agreement targets

**4.1** The Comprehensive Spending Review 2007 replaced the 110 largely departmental based PSA targets agreed in 2004, with 30 new inter-departmental PSAs. These new PSAs set out the Government's top priorities for the period and are outcome, rather than target, focused. Each PSA will be delivered across Government, with each PSA having a lead Department.

**4.2** The Department leads on two new PSAs: to increase long-term housing supply and affordability (PSA 20); and to build more cohesive, empowered and active communities (PSA 21). As the lead department, it will be responsible for performance against these two PSAs, even though, it will be relying on the performance of other departments to deliver some of the underlying indicators. Published 'delivery agreements' have been agreed for each PSA, setting out the role of each contributing department.

**4.3** In addition to leading on two PSAs, the Department contributes to:

- PSA 15 – address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief;
- PSA 16 – to increase the proportion of socially excluded adults in settled accommodation and employment, education or training;
- PSA 17 – to tackle poverty and promote greater independence and wellbeing in later life;
- PSA 22 – to deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport; and
- PSA 26 – to reduce the risk to the UK and its interests overseas from international terrorism.



## Departmental Strategic Objectives

**4.4** The CSR 2007 also sets out the Department's Strategic Objectives (DSOs). These DSOs represent the range of the Department's business and are underpinned by a number of indicators. These indicators are taken from the PSA indicators the Department leads on, and those it contributes to. Other DSO indicators are not part of the CSR 2007 PSA targets, but have been developed to ensure accountability for the entire range of the Department's business. The Department has six DSOs over the CSR 2007 period. These are:

- to support local government that empowers individuals and communities and delivers high quality services efficiently (DSO 1);
- to improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy (DSO 2);
- to build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation (DSO 3);
- to develop communities that are cohesive, active and resilient to extremism (DSO 4);
- to provide a more efficient, effective and transparent planning system that supports and facilitates sustainable development, including the Government's objectives in relation to housing growth, infrastructure delivery, economic development and climate change (DSO 5);
- ensuring safer communities by providing the framework for the Fire and Rescue Service and other agencies to prevent and respond to emergencies (DSO 6).

**4.5** The National Indicator set for Local Government will be used to measure performance against a number of the Department's PSA and DSO indicators. Each National Indicator is mapped to a PSA and or a DSO indicator somewhere in Government.

**4.6** The final reporting of performance against CSR 2004 PSA targets is not yet possible for all PSAs. This is due to time lags in the availability of data, and some PSA targets that measure performance beyond 2008. Some indicators carry across or are superseded by the new DSO indicator set, others are not and the Department will set out what will happen to each indicator in the 2008 Autumn Performance Report.

# Appendix One

## Efficiency savings detail

- Analysis of efficiency savings reported by the Department against its CSR 2004 Central Efficiency target:

Work stream	Original Planned Delivery as per ETN (£ million)	Percentage of total	Forecast as at March 2008 (£ million)	Percentage of total
Regional Development Agencies	120	16	310.6	25
Social Housing	355	48	665.2	54
Fire and Rescue Services	115	16	180.0	15
Homelessness	125	17	59.1	5
Administration	25	3	16.2	1
<b>Total</b>	<b>740</b>	<b>100</b>	<b>1,231.1</b>	<b>100</b>
Of which are cashable	485	66	672.5	55

- The Department has set out how it plans to achieve its CSR 2007 Central Efficiency target in its Value for Money Delivery Agreement<sup>56</sup>:

VFM Initiative	VFM gains by March 2011 (£ million)	Main methods
New affordable housing supply	734	Improvements to Housing Corporation's investment programme and the supply chain for new affordable housing, and private financing.
Fire and Rescue Services	110	Effective risk management and better procurement.
Administration	43	Achieving a more streamline strategic department.
<b>Total</b>	<b>887</b>	

<sup>56</sup> Communities and Local Government, Value for Money Delivery Agreement, January 2008.

