A Short Guide to the Department for Communities and Local Government
About this guide and contacts

This Short Guide summarises what the Department for Communities and Local Government does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

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The National Audit Office 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 £734 million in 2016.
Overview

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Where the Department spends its money

Spending reductions
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Key facts

**31.5%**
decrease in the Department’s overall budget from £41.5 billion in 2010-11 to £28.4 billion in 2016-17.

**£7 billion**
decrease in grant funding paid by the Department to local authorities between 2013-14 and 2016-17.

**£7.4 million**
committed by the Department to support 14 new garden villages and three new garden towns.

**£9.1 billion**
allocated to Local Enterprise Partnerships through local growth deals.

**50**
initiatives for local growth for the past 40 years, with 17 currently active.

**8**
devolution deals agreed in Greater Manchester, Cambridgeshire and Peterborough, Cornwall, Liverpool City Region, Sheffield City Region, Tees Valley, West Midlands and the West of England (by June 2017).

**38**
Local Enterprise Partnerships covering all of England. These are business-led partnerships with local authorities, and are charged with improving economic growth.

**1.5 million**
The Department’s aim for 1 million homes to be delivered between 2015 and 2020 and a further 0.5 million homes to be delivered by 2022.
The job of the Department for Communities and Local Government (the Department) is to “create great places to live and work, and to give more power to local people to shape what happens in their area”.

The Department has four strategic objectives:

**Fixing our broken housing market**
- Building the right homes in the right places
- Overseeing a housing and planning system that works for everyone
- Helping people now

**Growing our local economies**
- Strengthening local institutions to help them drive growth and productivity
- Helping areas to create local economic strategies
- Investing in creating local jobs and growth

**Building integrated communities**
- Creating a fair society, where everyone can prosper, through improvements in community cohesion and integration
- Working with faith and community leaders, the Home Office and local authorities to identify the causes of a lack of integration

**Supporting more effective public services**
- Supporting local authorities to move onto sustainable operating models and transform local services
- Encouraging the integration of services and administration between and within councils to promote savings and improve local services

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The Department is supported by 11 agencies and public bodies

**Executive agencies**
- Planning Inspectorate, Queen Elizabeth II Conference Centre

**Executive non-departmental public bodies**
- Ebbsfleet Development Corporation, Homes and Communities Agency, Housing Ombudsman, Leasehold Advisory Service, Valuation Tribunal Service

**Advisory non-departmental public body**
- Building Regulations Advisory Committee

**Tribunal non-departmental public body**
- Valuation Tribunal for England

**Public corporation**
- Architects Registration Board

**Other**
- Local Government Ombudsman
About the Department continued

How the Department is structured

The Department for Communities and Local Government

Local Government and Public Services
- Local government finance and policy
- Neighbourhood empowerment
- Integration and community rights
- Troubled Families programme

Housing and Planning
- Housing supply
- Housing standards and support
- Planning

Decentralisation and Growth
- Devolving powers and budgets to local government

Finance and Corporate Services
- Finance, human resources, change, analysis, legal, and internal audit
- Cross-government management information and transparency
- Performance and places team

Strategy, Communications and Private Office
- Supporting ministers in articulating and driving the delivery of ministerial priorities across the Department
- External and internal communications, campaigns and marketing
- Digital communications
Departmental stakeholders

**The Department**

**Regulation**
Regulators help ensure that rules and legislation are being observed, including:

- Office for Standards in Education, Children’s Services and Skills
- Local Government Boundary Commission for England
- Planning Inspectorate
- Care Quality Commission
- The Electoral Commission
- Health and Safety Executive.

**Parliament**
The Department is accountable to Parliament. Scrutiny is provided through:

- Members of Parliament
- Committee of Public Accounts
- Health Select Committee
- Communities and Local Government Select Committee.

**Professional bodies**
There are a number of local government professional bodies that engage with the Department including:

- Chartered Institute of Public Finance and Accountancy
- Society of Local Authority Chief Executives
- Association of Directors of Adult Social Services
- Association of Directors of Children’s services
- Association of Directors of Environment, Planning and Transport
- Chartered Institute of Housing.

**Departments**
In addition to the Department, local authorities receive funding from and are accountable to several government departments, including:

- Department of Health
- Department for Work & Pensions
- Department for Education
- Home Office
- Department for Transport.

