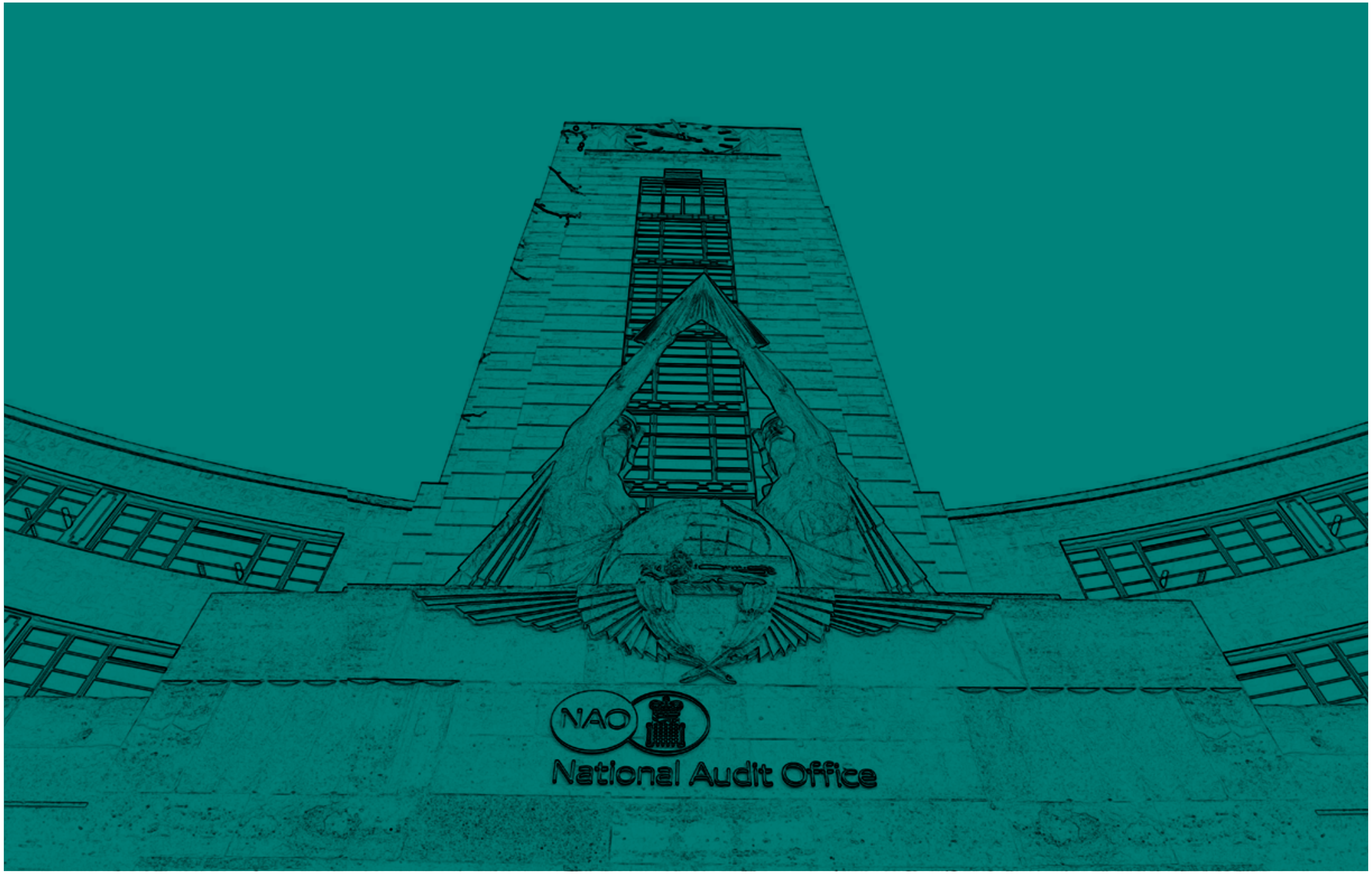
National Audit Office

Department for Communities and Local Government

October 2016



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The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.21 billion in 2015.

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Executive summary

This Departmental Overview looks at the Department for Communities and Local Government (the Department) and summarises its performance during the year ended March 2016, together with our recent reports on it. The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

Part One sets out some facts about the Department and where it spends its money.

- There has been considerable change in the Department's key personnel.
- Most of the Department's spending is funding to local authorities.
- The Department has underspent on the ~25% of budget that is not simply transferring funding to local authorities.

Part Two sets out our findings from our audit of and value-for-money work on the Department.

- The annual report and accounts received an unmodified and unqualified audit opinion (that is, there are no matters to report).
- The governance statement, which provides details of the Department's control structure and risks to good performance, contains some information on matters such as losses and key risks, that is reported to Parliament so it can hold the Department to account.
- Our value-for-money work focused on sustainability and accountability, and found that in general the Department is better at implementing policy than it is at measuring the impact of policy implementation.

Part Three looks ahead to the coming year.

- The Department plans to continue working to meet its responsibilities as set out in the Single Departmental Plan, and will need to respond to external pressures from factors such as the process of leaving the European Union and the change in personnel in the centre of government.

About the Department – what does it do?

The Department for Communities and Local Government defines its job in the Single Departmental Plan as *"to create great places to live and work, and to give more power to local people to shape what happens in their area"*.

Responsibility for fire and rescue policy transferred from the Department to the Home Office during January 2016. **There were no other significant transfers of roles and responsibilities during the year to March 2016**, and the organisational structure of the Department is largely unchanged.

There have been changes in key roles.
The Department's ministers are all recent appointments except Marcus Jones MP. In addition, many of the management team were appointed in the last few months (see Appendix Three).

The Homes & Communities Agency has also experienced change at the top. The Chair, Sir Edward Lister, was appointed in June 2016 and the CEO, Mark Hodgkinson, was appointed on an interim basis in April 2016.
A permanent replacement is expected later in 2016.