# Appendix Two

## Progress against four key areas for action as measured by the Cabinet Office stocktake

Key areas for improvement	Progress so far
‘Build the knowledge, confidence and skills to lead and enthuse partners in creating successful communities and services’	<ul style="list-style-type: none"> <li>• Work on the local government agenda has been a very visible success.</li> <li>• The Department now needs to deliver on the promises made, learn from this success, spread good practice to other areas of policy and delivery, and achieve more consistency across the Department in dealings with stakeholders.</li> </ul>
‘Fill critical skills gaps and manage people differently so that they can deliver the Government’s priorities’	<ul style="list-style-type: none"> <li>• The Department has attracted talented people and undertaken work on identification of skills gaps.</li> <li>• Changes in the HR function have led to better support for managers in carrying out performance management as a core part of their job.</li> <li>• The HR function must now support the Department in filling the skills gaps it has identified, in particular, those in delivery expertise and Programme and Project Management.</li> </ul>
‘Make policy making and delivery more powerful by starting consistently from the evidence’	<ul style="list-style-type: none"> <li>• The Department has used the Capability Review process to its advantage to galvanise support and drive through a critical agenda.</li> <li>• Significant progress has been made so far in raising awareness of the importance of analysis and evidence-based policy making and tackling capacity through increasing numbers and rolling out training.</li> <li>• It is essential that the momentum is sustained and best practice is shared and embedded across the Department and with delivery partners.</li> </ul>
Sharpen our delivery focus and ensure we have strong performance management systems and skills <sup>57</sup>	<ul style="list-style-type: none"> <li>• Following some early difficulties there are now clearer signs of improvement in strengthening delivery, for example through the early work of the Delivery Sub-Committee.</li> <li>• Department is beginning to engage in peer review activities.</li> <li>• Creation of a delivery team and its early success which should now be built on.</li> <li>• Focus must now be to ensure that these new processes are working in practice, that they are the right processes.</li> <li>• In addition to process, it is essential for the Department to create a culture where challenge is welcomed and valued.</li> <li>• This workstream should be fully supported with the right resources – people, skills, senior level time and engagement.</li> </ul>

<sup>57</sup> The Department brought together its action on ‘Strengthen understanding of what works and why in delivery, apply that knowledge consistently, and see projects through to success’ and ‘Manage implementation more systematically, so that risks are addressed, obstacles are overcome and there is real accountability for delivery’.

# Appendix Three

## Results of staff surveys

### Department for Communities and Local Government staff survey 2007

#### Highest Favourable Scores

Question	2007 per cent favourable
3. I am committed to helping the Department achieve its objectives.	87
5. I understand how my work contributes to the objectives of the Department.	85
15. I know what the Department is here to do.	84
35. In our team, we know who our customers and stakeholders are, and we regularly look for ways to serve them better.	82
41. I am able to work flexible hours.	79

#### Lowest Favourable Scores

Question	2007 per cent favourable
43. Inadequate staff performance is dealt with effectively where I work.	24
1. The Department as a whole is well managed.	31
45. I think it is safe to speak up and challenge the way things are done in the Department.	32
32. Overall, the performance and reputation of the Department is improving.	33
33. If bullying and harassment were reported I would be confident that action would be taken.	40

## Department for Communities and Local Government Senior Civil Servant mini-survey 2008

### Highest Favourable Scores

Question	2008 per cent favourable	Change since 2006
8. I understand how my work contributes to the objectives of the Department	98	+3
3. I am committed to seeing my Department succeed.	96	0
7. My job gives me a feeling of personal accomplishment.	89	+1
13. I am willing to put in a great deal of effort beyond what is normally expected to help my Department succeed.	87	0
5. I intend to still be working for this Department in 12 months time.	63	+5

### Lowest Favourable Scores

Question	2008 per cent favourable	Change since 2006
4. The Board at Communities and Local Government model a culture of effective teamwork.	22	+2
9. I feel change is managed well in this Department.	24	-15
12. I am able to strike the right balance between my work and home life.	32	-9
10. I think it is safe to speak up and challenge the way things are done in the Department.	37	+9
16. On the whole, the senior civil servants in my Department make tough decisions about priorities when needed.	37	+6

# Appendix Four

## Performance against PSA sub targets (which are not included in Part 3)

### Public Service Agreement 1

#### Neighbourhood Renewal

Tackle social exclusion and deliver neighbourhood renewal working with Departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvements by 2010.