**Representative bodies**
There are a number of local government representative bodies that engage with the Department including:

- Local Government Association
- London Councils
- Special Interest Groups of Municipal Authorities
- Sparsity Partnership for Local Authorities Delivering Rural Services.

**Departmental**
The Department has 11 arm's-length bodies, which have various roles in overseeing, regulating or implementing the Department’s policy areas:

- Planning Inspectorate
- Queen Elizabeth II Conference Centre
- Ebbsfleet Development Corporation
- Leasehold Advisory Service
- Homes and Communities Agency
- Local Government Ombudsman
- Valuation Tribunal Service
- Housing Ombudsman
- Buildings Regulations Advisory Committee
- Valuation Tribunal for England
- Architects Registration Board.
Since March 2015 Melanie Dawes CB has been the Permanent Secretary and Accounting Officer (AO) of the Department, and is directly and personally accountable to Parliament for the Department’s spending.

The Permanent Secretary’s accountability is underpinned by an accountability system described in the Department’s Accounting Officer System Statement. This sets out how the Department receives assurance over the regularity, propriety and value for money of how local authorities spend the money given to them.

There are four principles of accountability. Regularity, propriety and value for money are referenced in the System Statement; however, the fourth principle, feasibility, is not mentioned.

<table>
<thead>
<tr>
<th>Requirement for clear accountability</th>
<th>Example of challenge to this requirement</th>
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</thead>
<tbody>
<tr>
<td>A clear expression of spending commitments and objectives</td>
<td>Under new arrangements, the Department does not have to monitor local spending decisions but still must assure itself that the local accountability system that oversees local spending is effective.</td>
</tr>
<tr>
<td>A mechanism or forum to hold to account</td>
<td>Central government – and the Department – rely on the system of local accountability for assurance over the value for money of funding to local authorities. This includes local checks and balances. Other departments secure assurance for their funding to local authorities from the core accountability system set out in the Department’s System Statement.</td>
</tr>
<tr>
<td>Clear roles and someone to hold to account</td>
<td>The Department is clear that its role is to assure itself that the local accountability system is effective, rather than to monitor whether spending is value for money. The Department’s core principles state that local authorities’ prime accountability is to their local electorate, and that local councillors are best placed to decide what is value for money locally.</td>
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<tr>
<td>Robust performance and cost data</td>
<td>There is no central system for local authorities to report performance data to central government although certain services, such as adult social care, do have specific reporting requirements.</td>
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</tbody>
</table>
This diagram shows how accountability flows between local authorities and the Department, as well as illustrating the other bodies involved in holding local authorities to account.

This complex terrain means it can be difficult to identify who is accountable for what. To aid understanding, departments must publish an Accounting Officer System Statement, which sets out its accountability relationships and processes, and is part of the AO’s personal responsibility to Parliament. The Department publishes two statements, covering local government and the Local Growth Fund.
Where the Department spends its money

The 2016-17 Departmental Group budget of £28.9 billion net expenditure (that is, expenditure less income), can be split between expenditure on 'local government funding' and on 'communities'.

This diagram represents Departmental expenditure on 'local government funding' - money paid by the Department to local authorities.

The diagram on the next page represents Departmental expenditure on ‘Communities’ – money the Department spends on its own schemes and programmes (this also includes money paid to local authorities).

Notes
1 In this diagram, expenditure is presented as positive, and income is presented as negative (in brackets).
2 Business rates tariff and top-ups is a self-funding system, with tariffs paid by local authorities to the Department funding top-ups paid by the Department to local authorities.

Source: Department for Communities and Local Government, Annual Report and Accounts 2016-17
Where the Department spends its money continued

- **Fixing our broken housing market**: £5,540m (£310m)
  - Help to Buy: £2,490m
  - Affordable homes: £446m (£34m)
  - New Homes Bonus: £1,462m

- **Departmental Group: Communities**: £9,577m expenditure (£1,331m) income
  - Other housing: £1,132m (£611m)
  - PFI grants: £192m
  - Community housing fund: £50m

- **Growing our local economies**: £2,783m (£362m)
  - Local Growth Fund: £1,630m
  - European Regional Development Fund: £328m (£300m)
  - Local Enterprise Partnerships: £20m

- **Other (running costs)**: £660m (£396m)
  - £60m (£394m)

- **Other (economies)**: £130m (£43m)
  - Devolution Deals: £288m

- **Other (public services)**: £51m (£2m)
  - Disabled Facilities Grant: £394m (£394m)

- **Other (public services)**: £51m (£2m)
  - Preventing Homelessness: £44m

- **Other**: £51m (£2m)
  - £51m (£394m)

Note 1: Figures may not sum due to rounding.