Four Departmental responsibilities (per the Single Departmental Plan) are monitored against key performance indicators, which are designed to show how effectively the Department is achieving its objectives.

Driving up housing supply

Increasing home ownership

Devolving powers and budgets to boost local growth in England

Supporting strong communities with excellent public services

Responsibilities

Driving up housing supply

Ambition is to deliver 1 million new homes over the next 5 years

- Net additions to the housing stock: 170,690 in year to March 2015 (next update November 2016)
- Housing 'starts' (a house or flat is counted as started on the date work begins on the laying of the foundation): 139,680 in year to March 2016
- Local Plans: 284 published and 237 adopted (per the *Annual Report and Accounts 2015-16*)
- Public sector land: nso information yet available to measure progress. Our July 2016 report 'Disposal of public land for new homes: a progress report' found that as at March 2016 government had disposed of land with capacity for an estimated 8,580 homes, with a target of 160,000 by 2020.

Increasing home ownership

Enable more people to have the security and stability of owning a home of their own

- Number of first-time buyers: 268,200 in year to March 2015
- Number of Help to Buy Equity Loan sales: 81,014 since May 2013 (when the scheme began) to March 2016
- Number and proportion of households by tenure: 14,324,000 and 63.6% households classified as owner-occupier in year to March 2015 (next update February 2017).

Devolving powers and budgets to boost local growth in England

Enable a shift in power from central government to local government

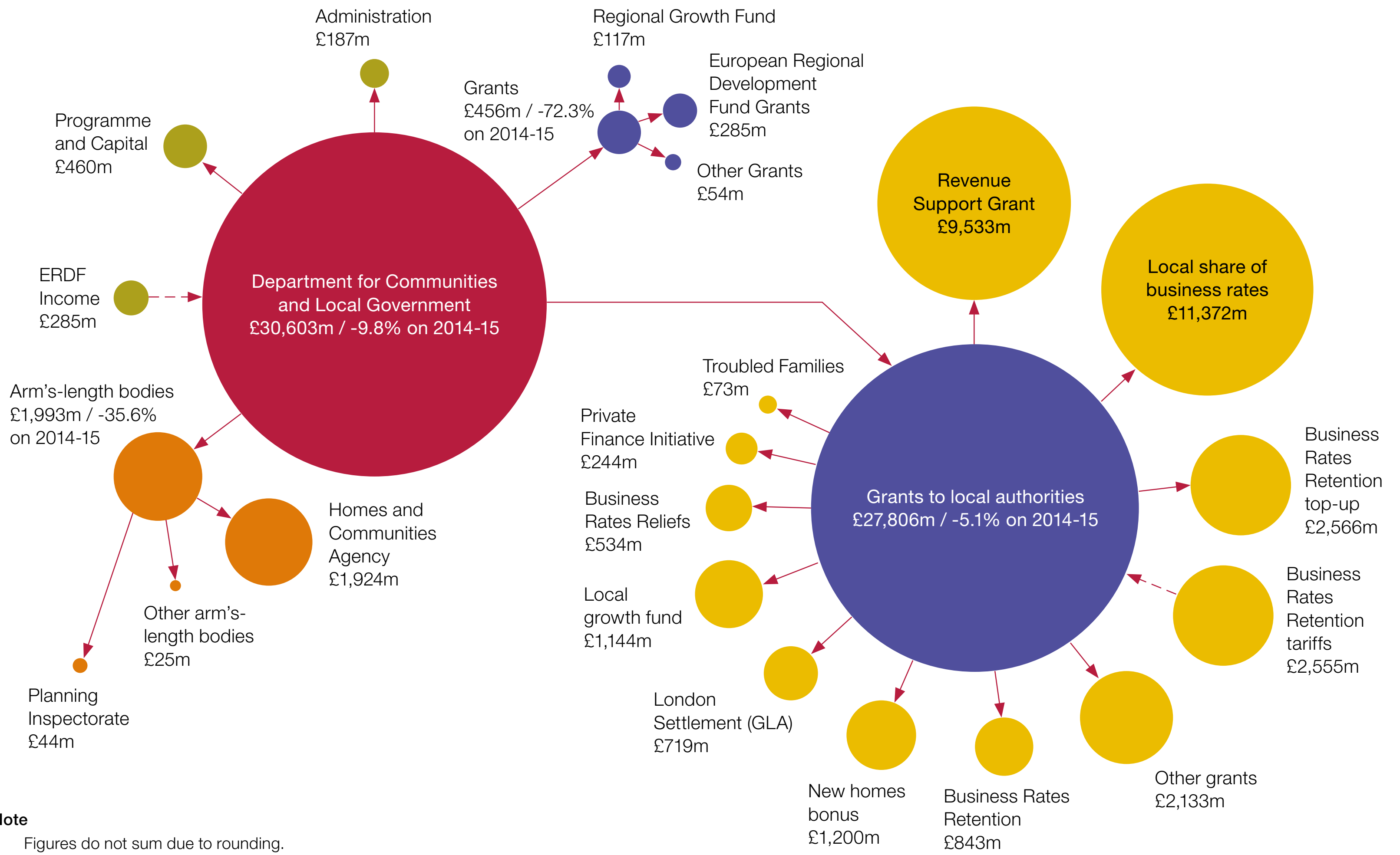
- Number of Enterprise Zones: 36 as of August 2016, with up to 48 to be established by 2020
- Number of devolution deals: 10 (per the *Annual Report and Accounts 2015-16*).

Supporting strong communities with excellent public services

Working with councils as they support communities across the country

- Number of families engaged with the Troubled Families Programme: 100,690 as at March 2016 (per the *Annual Report and Accounts 2015-16*)
- Health and social care: no information yet available to measure progress. The Department will report progress of local areas against the health and social care integration scorecard when it becomes available in winter 2016.
- Cohesive Communities Programme: no information yet available to measure progress.