#### Reported Progress

● Slippage

- 1 The Department's reported performance against the six indicators:
  - **Health indicator: To reduce the number of premature cardiovascular disease-related deaths per 100,000 of the population in NRF/Spearhead cross-over areas from 37.5 premature deaths in 1995-97, to 22.5 premature deaths in 2009-11. This equates to a 40 per cent reduction in the gap between the average national cardiovascular disease-related mortality rate, and the average rate in NRF/Spearhead cross-over areas** ● On Course – This relates to the Department of Health's (DoH) CSR 2004 PSA target on mortality rates from heart disease and stroke related diseases. The Department reports that in NRF areas, the average cardiovascular disease-related mortality rate in 2004-06 was 25.6 premature deaths per 100,000 of the population. This equates to a 31.7 per cent reduction in the gap between the national average mortality rate, and the average rate in NRF/Spearhead cross-over areas over the period 1995-97 to 2004-06. This is an improvement on last year's reported 28 per cent reduction in the gap over the period 1995-1997 to 2003-05. NAO analysis suggests that continued progress at this pace could mean this sub-target is met two years early and the actual gap would be narrowed by 49 per cent by 2009-11.
  - Although the Department is on target to meet this PSA, the larger DoH Spearhead Group<sup>58</sup> (of 70 Local Authorities, 61 of which are NRF areas) shows more progress than that of the NRF subset. The DoH Annual Report 2008 states the average mortality rates in DoH Spearhead areas is 24.9 premature deaths per 100,000 of the population over the period 1995-97 to 2004-06. This equates to a 32.2 per cent reduction in the gap between the DoH Spearhead areas and national average.

<sup>58</sup> DoH Spearhead group comprises those areas that had the worst health and deprivation indicators in the baseline year of 1995-97.

- **Education indicator: To raise secondary education standards in NRF areas, so that by 2008, in all schools located in NRF areas, at least 50 per cent of pupils achieve level 5 or above in each of English, maths and science** ● Slippage
  - This relates to the Department for Children, Schools and Families' CSR 2004 PSA target to raise standards in English, Maths, ICT and Science in secondary education. The Department targets the 91 local authorities in receipt of NRF.<sup>59</sup> In 2006-07 197 schools in NRF areas (16 per cent) failed to meet the standard – a 51 per cent reduction from the 399 schools that failed to do so in 2002-03. At the current rate of progress it is unlikely that the Department will meet this sub target until 2009-2010 – two years late.<sup>60</sup> However, the rate of improvement has been faster in NRF areas than in England as a whole.
  
- **Crime Indicator: To reduce the average rate of crime in NRF areas that are also high crime areas, by a greater percentage than the rate of crime reduction in non-high crime areas, over the period 2003-04 to 2007-08** ● On Course – The Department targets those areas in receipt of NRF funding which are also targeted by the Home Office – Crime and Disorder Partnership Areas with high levels of crime (Of the 39 Crime and Disorder Partnership Areas in England 34 are NRF areas). The Department reports that in NRF that are also high crime areas, there was a 15 per cent reduction in the crime rate between 2003-04 and March 2007. The corresponding reduction in the crime rate for non-high crime areas was 8 per cent. NAO analysis suggests that the reduction in NRF areas was also greater than that of the wider Crime and Disorder Partnership areas with high levels of crime group, where there was an average reduction of 14 per cent over the same period.
  
- **Worklessness indicator: To improve by 1 percentage point the employment rate of those living in the local authority wards with the worst labour market position that are also located in NRF areas, and reduce by 1 percentage point the difference between their employment rate and the overall employment rate for England by 2007-08** ● On Course – This indicator relates to the Department for Work and Pensions' CSR 2004 PSA target on full employment. The Department targets the 446 local authority wards located in areas in receipt of NRF funding which are also local authority wards targeted by the DWP as having the worst labour market position. In these 446 wards, between April 2005 and April 2007 there was a 1.6 per cent improvement in the employment rate. Over the same period the gap between those wards and the overall employment rate in England reduced by 2.3 percentage points, from 17.2 per cent to 14.9 per cent. NAO analysis suggests that this performance in NRF areas is stronger than the wider set of 903 deprived areas targeted by the DWP where there was a 1.3 per cent improvement in the employment rate, and the gap between these deprived areas and the rate overall had reduced by 1.6 per cent.

<sup>59</sup> 88 original NRF areas 2001-2006, plus 5 added in 2006-08.

<sup>60</sup> NAO analysis.