Source: Department for Communities and Local Government, Annual Report and Accounts 2016-17
Spending reductions

The Department’s expenditure reduced by 31.5% in real terms from £41.5 billion in 2010-11 to £28.4 billion in 2016-17. This was £0.5 billion less than the budgeted £28.9 billion 2016-17 net expenditure seen on pages 10 and 11.

One factor behind the reduction in spend by the Department has been the fall in funding passed to local authorities through a combination of revenue support grant and (locally retained) business rates. Other structural changes in the nature of funding passed through the Department, such as the switch in police formula funding from the Department to the Home Office in 2013-14, have also affected the level of spending by the Department.

The Department does not expect the large spending reductions seen from 2010-11 to 2016-17 to continue. Expenditure of £27.7 billion is planned for 2019-20, a £0.7 billion (2%) decrease on 2016-17.

The Department is planning to increase spending on Housing and Planning from £4.9 billion in 2016-17 to £7.5 billion in 2019-20, as part of the drive to increase house-building and attain its one million homes by 2020 target.

Note 1 This figure is from the 2016-17 Department’s annual report and accounts but is not featured in the graphs above.
Key trends

**RSG (Revenue Support Grant):** a grant given to local authorities which can be used on any service.

**PFI (Private Finance Initiative) Grant:** provides revenue support for local authorities to engage in contracts with the private sector for the provision of services involving new or improved capital assets.

**BRR (Business Rates Retention):** a tax on businesses, based on their properties’ values, and collected by local authorities. Currently 50% of this is retained by the local authority (local share).

**BRR (top-ups):** a local authority receives a top-up if its need is deemed in excess of its local share. This is funded by tariffs taken from local authorities whose local share is in excess of its need. Top-ups are fully funded by the tariffs.

**ERDF (European Regional Development Fund):** EU grant funding intended for investment in the infrastructure and services of under-developed regions.

### The Department’s grants to local authorities

Since 2013-14, most grants to local authorities have stayed fairly constant with the exception of RSG and PFI Grant.

<table>
<thead>
<tr>
<th></th>
<th>Expenditure (£m)</th>
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<tbody>
<tr>
<td>2013-14</td>
<td>40,000</td>
</tr>
<tr>
<td>2014-15</td>
<td>35,000</td>
</tr>
<tr>
<td>2015-16</td>
<td>30,000</td>
</tr>
<tr>
<td>2016-17</td>
<td>25,000</td>
</tr>
</tbody>
</table>

Legend:
- **RSG and PFI Grant**
- **Other grants (including ERDF)**
- **Local share of business rates**
- **Other current grants to local authorities**
- **BRR (top-ups)**
- **Capital grants to local authorities**

Source: Department for Communities and Local Government
House-building fell to its lowest level following the 2008 recession, and is beginning to show signs of picking up. It is unclear whether this is a spike, or whether the upward trend will continue.

The number of households (a group of people requiring a separate home) forming each year has risen at a faster rate than homes built. Since 2011, the cumulative gap between the number of households formed and the number of homes built has increased by 370,000.

### New house-building since 1980

In recent decades house-building has been substantially lower than in the 1980s.

#### Dwellings completed in year

<table>
<thead>
<tr>
<th>Year</th>
<th>Local authority</th>
<th>Housing association</th>
<th>Private</th>
<th>10-year moving average (all house-building)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>75</td>
<td>19</td>
<td>110</td>
<td>249,000</td>
</tr>
<tr>
<td>1990</td>
<td>14</td>
<td>14</td>
<td>136</td>
<td>176,000</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>17</td>
<td>118</td>
<td>148,000</td>
</tr>
<tr>
<td>2010</td>
<td>1</td>
<td>23</td>
<td>83</td>
<td>144,000</td>
</tr>
<tr>
<td>2015</td>
<td>2</td>
<td>30</td>
<td>111</td>
<td>132,000</td>
</tr>
</tbody>
</table>

#### Source

Department for Communities and Local Government

### Note

1. Private dwellings includes those where the tenure of the dwelling is not known at the time of completion.
Major programmes and developments

**Housing** – the white paper *Fixing our broken housing market* was published in February 2017, and sets out the four fronts the government is taking action on.