Where the Department spends its money – 2015-16 estimate



This diagram is based on the Department's estimate for 2015-16. It shows what money the Department and local government received at the beginning of 2015-16. Estimates are how Parliament approves a Department's planned spending. The Department's estimate was £30.6 billion; about 10% lower than 2014-15. This 10% reduction was mainly from the Revenue Support Grant (a central government grant given to local authorities which can be used on any service), Grants programmes (such as Regional Growth Fund), and the Homes & Communities Agency.

Note

1 Figures do not sum due to rounding.

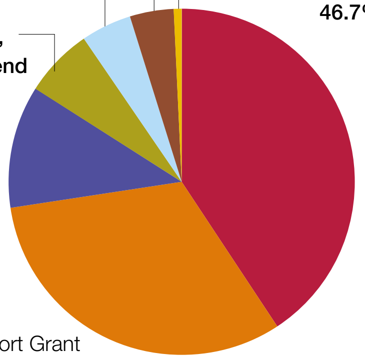
Source: Department for Communities and Local Government Annual Report and Accounts 2015-16

Where the Department spends its money – 2015-16 outturn

The Department spent £29.9 billion during 2015-16, £0.7 billion less than its budget.

The Department met its budget where it was responsible for passing money to local government, and spent less than it planned on its own activities. For example, the Department spent £0.5 billion less than it planned on Neighbourhoods (which includes spending on the Department's responsibilities for increasing housing supply and home ownership).

Where the money is spent and the percentage underspend or overspend on each category

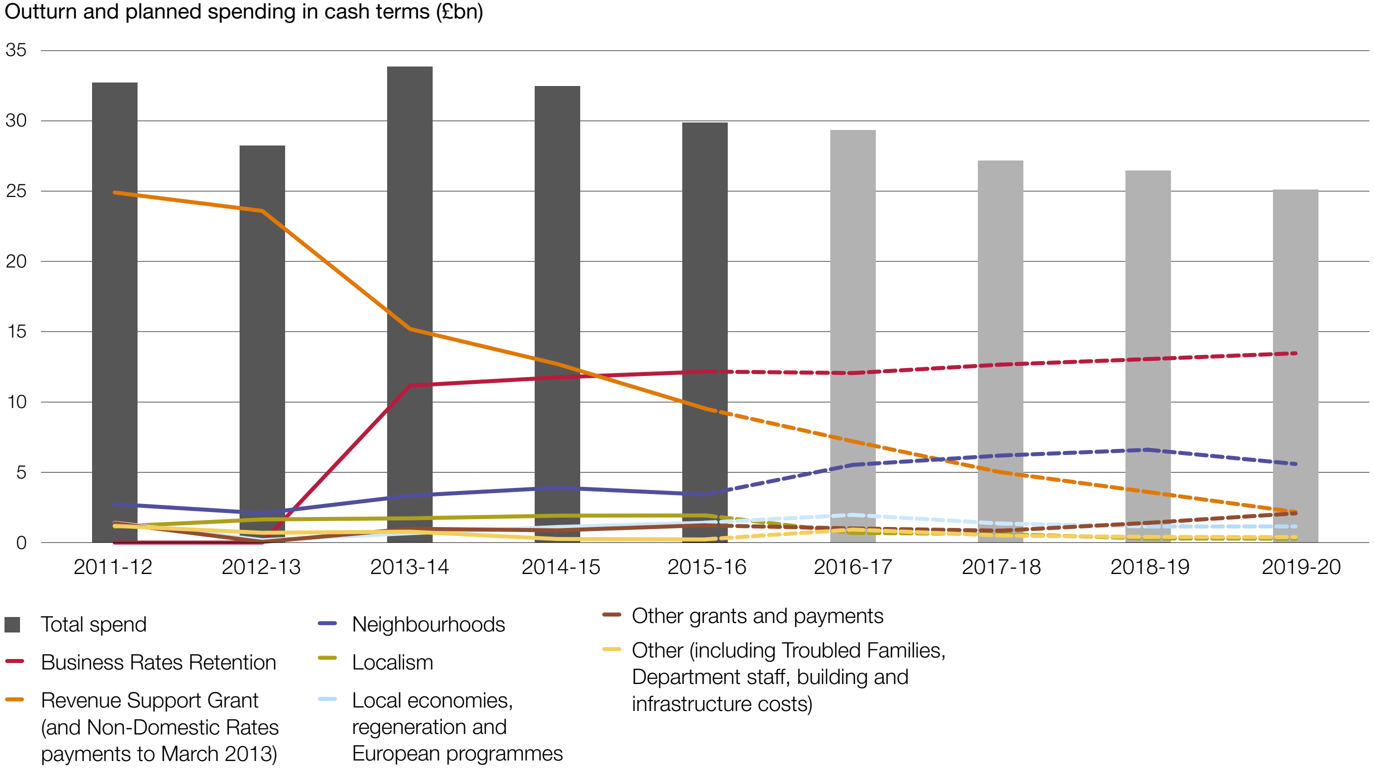


Source: Department for Communities and Local Government Annual Report and Accounts 2015-16

- This chart shows how the Department categorises its £29.9 billion spend in its accounts, with the percentages representing the extent to which each category was under or over budget.
- Most of the spend (approximately 75%) is funding provided to local authorities via Business Rates Retention or Revenue Support Grant. Spending on both of these was in line with budget.
- The rest of Departmental spend is on meeting the Department's four responsibilities. The Department spent less than it budgeted on Neighbourhoods (12.3%, or £478 million underspend) and Localism (largely, devolution – 3.6%, or £72 million underspend). The underspend on Neighbourhoods represents money earmarked for housing not being spent as quickly as anticipated.
- Overall, the Department only spent in line with its expectations in the areas where it was responsible for paying out agreed sums to local authorities, and therefore was simply responsible for transferring funding. In the areas where it spent to meet its responsibilities, its spending was typically below budget.