- **Housing indicator: To bring all social housing into a decent condition by 2010, with most of this improvement taking place in areas in receipt of NRF that are also within the 112 most deprived Local Authority districts** ● On Course
  - This indicator relates to this Department’s broader CSR 2004 PSA 7 on Decent Homes. It has three elements. For those areas targeted:
    - To bring all social housing into a decent condition by 2010;
    - The English House Condition Survey (EHCS) reporting in 2006, confirms that the reduction in the number of non-decent social sector dwellings is more than 50 per cent of the total reduction in the number of non decent social sector dwellings since 2001; and
    - The EHCS reporting in 2009, confirms that the reduction in the number of non-decent social sector dwellings is more than 50 per cent of the total reduction in the number of non decent social sector dwellings since 2001.
- The Department reports that since 2001, 66 per cent of the overall reduction in the number of non-decent homes occurred in deprived areas based on the original decent home definition. Due to changes in the decent homes standard in 2006 (when the Housing Health and Safety Rating System replaced the Fitness Standard as the statutory standard for housing), the Department states that the number of homes not meeting the new definition cannot be compared to the baseline of 2001. The Department is therefore setting a new baseline for 2006 against which to measure the final element of this PSA target.
- The Department does not include the first element of this target in the assessment of performance against this indicator. PSA 7 reports slippage overall, however the element of the target in PSA7 relating to deprived areas is on course for delivery.
- **Liveability indicator: To reduce the percentage of NRF areas judged to have unacceptable levels of litter and detritus at a greater rate than the percentage rate reduction for all local authorities nationally. Baseline in 2003-04; 33 per cent of NRF areas and 23 per cent nationally have unacceptable levels of litter and detritus** ● Ahead – This indicator relates to the Department’s broader CSR 2004 PSA 8 target on cleaner, safer and greener public space. The Department reports that in 2006-2007, nine per cent of NRF areas had unacceptable levels of litter and detritus (a 24 percentage point reduction from 2003-2004). Nationally four per cent of local authorities had unacceptable levels of litter and detritus (a 19 per cent point reduction from 2003-2004).



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## Public Service Agreement 4

### Local Government

### Reported Progress

By 2008, to improve the effectiveness and efficiency of local government in leading and delivering services.

● On course

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2 This target has four sub-targets which must be met for this target to be met overall:

- **Sub target a) – no authorities, including districts, rated poor (0\*) in December 2004 to remain in the lowest CPA category (0\*) on 31 March 2008** ● On Course – The Department reports that no single tier or county council received a 0\* rating in 2007.
- **Sub target b) – by 31 March 2008 only five councils to be in the lowest CPA categories (0\* and 1\*) and at least 130 councils to be in the top CPA categories (3\* and 4\*)** ● On Course – The Department reports that no single tier or county councils were rated a 0\*, only two were rated a 1\* and 123 single tier and county councils are now in the highest CPA categories.
- **Sub target c) – an improvement in district council performance as measured by CPA** (Not yet assessed); – Due to changes in the Audit Commission's district assessment framework in 2006, the Department obtained Treasury agreement that it is no longer required to report performance against this target.
- **Sub target d) – no single tier or county council to have a 'Not improving adequately/not improving' Direction of Travel Statement for two consecutive years** ● On Course – The Department reports that no single tier or county councils received a 'not improving adequately' direction of travel statement in 2007.
- ***This target also has two sub targets which do not count towards the overall target:***
- **Local Government efficiency – please see paragraph 1.15; and**
- **Sub target e) an annual improvement in the aggregate Use of Resources score for authorities** ● (ahead) – The 'Use of Resources score' is a component element of the overall CPA rating, and ranges between 1 (lowest) and 4 (highest). The Department report that the aggregate 'Use of Resources score' for all authorities as measured by the 2007 CPA was 429, and no Local authority performed below minimum standard (score of 1). According to Audit Commission's report CPA – *the Harder test 2007*<sup>61</sup>, the aggregate 'Use of Resources Score' is 453 and Liverpool received a score of 1. This is ahead of the Department's trajectory of improvement from an aggregate score of 385 in 2005 to 405 in 2008.

61 CPA – the harder test, the Audit Commission, February 2008.

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## Public Service Agreement 6

### Planning performance

### Reported Progress

The planning system to deliver sustainable development outcomes at national, regional and local levels by 2008.

● Not met

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**3** This PSA has eight sub-targets, all of which have to be met if the headline target is to be achieved:

- **Sub-target 1 – Land use – At least 60 per cent of new housing development should be on previously developed ('brownfield') land or created through the conversion of existing buildings** ● On Course – The Department reports that the target of 60 per cent has been achieved or exceeded every year since 2000. Data published since the Department's Annual Report 2008 indicates that 75 per cent of new dwellings were built on previously-developed land, including conversions.<sup>62</sup>
- **Sub-target 2 – Average density of new housing development in each region – The average density of new housing development in each English region (other than London) should reach at least 30 dwellings per hectare (dph) by 2006. For London, the target is at least 50dph by 2006** ● On Course – Data for 2007 has been published since the Department's Annual Report 2008.<sup>63</sup> This shows that in 2007 new dwellings were built at an average density of 45 dwellings per hectare, compared to 41 per hectare in 2006. All regions had a density of new dwellings above 30 dwellings per hectare, with London having 88 per hectare.
- **Sub-target 3 – Net change in green belt – No net change, or an increase, in the area of designated greenbelt land in each region** ● Not Met – The Department reports an increase in greenbelt land in England in four regions and a decrease in four regions and therefore they have not met this sub-target. The Department states that most of the apparent change in each region has come about because local authorities are employing improved measurement tools, especially digital mapping techniques. Real changes to the actual greenbelt were a result of new plans being adopted. There were six new plans adopted in 2007, resulting in a net increase of 1050 hectares.<sup>64</sup>
- **Sub-target 4 –Town centre regeneration – There should be a year on year increase in the proportion of retail development in town centres over the period 2004-08** ● On Course – The technical note for this target does not specify how it is to be measured. The Department monitors town centre, and edge-of-centre location (using a 300 metre buffer) development data which fluctuates. The Department reports that there is an upward trend in the proportion of retail development over the period 2004-06 (when combining town centre and edge-of-centre locations data). Data for town centres only, indicates the proportion of retail development has levelled off since 1998.

<sup>62</sup> *Housing and planning key facts England*, Communities and Local Government, August 2008.

<sup>63</sup> *Land Use change statistics* (England 2007 – provisional estimates), Communities and Local Government, July 2008.

<sup>64</sup> Increases: (Wansbeck (950 hectares); Blyth Valley (150 hectares); Bromley (20 hectares); and Newcastle-under-Lyme (20 hectares). Decreases: Brentwood (60 hectares); and Cambridge (30 hectares).

- **Sub-target 5 – Development control: 100 per cent of local planning authorities should achieve the relevant Best Value targets for handling planning applications (major, minor and other) by March 2007** ● Not Met
  - The Department reports that 83 per cent of English local planning authorities were meeting the best value target for major planning applications; 93 per cent for minor planning applications; and 90 per cent for other planning applications.
  
- **Sub-target 6 – Ministerial planning casework: 100 per cent of Ministerial planning casework are decided within their statutory timetables** ● Not Met
  - The Department note that a delay of one day to one case resulted in only 99.5 per cent of ministerial planning casework being decided within their statutory timetable. The Department did meet the statutory timetable for 530 out of 531 cases over the three year period to which this sub target relates.
  
- **Sub-target 7 – Housing delivery – Delivery of the numbers of net additional dwellings as required in Regional Spatial Strategies (RSSs) and Local Development Frameworks (LDFs), to balance supply and demand** ● (Slippage)
  - Following the Barker Review of Housing Supply, monitoring of numbers of net additional dwellings in England in order to balance supply and demand falls within PSA 5. The Department also reports against: *“that Local Planning Authorities achieve the milestones set out in their Local Development Schemes for preparation of Local Development Documents”* - The Department report that around 20 per cent of Development Plans have been, or are likely to be, submitted more than 6 months later than stated in the relevant Local Development Schemes and that around one quarter of the Development Plans submitted for approval have been found to be unsound by the Planning Inspectorate, or have had to be withdrawn. The Department considers one of the principal reasons for not achieving this sub-target was an underestimation (by the Department and local government) of the cultural change required for local planning authorities and key stakeholders to be able to deliver new Local Development Frameworks.<sup>65</sup> The Department set out in its PSA technical note that it would monitor culture change within local planning authorities, although it did not set a formal sub target. It is unclear whether the Department has met this undertaking.<sup>66</sup>
  
- **Sub-target 8 – E-planning: 80 per cent of local planning authorities have ‘good’ or ‘excellent’ e-planning services in place by March 2008, as measured by Best Value Performance Indicators** ● Met – The Department reports that 95 per cent of authorities now have a ‘good’ or ‘excellent’ rated e-planning capability, compared to 0.5 per cent in November 2003.

<sup>65</sup> The Department’s Annual Report 2008.

<sup>66</sup> NAO, Fourth Compendium report volume 2, 2007-08.

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## Public Service Agreement 8

### Liveability

### Reported Progress

To lead the delivery of cleaner, safer, greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measureable improvements by 2008.