**Growth** – creation of new bodies to which powers, functions, and budgets can or have already been devolved, including Local Enterprise Partnerships and Combined Authorities, which have a key role in promoting economic growth.

**Social care** – moves to integrate social and health care. The government has stated its intention to produce a green paper on adult social care later in 2017.

In December 2014, the housing minister committed to releasing enough public land with capacity for 150,000 homes by 2020. This was increased by 10,000 in 2015.

The Cities and Local Government Devolution Act 2016 provided for Combined Authority mayors and extended the functions of combined authorities.

The Department is the lead department responding to the Grenfell Tower disaster. It has directly intervened in the recovery efforts at the Royal Borough of Kensington and Chelsea, and put in place a task force.

The Care Act 2014 set out new duties for local authorities with regards to adult social care, including assessing carers for support, provision of information and advice, and a duty to promote integration.

The 2015 Spending Review and Autumn Statement introduced a policy commitment to integrate health and social care services across England by 2020 and required local areas to submit plans by April 2017 on how they will achieve this.

Responsibility for fire services moved from the Department to the Home Office in April 2016. The Home Office took responsibility for net liabilities of £84 million, and net expenditure of £676 million.

The Local Government Finance Bill was not mentioned in the Queen’s Speech, which threw some doubt over whether the 100% business rates retention scheme will be in place by 2019-20.
Key themes from NAO reports during the last Parliament

Financial sustainability and local economic growth
We have reported that local authorities are under financial pressure — a 23.5% real-terms reduction in income was seen between 2010-11 and 2015-16, and a 5.7% reduction between 2015-16 and 2019-20 is predicted. Government has undertaken to assess and fund any new burdens placed on local authorities by any new laws or policy decisions; however, the Department needs to improve understanding of these burdens and other pressures affecting local authorities’ financial sustainability.

NAO report references (Appendix Four)
Care Act first-phase reforms
Local welfare provision
Local government new burdens
English devolution deals
Financial sustainability of local authorities: capital expenditure and resourcing

Accountability and devolution
We concluded on devolution deals which are between the Department and local or regional bodies, lines of accountability are unclear and the overall accountability environment is very complex. We reported on Local Enterprise Partnerships that the Department has adopted a ‘light touch’ approach to overseeing Growth Deals and had not yet tested its assurance mechanisms. We also found Local Enterprise Partnerships are not as transparent to the public as we would expect. The Department updated its assurance framework in November 2016, strengthening the rules to ensure greater transparency on how public money is spent. All LEPs confirmed compliance by 28 February 2017.
Regarding Combined Authorities, there is a clear purpose to their creation, but they introduce inherently complex structures into England’s already complicated local government arrangements.

NAO report references (Appendix Four)
English devolution deals
Progress in setting up combined authorities
Local enterprise partnerships

Use of evidence
A theme in our reports is poor use of evidence. In Planning for 100% local retention of business rates, we concluded that the Department has not made a formal assessment of whether the business rates scheme has promoted local economic growth.

NAO report references (Appendix Four)
Planning for 100% local retention of business rates
Progress in setting up combined authorities
Health and social care integration
Local government new burdens
Personalised commissioning in adult social care
English devolution deals
Funding and oversight of local government

How is it delivered?

Local variation

Recent and planned developments

What are the things to look out for?
How is it delivered?

Most local authority funding is in the form of grant funding from the Department, although some funding comes from other departments.

The majority of funding is not ring-fenced, meaning local authorities can use it at their discretion. There is no expectation or monitoring of how local authorities spend this funding, other than they should spend it lawfully. The Department gets assurance over this through their Accounting Officer System Statement (AOSS).

Where funding is ring-fenced (that is, restricted for a specific purpose or activity), accountability is secured through specific AOSSs. For local authorities, ring-fenced funding is for schools (Department for Education), public health (Department of Health), and local growth (the Department).