Where the Department spends its money – trends over time

The Department's outturn and planned spending from 2011-12 to 2019-20



Source: Department for Communities and Local Government Annual Report and Accounts 2015-16

This chart shows the Department's total outturn spending (or in future years, planned spending) by category. The 2015-16 values correspond to the previous chart.

Total spending is down in 2015-16 on the previous two years, and is planned to decrease further. This is in line with the Department's commitment to support the fiscal objective of reducing the deficit.

Funding from central to local government has fallen by 37% from 2010-11 to 2015-16.

Most of the this decrease in funding relates to the Revenue Support Grant. While Business Rate Retention is planned to increase, this is at a slower rate than the reduction in Revenue Support Grant, and **therefore funding from the Department to local authorities will decrease overall**. The Department expects that **local authorities will raise more revenue locally to compensate**, and is devolving power and accountability to support this.

Findings from our work on financial audit

The Comptroller and Auditor General (C&AG) certified the Department's accounts on 5 July 2016 with an **unmodified and unqualified** audit opinion. Each of the Department's arm's-length bodies (see Appendix) were also issued with **unmodified and unqualified** audit opinions (that is, the financial statements give a true and fair view, in all material respects, in accordance with the identified financial reporting framework, and that there are no matters that need to be drawn to the reader's attention).

- The Department received an unmodified and unqualified audit opinion in each of the past three years. The 2012-13 audit opinion was qualified on regularity due to breaches in the spending limits authorised by Parliament, an issue that has not recurred.
- The following page contains some highlights and information presented in the Department's 2015-16 governance statement, which forms a statutory part of the annual report and accounts.

Highlights from the governance statement

The internal audit annual opinion is 'moderate' (with the potential ratings being 'full', 'substantial', 'moderate' and 'limited'). **Three internal audit reports were issued with the lowest level of assurance ('limited')**; Crown Premises Fire Inspection Group, Local Government Grant Calculation IT, and Financial Instruments work.

The Department identified its portfolio of financial instruments (a contract with a value) as an area of risk. **Although impossible to quantify with any certainty, a change in the prevailing economic conditions for homeowners, property developers or housing associations could reduce the amount of returns from the financial asset portfolio** or increase the amount to be paid to settle financial liabilities.

Four personal data incidents were reported to the Information Commissioner's Office. Two related to personal information being incorrectly shared in Freedom of Information responses, and two related to information being lost on public transport. In each case the Information Commissioner's Office said that no further action was required.

The Department had 308 separate cases of losses or special payments totalling £26.6 million compared with 2014-15, where there were 162 totalling £50.5 million. Losses or special payments are expenditure that is not agreed or approved in advance by Parliament. Of these 308, 15 were above the reporting threshold of £300,000 and are itemised. Twelve of the 15 relate to claims abandoned, where the right to contractual income is foregone either due to its irrecoverability or other agreement. Three relate to special payments; a settlement on the termination of a contract and two ex gratia payments.

The Department holds several contingent liabilities (a potential liability that may occur, depending on the outcome of an uncertain future event). The Department considers most of these unquantifiable, and itemises in the accounts the various guarantees or indemnities that make up the contingent liabilities. **The only quantifiable contingent liability is the guaranteed debt for the affordable housing sector; £1.4 billion of debt is guaranteed, and the Department estimates this will cost just under £10 million.**

The Department maintains two accountability system statements, one for local authorities and one for the Local Growth Fund. These set out how the accounting officer is accountable for the public money distributed through these systems. These statements acknowledge the risks in commissioning, and how propriety, regularity and value for money are addressed. **These system statements are assessed by the Department as fit for purpose with no reportable deviation.**

The Department's identified areas of risk

The areas of risk are taken from the governance statement, and include summarised information on the risk and the actions the Department reports it is taking to manage the risk.

Area of risk	Summary
Programme delivery and operational effectiveness	The inherent risk of managing a wide range of discrete policy targets that depend on several factors, not all of which are within the Department's control (such as the state of the economy, the actions of private sector developers and the engagement and support of local politicians). **The Department reports it has refreshed its governance, and updated its programme planning, monitoring and reporting.**
Professional capability and skills	The inherent risk of reduced resilience from organisational change (such as difficulty in recruiting and retaining the right skills in the Department's current environment). **The Department reports it has invested in staff development and recognises and rewards good performance.**
Change portfolio management	The risk that the organisational structure of the Department is not set up to deliver the government's agenda. **The Department reports it is continually reviewing its people's skills and capabilities against its responsibilities.**
Local authority system sustainability	The risk that a local authority in financial (or other) stress sufficient to result in failure to deliver services is not identified and an intervention made by the Department in a timely manner. **The Department reports it is seeking to make better use of its data, and to reduce the risk that stresses would occur in the first place, by offering more autonomy to local areas via various devolution methods.**
Balancing the books	The risk that there will be insufficient voted funding to meet ministerial and financial commitments, mainly due to the large amounts of income the Department needs to generate in order to meet the Capital budget. **The Department reports that it mitigates this through a credit risk framework to support the income from financial assets and the Public Sector Land programme, and it will enhance the quality of the associated financial reporting that enables it to manage financial risks.**
Legal challenges	The risk of financial loss from legal action against the Department or from payments made from European Commission funds that do not meet the rules and therefore cannot be redeemed. **The Department reports that it manages this risk by seeking legal advice where appropriate.**

Findings from our work on value-for-money

Our work on the Department considered the main challenge facing the Department to be *"maintaining effective local services under financial constraint"*, and we have designed and carried out studies that are **focused on both sustainability and accountability**. A full list of our recent outputs on the Department can be found in Appendix Two.