● Slippage

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**4** This target has a number of sub-targets. This target will be met if three of the following five sub-targets are met (a to e), plus one of sub target (f or g):

- **Sub-target a) – Cleaner places – A reduction in the proportion of local authorities judged to have unacceptable levels of litter and detritus by 13 per cent points nationally and 16 percentage points for NRF areas, by 2008**
  - Ahead – The Department reports that for 2006-2007, authorities with acceptable levels of litter and detritus declined nationally from 23 per cent to four per cent (19 per cent reduction) and in NRF areas from 33 per cent to nine per cent (24 per cent reduction).
- **Sub-target b) – Safer streets – A reduction in the number of abandoned vehicles nationally by 25 per cent (or to 233,000) and in NRF areas by 25 per cent (or to 104,000), by 2008**
  - Ahead – The Department reports that in 2006-07 there were 81,650 abandoned vehicles nationally and in NRF areas just over 39,000 abandoned vehicles.
- **Sub-target c) – Quality of parks and open spaces – That 60 per cent of local authorities nationally, and 60 per cent of NRF areas that have at least one park or green space, meet the Green Flag Award standard, by 2008**
  - On Course – The Department reports that 56 per cent of local authorities nationally and 71 per cent in NRF areas had at least one green flag award park or green space.
- **Sub-target d) – Local environmental services – That 90 per cent of local authorities nationally, or 90 per cent of NRF areas, who receive a CPA for their Environment Services Block to achieve a score of 2 or better, by 2008**
  - On Course – The Department reports that there were no single or upper tier authorities scoring less than 2 for Environmental Services block in the Audit Commission's 2007 CPA assessment.
- **Sub-target e) – Improving the quality of neighbourhoods – A reduction in the percentage of households living in poor quality environments by two percentage points (to 14 per cent) nationally, and by three percentage points (to 18 per cent) within NRF areas, by 2008**
  - Slippage – The Department reports that there was a 0.1 per cent reduction nationally (to 15.9 per cent), and 0.8 reduction in NRF areas (to 20.1 per cent), of households experiencing poor quality environments in 2006 against the baselines in 2003-04.

**And either:**

- **Sub-target f) – Public satisfaction with parks and open spaces – An increase in the percentage of residents satisfied with local parks and open spaces by four percentage points (to 75 per cent) nationally and by six percentage points (to 75 per cent) for NRF areas, by 2008** ● Not met – The Department reports that satisfaction is up nationally from 71 per cent to 73 per cent and in NRF areas that this is up from 69 per cent to 70 per cent.

**Or:**

- **Sub-target g) – Household satisfaction with quality of local area – An increase in the percentage of households identifying no problem with six liveability factors<sup>67</sup> where they live by three per cent points nationally (to 67 per cent) and by five per cent points (to 65 per cent) for NRF areas** ● Slippage – The Department reports that satisfaction nationally has improved from 64 per cent to 65.6 per cent and in NRF areas there has been an improvement from 60 per cent to 61.4 per cent.

67 Vandalism and hooliganism, graffiti, dog mess, litter and rubbish, noise, and traffic.

# Appendix Five

## Local authorities that will meet the decent homes standard after 2010<sup>68</sup>

<b>Authority</b>	<b>Delivery Date</b>
Bassetlaw	2012/13
Brighton and Hove	Delivery date still to be agreed
Camden	2014/15
Colchester	2011/12
Corby	2012/13
Doncaster	2013/14
Ealing	2012/13
Eastbourne	2012/13
Ellesmere Port and Neston	Delivery date still to be agreed
Gateshead	2011/12
Gloucester	2011/12
Great Yarmouth	2011/12
Haringey	2012/13
Islington	2011/12
Manchester	2012/13
Mansfield	2012/13
Newcastle upon Tyne	2011/12
Newham	2011/12
North Tyneside	2014/15
Northampton	2011/12
Oldham	2012/13
Oxford	2012/13
Plymouth	2013/14
Sandwell	2012/13
Slough	2011/12
Solihull	2011/12
Southwark	2011/12
Waltham Forest	2011/12
Waverley	Delivery date still to be agreed
Wear Valley	2011/12
Wolverhampton	2012/13

<sup>68</sup> Deposit in Library of House of Commons, reference 2008-0646, 3rd March 2008.

Blackpool and South Tyneside ALMOs have now passed their inspections and the Department expects them to deliver their investment programmes by 2014/15 (Blackpool) and 2013/14 (South Tyneside).

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The following 17 local authorities have ALMOs that have yet to secure ALMO funding and therefore do not have an agreed investment timetable.

Basildon  
Charnwood  
Easington  
Enfield  
Hackney  
Havering  
Lambeth  
Lewisham  
North East Derbyshire  
Nottingham  
Redbridge  
Salford  
Sedgemoor  
Southend-on-Sea  
Stevenage  
Sutton  
Tower Hamlets

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