As there is a programme of increasing devolution of powers and funding to local government, the Department needs to ensure that accountability arrangements are adaptable enough to meet this change. For previous schemes, the existing accountability structure has proved flexible enough to allow new ways of working while meeting assurance requirements.

Note
1 DEFRA = Department for Environment, Food & Rural Affairs, DH = Department of Health, DCLG = Department for Communities and Local Government, DfT = Department for Transport, HO = Home Office, DfE = Department for Education.
Local variation

The capacity of an area to generate business rates does not necessarily match local demand for services. For instance, there is no correlation between an area’s business rates payable per person and its level of deprivation as demonstrated in the graph to the right.

The business rates retention scheme includes a method for redistribution to address this; where local authorities collect more in business rates than they need to fund services, they pay this extra money to the Department, which then redistributes it to authorities who do not collect enough to meet the baseline funding level set by the Department.

Level of deprivation and gross rates payable per capita by billing authority

The scale of an area’s business rates tax base (per capita) does not necessarily match its level of need for local services

Indices of multiple deprivation (average score), 2015

Note
1 The dotted line is a regression line which shows no correlation between the two variables.

Source: National Audit Office analysis of Department for Communities and Local Government and Office for National Statistics data
Spending power is the measure of how much money local authorities have at their disposal, including council tax and government grants. Between 2010-11 and 2015-16, spending power fell for all local authorities, by between 5% and 40%.

The graph to the right shows the average fall in spending power for each local authority type, and the range across all of that type. Local authorities that traditionally received a larger share of their income from government grants rather than council tax have seen a correspondingly larger reduction in their spending power; however, grant-dependent areas tend to be those with higher levels of need.
Since 2013-14, the amount of grant funding paid by the Department to local authorities has fallen by more than £7 billion. The graph to the right shows that this is due to the Department phasing out Revenue Support Grant (RSG).

Local authority funding is budgeted to fall until 2019-20, although by less than in the recent past. RSG will continue to decrease, and the majority of this decrease will be offset by increases in council tax collected by local authorities. Currently, local authorities as a whole retain roughly half of all business rates they collect (locally retained rates in the graph). The 100% business rates retention scheme was planned to start in 2019-20, although this is now in doubt as it was not included in the 2017 Queen’s Speech.

The NAO will publish a report on local authority financial sustainability in early 2018. This will be an update to our report, on the same topic, of 2014.
Recent and planned developments continued

The Department believes that councils can increase council tax if they need extra funding; however, there are significant obstacles to this in practice, such as:

- different council tax bases between local authorities;
- the ability of local authorities’ residents to pay additional council tax, or their reliance on council tax benefits; and
- referendums on council tax increases above a certain level.

### The Department’s grants to local authorities

**Decreases in RSG grants are the largest area of decreasing grants to local authorities**

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Source: Department for Communities and Local Government

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**ERDF (European Regional Development Fund):** EU grant funding intended for investment in the infrastructure and services of under-developed regions.
What are the things to look out for?

Increasing demand

Alongside reductions in local authority funding, the Department has seen a significant increase in demand across a range of key service user groups.

Between 2010-11 and 2015-16 local authorities experienced a real-terms decline in government funding of 36%, while England’s population grew by 4%.

However, there has been even more rapid growth in key service user groups including:

- 8% increase in looked after children;
- 11% growth in those aged 85 and above; and
- 16% growth in homeless households.

Even if funding was not reducing, the Department and local authorities would need to find savings in order to deliver the same level of service to a larger number of users.

The Department’s oversight

We have noted in our report Progress in setting up combined authorities, that while there is a clear overall framework of accountability for combined authorities, their capacity is currently limited, and there is a risk that local councillors will have limited capacity for the overview and scrutiny of combined authorities.

We have also reported where accountability arrangements do not meet the needs of new local government structures. In Health and social care integration, we reported that the different systems of accountability between health care and social care act to separate the two care systems, thereby creating a barrier to integration.

Change in key service user groups, 2010-11 to 2015-16

Change in size of user group (indexed: 2010-11 = 100%)

Total population

Households assessed as homeless

Population aged 85 and over

Looked after children

Source: National Audit Office analysis of departmental and Office for National Statistics data
Housing

How is it delivered?
In your area
Recent and planned developments
What are the things to look out for?
The Department has lead responsibility within central government for housing and homelessness. Its core functions include:

- designing programmes, introducing legislation and coordinating cross-government efforts supporting its housing objectives;
- relieving and preventing homelessness;
- funding a range of housing programmes;
- oversight of social housing;
- overseeing the planning system by setting out national principles, taking over nationally significant applications from local authorities and part-funding the Planning Inspectorate; and
- overseeing the housing funding system for local authorities, and taking the policy lead on local authorities’ statutory duties on housing and planning.