Overall, we found that the Department is good at delivering policy and ministerial ambition. We also found that the Department could do more to understand and evaluate the impact of its interventions, and therefore demonstrate more effectively that its delivery represents value for money. Some examples:

- Local Enterprise Partnerships: the Department provided light-touch assessment and flexibility around LEPs' plans in support of devolution of powers, but has not set specific or quantifiable objectives for the plans. This made it difficult to assess the extent to which spending money on LEPs contributed to economic growth.
- The Disposal of Public Land for New Homes: officials followed a narrow interpretation of the policy requirement, and successfully disposed of the required quantum of public land without collecting the data on sale proceeds or the use of the disposed site. These were metrics necessary to assess the value for money of the programme.
- Financial Sustainability of Fire and Rescue Services: efficiency savings have been made while incidences of fire and casualties continued to decrease. However, the Department could improve its understanding of the sector's financial sustainability.[1]

1 Policy responsibility now rests with the Home Office.

Findings from our work on value-for-money *continued*

Examples of findings from recent reports relevant to the Department	National Audit Office report
Sustainability	
Inadequate information systems limit how well the Department uses intelligence from the new burdens regime to understand local government pressures, but this is improving … Departments take the cost assessment process seriously but have struggled in some cases to get reliable cost data from local authorities … Departments rarely outline explicitly the uncertainty of cost estimates in their assessments, even where this is high … Some departments' approaches for calculating costs created risks that new burdens would be under- or over-funded … Departments have consulted well with local authorities, using different methods … Departments' new burdens funding to local authorities is not always transparent and can be reduced quickly, resulting in concerns about underfunding … There is little evidence of departments reviewing new burden assessments after introducing new requirements.	*Local government new burdens* (June 2015)
Funding for fire and rescue authorities has fallen significantly between 2010-11 and 2015-16 … The sector has coped well with financial challenges to date … Fire and rescue authorities have changed the scope of their emergency response services and the scale of their prevention and protection services since 2010-11 … Despite reductions in funding, and reductions in the number of firefighters authorities are sending to certain incidents, the number of fires and casualties have continued their long-term downward trend … The Department's understanding of fire and rescue authorities' financial sustainability could be improved.	*Financial sustainability of fire and rescue services* (November 2015)
Councils' provision is aligned with other forms of support … Councils provide different types and levels of support but there is no widespread benchmarking to help improve cost-effectiveness … Commonly, councils either did not collect information on applicants and their needs or made limited use of this. This information would help them target support more effectively … Since April 2015, some councils have stopped or curtailed the provision they introduced in 2013 because there is no longer specific grant funding … Councils have limited understanding of the effectiveness of their spending on local welfare provision or the consequences of reducing this … Demand for local welfare provision will vary from place to place and over time. Councils need to understand the factors that impact on the communities they serve in order to plan an appropriate level of support.	*Local welfare provision* (January 2016)
Since 2010-11, local authorities have faced less pressure on their resources to support capital expenditure relative to revenue … The primary challenge facing authorities in managing their capital spending and resourcing has been to minimise the revenue cost of their capital programmes … Authorities' debt servicing costs have grown as a proportion of revenue spending … If interest rates start to rise, new borrowing will become more expensive, and authorities may also take on more external debt in order to lock in relatively low interest rates … Counterparty risk has increased as levels of investments on deposit have grown … Capital spending by authorities increased slightly from 2010-11 to 2014-15, but this is not even across authorities or service areas … Authorities have focused capital spending on meeting their statutory responsibilities, engaging in 'invest to save' activities and promoting local growth … Authorities face a growing challenge to continue long-term investment in their existing assets … The Department takes assurance from its devolved framework for capital which is robust, but it needs to combine this with a deeper understanding of sector-wide issues … The Department rightly focused on revenue issues in the 2015 spending review but it will need to focus more on capital in future reviews … The Department made a significant change within the capital control framework in 2016-17 without assuring itself sufficiently on the likely outcomes … Authorities and the Department need to strike an appropriate balance between short-term and long-term considerations with regard to capital arrangements.	*Financial sustainability of local authorities: capital expenditure and resourcing* (June 2016)

Findings from our work on value for money *continued*

Examples of findings from recent reports relevant to the Department	National Audit Office report
Accountability	
The English devolution landscape is changing considerably and it is not yet clear how LEPs fit into it … The Department has not set specific quantifiable objectives for what it hopes to achieve through Growth Deals, meaning that it will be difficult to assess their contribution to economic growth … The Department's light touch assessment of LEPs' bids for Growth Deal funds relied on processes in LEPs that are not yet fully in place … The Department has acted to promote standards of governance and transparency in LEPs … The Department had not tested the implementation of assurance frameworks at the time that Growth Deals were finalised, and we found that there are considerable gaps in LEPs' compliance with the Department's requirements … We found variation in the availability and transparency of financial information across LEPs.	*Local Enterprise Partnerships* (March 2016)
Government recognised that disposal of surplus land, at an accelerated rate, would not necessarily lead to increased home building … Departments do not routinely monitor what happens to a site after disposal so there is no information on how many homes have been built on sold land … DCLG does not collect information on the amount of money raised from the sales … Without data on the number of homes or sales proceeds, DCLG cannot assess the value for money of the programme … Accounting Officers have a responsibility to ensure sales of individual sites represent value for money.	*Disposal of public land for ew homes* (June 2015)
Fire and rescue authorities are subject to legal controls that make it difficult for them to fail financially … The Department's assurance over national resilience – the ability of fire and rescue authorities to respond to national incidents – is robust, but stronger in some areas than others … The Department has largely devolved assurance over the running of fire and rescue authorities to a local level, but there are gaps in this localised system … The Secretary of State has a statutory duty to assure Parliament on the standards of fire and rescue authorities, but the Department's evidence to support these statements is limited.	*Financial sustainability of fire and rescue services* (November 2015)
The deals have been an important catalyst for cities to develop their capacity to manage devolved funding and responsibilities … The government and the cities are providing the capacity and capability to manage the deals from existing resources … There have been early impacts from some of the individual programmes agreed in the deals … The government and cities continue to find it difficult to know what works best in boosting local growth without a robust and shared evaluation approach.	*Devolving responsibilities to cities in England: Wave 1 City Deals* (July 2015)
The scale and scope of English devolution deals increased substantially in the last 18 months … The government has announced new additional investment funding of £246.5 million a year alongside the devolution deals announced so far, but there are other financial implications of devolution deals that await confirmation…As more devolution deals have been agreed, some aspects of more coordinated and effective management have emerged … There are significant accountability implications arising from the agreement of devolution deals that central government and local areas will need to develop and clarify … The devolution deals agreed so far involve increasingly complex administrative and governance configurations, and there are risks around alignment with the administrative geographical areas for other linked policies … As devolution deals are new and experimental, good management and accountability both depend on appropriate and proportionate measures to understand their impact … There are risks, in central government and local areas, in progressing devolution deals within a challenging financial environment, and questions about the future role of government departments.	*English devolution deals* (April 2016)