The Department does not have responsibility for physically building houses. Its focus is on stimulating the house-building market and incentivising private builders to build more homes of the type needed, and in the areas of highest housing need.

The graph to the right shows that private developers have built most houses since 1980, with very little by local authorities. House-building has experienced a general decline, particularly after the 2008 recession.
In your area

In 2016, there were 23.7 million homes in England.

Residential property values

Estimates suggest that England’s housing stock is worth more than £6 trillion, up £1.5 trillion from 2010.

There are substantial regional variations in residential property values. Prices of semi-detached houses in London and parts of the South East are three times higher than in Yorkshire and the Humber, the North East, the North West and the Midlands.

This gap has widened: in 1995 a semi-detached house in London cost 64% more than the median price for England (£88,000 compared with £53,500); by 2016 this had risen to 158% (£502,500 compared with £195,000).

Vacant housing

Of dwellings in England 2% are either vacant in the long term or used as second homes.

Long-term vacancy (six months or longer) is highest in the North East and North West; however, between 2008 and 2016, the number of long-term vacant dwellings fell by 39% across England.

Second homes are concentrated in a relatively small number of local authority areas. One-third of second homes are located in 21 council areas: mostly in coastal areas, and four in inner London.
Recent and planned developments

The Department has sought to address the issues in the housing market through its housing strategy. The white paper *Fixing our broken housing market* was published in February 2017, and sets out the four fronts the government is taking action on.

- **Planning for the right homes in the right places** – requiring local authorities to have up-to-date and “ambitious” plans for local housing, and making more land available in the right places.

- **Building homes faster** – removing planning conditions which “cause unnecessary delays”, to help homes be built and occupied faster, and holding developers and local authorities to account for the delivery of new homes.

- **Diversifying the market** – backing small and medium-sized builders, including through the Home Building Fund (offers £3 billion in loan finance) and supporting housing associations and local authorities to build more homes.

- **Helping people now** – continuing to support people to buy their own home, through the Help to Buy and Starter Homes programmes, and giving local authorities powers to fine or prosecute the worst landlords, and a duty to intervene in households at risk of homelessness.

**Garden settlements**

Part of the Department’s strategy to deliver new homes is to support new garden towns and villages. The Department announced in January 2017 that it will support the development of 14 garden villages and a further three garden towns, in addition to the existing seven garden towns in development.

The Department estimates that all garden towns and villages will add an extra 200,000 homes in total over 20 to 30 years.

The Department has committed £6 million to support the 14 garden villages, and £1.4 million for the three new garden towns.

The Department has offered support to all new garden settlements, including planning freedoms and brokerage.
What are the things to look out for?

There are roughly 227,000 households forming each year in England. However, over the past 10 years, an average of 166,000 additional homes have been delivered annually.

166,000
Average number of homes delivered annually since 2007.

227,000
New households formed annually.

The Department set itself the target of a net addition of 1.5 million homes over the seven years to 2022 which equates to 214,000 net additions of homes per year, leaving a shortfall of 13,000 homes per year when compared with the number of new households formed annually.

The cumulative gap between households formed and homes built has increased by 370,000 since 2011.

Each year, government spends £20.9 billion on housing benefit. Of this, £8.4 billion goes to housing associations. Housing associations use their rental income to borrow and invest in building new homes. However, neither the Department nor the Department for Work & Pensions are able to identify how much the £8.4 billion has contributed to new homes.

A further £8 billion of housing benefit goes to private tenants. This money subsidises rent, and does not directly contribute to new housing.

77,240

£1.15 billion
Local authority spending on homelessness services during 2015-16, a rise of 22% in real terms since 2010-11.
How is it delivered?

The Department uses a number of mechanisms to help it achieve its goals for local economic growth, many through devolution. The key ones include:

**Local Economic Partnerships (LEPs)**

Business-led partnerships between the private sector and local authorities; 39 initially established – now 38 after the merger between the Northamptonshire LEP and the South East Midlands LEP.