Looking ahead at the Department's responsibilities

The Department plans to continue to work to meet its responsibilities in its Single Departmental Plan

Driving up housing supply

- The Housing and Planning Act 2016 will likely lead to various pieces of secondary legislation, to enact the various provisions that rely on as yet undrafted regulations.
- The Department and the Homes and Communities Agency have identified sites for 36,000 homes as part of the government's public sector land disposals programme.
- The Department has committed to getting local authorities to speed up the preparation and adoption of local plans, so that these are in place by 2017.
- The Department will continue to make finance available to support housing development, as part of the £20 billion capital budget announced in the Spending Review 2015.

Increasing home ownership

- The Department will design and then implement the new Starter Homes and Help to Buy: Shared Ownership programmes. The latter has a budget of at least £4.1 billion.
- The Department will continue to operate the pilot Voluntary Right to Buy scheme with five housing associations, before full implementation (timing to be determined).
- The Help to Buy: Equity Loan scheme will continue unil 2021, and in London the maximum loan available has been increased from 20% of the purchase price to 40%.

Devolving powers and budgets to boost local growth in England

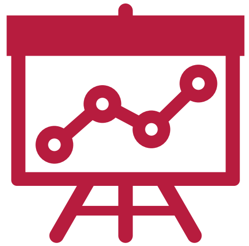
- The Cities and Local Government Devolution Act 2016 enables government to continue to pursue its devolution agenda. Ten devolution deals have been agreed to date, with the most recent (East Anglia, Greater Lincolnshire, and the West of England) announced in the Budget 2016. The Department, together with other government departments, will work to implement these and preceding devolution deals.
- Local Enterprise Partnerships received £1.6 billion in April 2016, further to the £1.1 billion in April 2015. Up to a further £1.8 billion of Growth Deals is due to be announced at or around the Autumn Statement.
- Liverpool City Region, Greater Manchester and the Greater London Authority will pilot 100% retention of business rates, with other areas to be confirmed.

Supporting strong communities with excellent public services

- Local authorities have been given the option to demonstrate efficiency savings and publish an efficiency plan, in exchange for a commitment from government to provide a four-year financial settlement to 2020.
- Local authorities can now set an additional 2% precept on council tax bills in order to fund adult social care. The Department estimates this could raise up to £2 billion by 2020.
- The Better Care Fund plans are approved and £5.3 billion was pooled with Health & Wellbeing Boards during 2015-16. Recipients are now planning how to spend this funding.
- All local authorities have committed to the Troubled Families Programme, and the Department expects to make further payment by results during 2016-17.

Looking ahead at the context of the Department's work

There is uncertainty in the wider landscape, and the Department's plans will further change the landscape.



The Department received European Regional Development Fund (ERDF) income of £313 million and distributed ERDF expenditure of £296 million during the year to March 2016. Following the referendum on membership of the European Union there is uncertainty as to the future of this funding, which was agreed at €3.6 billion in the period 2014 to 2020.

The Department, along with other departments, negotiated an early exit from its contract with its shared service provider during May 2016. The Department believed that the benefit of staying in contract was smaller than the cost of leaving it. The Department is likely to be negotiating alternative service provision for some administrative functions.

The Department ran a consultation on the Homes & Communities Agency.[1] It sought views on various topics, such as clarity of purpose and effectiveness of functions, to ensure that the Agency is well-placed to deliver the government's objectives.

Dame Louise Casey CB is leading a review into opportunity and integration in some of our most isolated communities. The review began in July 2015, and will lead to a report with recommendations in due course.

The government ran a consultation on business rates and delivering more frequent revaluations.[2] It sought views on how more frequent revaluations could be delivered.

In December 2015 the Cabinet Office published the response to a consultation looking at establishing a public service ombudsman.[3] The outcome directly affects the Local Government Ombudsman, which will be merged with the Parliamentary and Health Service Ombudsman. The Housing Ombudsman is not directly affected as it can choose to transfer in its role and function at a later date.

1 www.gov.uk/government/consultations/homes-and-communities-agency-review-call-for-evidence
2 www.gov.uk/government/consultations/business-rates-delivering-more-frequent-revaluations
3 www.gov.uk/government/consultations/public-service-ombudsman

Troubled Families – an overview

The Committee of Public Accounts is holding a recall session on 19 October 2016; below are a selection of facts on the Troubled Families Programme (TFP).

10 December 2010: Prime Minister David Cameron gave a speech on families and announced funding available to "work with up to 500 troubled families" under an initiative to be headed by Emma Harrison CBE (former Chair of A4e).

6 to 11 August 2011: rioting in several parts of London and other towns and cities across England. In a speech on 15 August David Cameron referred to his December 2010 announcement and stated "I will … put rocket boosters under this programme … we will turn around the lives of the 120,000 most troubled families in the country."

12 October 2011: Louise Casey CB appointed head of a new Troubled Families Team, a director-general post within the Department.

28 March 2012: the Department published the financial framework for the TFP. Up to £4,000 was payable per family to the local authority for a successful intervention achieving specific outcomes. These interventions were to be self-verified, with claims for funding subject to clearance by the local authority's internal auditor and made under the personal authority of the local authority CEO. Each local authority was also to be subject to at least one spot-check during the programme, with invalid claims rejected.

11 June 2012: the Department announced that all eligible local authorities had signed up to the TFP.

8 October 2012: the Department announced that local authorities have committed to work with 41,835 families by the end of March 2013, with £111.6 million of the £448 million budget already paid out.

23 January 2013: the Department published a report setting out "the cost of troubled families". This suggested local areas spend between £50,000 and £100,000 per troubled family per year, up to 10 times spent on "the average family".

14 March 2013: the Department announced that the TFP will be independently evaluated by the Ecorys UK consortium. The contract runs from 2013 to 2016 and "it will produce regular interim reports and its findings will be made public".

24 June 2013: HM Treasury announced the TFP is to be expanded, with a further £200 million to help 400,000 "high-risk families"

10 September 2013: 14,000 families had been recorded as "turned around" since the TFP began.

1 May 2014: David Cameron welcomed the news that 40,000 families had been turned around.

22 July 2014: Ecorys published an interim report to the end of December 2013. It focussed on data presentation rather than interpretation, as the data collection was in its early stages and not necessarily representative or of sufficient quality.

22 December 2014: the Department announced 85,000 families had been turned around and 99% of the 120,000 were being actively worked with.

5 March 2015: the Department published the final version of the financial framework for the expanded TFP.

22 June 2015: David Cameron praised the TFP as it announced more than 116,000 families turned around.

8 August 2016: An allegation is made that the Ecorys evaluation was finalised in November 2015 and is not published due to it being 'suppressed'. The Department states that this allegation is untrue; that the report was not finalised at the time the allegation was made, and that the report was therefore not ready for publication.

Accountability

Accountability to Parliament for taxpayers' money is part of good public management and democratic government. The NAO's work shows that as the complexity of policy and implementation has increased, the balance of pressures on accounting officers (AOs) has shifted to potentially undermine accountability to Parliament. Ministers often perform a more 'executive' role in policy implementation and have greater involvement in top civil service appointments, while appointing special advisers to act on their behalf. This appears to have tilted the balance so that AOs have greater pressures to give weight to political drivers rather than public value.[1]

1 Our report Accountability to Parliament for taxpayers' money in February 2016 was followed by a Committee of Public Accounts report in May 2016. The reports focused on the responsibility of departmental AOs to account to Parliament for the use of taxpayers' money.

Systems of accountability

AOs operate at the head of a system of accountability. There are four essentials of accountability (next page), which AOs need to ensure their accountability systems operate effectively.

The AO's role has increasingly had to adapt to wider changes in government that make accountability more complex, such as greater local devolution, outsourcing and cross-cutting working. AOs now commonly delegate, devolve or share delivery responsibilities.

Accountability system statements are prepared by some departments to explain their responsibilities for locally devolved funding. The Committee of Public Accounts recommended all departments should prepare accountability system statements from 2016-17. We highlighted the Department's two statements on page 9.

Government generally has poor performance and cost data for overseeing systems of accountability. New single departmental plans (SDPs) were intended to improve this, but they have only limited usefulness for public and parliamentary accountability. We look at the Department's SDP on page 4.

AOs' responsibilities for public money

AOs are responsible for using public resources wisely and safeguarding taxpayers' interests. AOs lack the confidence to challenge ministers over the feasibility or value for money of policies or decisions.

AOs can request a formal ministerial direction to proceed with a policy or course of action where they have serious concerns about its propriety, regularity, feasibility or value for money. This is often seen as the 'nuclear option' and is rarely used. This measure has not been used in the Department since the end of the last Labour government.

AOs should provide more transparent and visible assurance to ensure decision-making is robust and accountable, for example by providing positive assurance over stages of major projects and policy initiatives, and by raising concerns through documented 'AO assessments' where they consider public money to be at risk.

Accountability *continued*

Accountability essentials

1 A clear expression of spending commitments and objectives

Clear information about government's spending and financial commitments, and what objectives it expects to achieve, provides the basis for Parliament to track how taxpayers' money has been spent.

Parliament needs to know what it is holding AOs accountable for. For example, for a specific project, AOs need to identify expected spending over its lifetime, as well as the aims or outcomes it is intended to achieve.

2 A mechanism or forum to hold to account

Accountability mechanisms provide the means through which Parliament can exercise its ability to hold to account those responsible for public spending. This includes challenging how money was spent.

- Examples include requirements for AOs to report to Parliament on spending, or local bodies' duty to appear before local scrutiny committees.
- Accountability mechanisms are informed by the checks on spending provided by both internal and external audit.

3 Clear roles and someone to hold to account

Clear roles and responsibilities enable Parliament to know who it should hold to account for specific spending, projects or programmes.

- AO are responsible for all spending incurred by their department, agency or non-departmental public body.
- Other individuals bear specific responsibilities to account for their actions: for example, senior responsible owners of major projects are directly accountable to Parliament for project implementation.

4 Robust performance and cost data

Accurate, trusted, comparable and up-to-date data on performance and costs allow Parliament to judge what value for money has been delivered for the taxpayer.

This enables Parliament to hold those responsible to account for poor performance, especially for the objectives identified as part of (1) above.

Relevant data include: business reporting and management information; programme monitoring data; central reporting requirements for expenditure or major projects; and performance metrics in departmental plans.

Bodies in the Departmental Group

Body	Total Comprehensive Expenditure (£'000)	Net assets (£'000)	Number of staff
Department for Communities and Local Government	29,768,163	(537,336)	1,698
Planning Inspectorate	41,374	472	679
Queen Elizabeth II Conference Centre	(415)	12,025	44
Ebbsfleet Development Corporation	3,045	185	23
Homes & Communities Agency	73,785	5,842,213	912
Housing Ombudsman	(333)	1,858	54
Leasehold Advisory Service (2014-15 figures)	(15)	272	22
Valuation Tribunal Service	9,348	(21,468)	78
Building Regulations Advisory Committee	N/A – Committee funded by the Department and does not prepare separate accounts		
Architects Registration Board	(976)	3,901	20
Local Government Ombudsman	8,402	(22,567)	164

National Audit Office reports on the Department

A Short Guide to the Department for Communities and Local Government

National Audit Office, July 2015

Report title	Conclusion extract	Date of report
Local government new burdens	The Department needs to use intelligence from the new burdens regime better, to improve its understanding of pressures affecting local authorities' financial sustainability. Even though many new burdens are small, their cumulative impact could matter and should be considered when government sets local authority funding.	11 June 2015
Disposal of public land for new homes	DCLG and HCA should decide which organisations must take responsibility for monitoring what happens to land after disposal within the period that the target applies … This information should be collated at the programme level to give a better indication of programme impact on homebuilding and enable an assessment of value for money.	24 June 2015
Devolving responsibilities to cities in England: Wave 1 City Deals	Delivering the deals will require a long-term commitment from government and cities to monitor projects and the deals as a whole … Developing a robust, shared approach to measurement will be key to understanding what initiatives have the biggest impact on growth and therefore provide value for money in a more devolved environment.	9 July 2015
Financial sustainability of fire and rescue services	To ensure the continued financial and service sustainability of the sector in the context of ongoing funding reductions, we would expect the Department to have a fuller understanding of the appropriate funding level necessary to support services. Equally it should oversee an accountability system capable of providing robust assurance that authorities are maintaining service standards and delivering value for money locally.	5 November 2015
Impact of funding reductions on fire and rescue authorities	While the sector as a whole has coped well with funding cuts, there are emerging signs of potential financial stress at some authorities. In addition, though casualties have continued to go down overall, there are potential signs these improvements are slowing down in some areas.	5 November 2015

National Audit Office reports on the Department *continued*

Report title	Conclusion extract	Date of report
Local welfare provision	The need for local welfare provision in different places will change as a result of the government's welfare reforms and local circumstances. However, many councils have only a limited understanding of the drivers of demand for this sort of support and the consequences of not providing it. Without this, they cannot know whether their local welfare provision is meeting people's needs cost-effectively and whether it reduces the need for more costly public services.	12 January 2016
Local Enterprise Partnerships	Our work shows that LEPs themselves have serious reservations about their capacity to deliver and the increasing complexity of the local landscape, and there is a risk that projects being pursued will not necessarily optimise value for money.	23 March 2016
English devolution deals	The government can do more to provide confidence that devolution deals can support economic growth and better value for money by resolving the issues we have identified relating to accountability, administrative geography and impact measurement.	20 April 2016
Financial sustainability of local authorities: capital expenditure and resourcing	The Department needs to strengthen its understanding of the capital issues faced by local authorities … Without this understanding of broader trends the Department will not be well placed to anticipate risks to value for money from changes in authorities' capital programmes as they come under greater financial pressure.	15 June 2016

The Department’s ministers and management

The Rt Hon Sajid Javid MP – Secretary of State for Communities and Local Government (since July 2016)

Gavin Barwell MP – Minister of State for Housing and Planning, Minister for London (since July 2016)

Marcus Jones MP – Parliamentary Under-Secretary of State (Minister for Local Government) (since May 2015)

Andrew Percy MP – Parliamentary Under-Secretary of State (Minister for the Northern Powerhouse) (since July 2016)

Lord Bourne of Aberystwyth – Parliamentary Under-Secretary of State for Communities (since July 2016)

Melanie Dawes CB – Permanent Secretary (since March 2015)

Jo Farrar – Director General, Local Government and Public Services (since August 2016)

Helen MacNamara – Director General, Housing and Planning (since September 2016)

Simon Ridley – Director General, Decentralisation and Growth (since September 2015)

Dame Louise Casey CB – Director General, Casey Review Team (since July 2015)

Stephen Meek – Director, Strategy, Communications and Private Office (since November 2015)

Christine Hewitt – Director, People, Capability and Change (since October 2015)

Jacinda Humphry – Finance Director (since April 2015)

Stephen Aldridge CB – Chief Scientific Adviser (since December 2012)

Staff attitudes and engagement

The government has conducted its Civil Service People Survey annually for the past six years. The most recent survey was carried out in October 2015.

The Department has scored above the civil service average in all nine key themes in the 2015 survey, but its results in two of the nine themes have decreased since 2014.

Results of the Department's People Survey 2015.

Attitudes of staff in 2015 compared with 2014

Key

- Results in 2015
- Increase since 2014
- Decrease since 2014
- No change

Theme	Results in 2015	Change since 2014	Civil service average
My work	77%	-1	74%
Organisational objectives and purpose	84%	+3	83%
My manager	73%	No change	68%
My team	83%	+1	79%
Learning and development	58%	+4	49%
Inclusion and fair treatment	77%	No change	74%
Resources and workload	74%	-1	73%
Pay and benefits	38%	+7	30%
Leadership and managing change	52%	+2	43%

Engagement index 2015 and 2014

Sources: Civil Service People Survey 2015 and 2014