Determine and influence local growth priorities.

Funding is through the [Local Growth Fund](#), £12 billion from 2015-16 to 2020-21, largely drawn from existing funding streams. In 2014, £6.3 billion of this fund was allocated to LEPs through [local growth deals](#), with an additional £1 billion allocated in 2015 and a further £1.8 billion allocated in 2017. LEPs estimated the first two growth deals could create up to 419,500 jobs.

LEPs have strategic direction for £5.3 billion of European structural and investment funding between 2014 and 2020.

**Devolution deals**

Agreements which move funding, powers and responsibilities from central to local government, typically through the creation of combined authorities and the institution of directly elected mayors.

Objectives in broad terms are around economic growth and rebalancing, public service reform and enhanced local accountability. Aim is for local authorities to have more freedom to support businesses, thereby driving economic growth.

**Combined authorities**

Corporate bodies formed of two or more local government areas.

Regarded by government as central to its efforts to stimulate economic growth outside the economically higher performing regions of London and the South East.

They are the main vehicle for devolution deals and seen as the ‘next step’ in devolution. As of July 2017, seven of the nine combined authorities had devolution deals.

The Department does not give funding for planning, management or running costs of mayors’ offices but largely funds delivery of specific programmes, such as apprenticeships grants.

**Planning**

Government has simplified planning regulations with the publication of the [National Planning Policy Framework](#) in 2012. Every area in England should publish a local plan to provide the framework for development across England, specifically including policies for economic development.
Devolution deals and Combined Authorities

As of June 2017, devolution deals have been agreed in: Greater Manchester, Cambridgeshire and Peterborough, Cornwall, Liverpool City Region, Sheffield City Region, Tees Valley, West Midlands and the West of England. All have a directly elected mayor except Cornwall and Sheffield, which intends to elect a mayor in 2018. A proposed devolution deal with Lincolnshire was scrapped after local authorities voted against it in October 2016.

London, which has had a directly elected mayor and assembly since 2000, has also reached agreement with government in recent years to receive greater powers, including over further education and employment support.

Local Enterprise Partnerships

£9.1 billion funding has been allocated to LEPs through growth deals. There is a wide variation in funding allocated to LEPs, which vary in geographic and population size. Leeds City Region LEP received the largest funding allocation of £695 million, followed by Greater Manchester LEP (£663.4 million). Cumbria LEP received the smallest allocation at £60.4 million.
Recent and planned developments

Planning

The government has introduced a number of new measures to simplify the planning system, intending to make it easier for developers to deliver housing in the places where people want to live, including ‘Permission in principle’; this gives developers more certainty over whether a site is suitable for development ahead of working up costly proposals to obtain full planning permission.

Published in February 2017, the white paper Fixing our broken housing market sets out a broad range of reforms that government plans to introduce to help reform the housing market and increase the supply of new homes. For planning, the focus is on making the process easier for plans to be produced. This includes identifying need in terms of numbers and locations of homes, clarifying which land is and is not realistically developable, and planning in conjunction with communities and across local authority boundaries.

The Department intends for these changes to create a more efficient housing market and to boost infrastructure development, which in turn support wider economic prosperity.

Economic growth

As the graph below shows, there have been 50 initiatives for local growth for the past 40 years, with 17 currently active.

Regular changes in initiatives for local growth

Successive governments have implemented policies to stimulate growth, swinging between local and regional-level implementation.

1. Urban Programme (expansion)
2. Urban Development Corporations
3. Urban Development Grant
4. Derelict Land Grant
5. Regional Development Grant (revision)
6. City Action Teams
7. Urban Regeneration Grant
8. City Grant
9. Inner City Compacts
10. Regional Enterprise Grant
11. Action for Cities
12. Training and Enterprise Councils
13. City Challenge
14. English Partnerships
15. Single Regeneration Budget
16. Enterprise Grant Scheme
17. Selective Finance for Investment
18. Government Offices for the Regions
19. Regional Development Agencies
20. New Deal for Communities
21. Urban Regeneration Companies
22. Neighbourhood Renewal Fund
23. Local Strategic Partnerships
24. Neighbourhood Management Pathfinder
25. Local Authority Business Growth Initiative
26. Housing Market Renewal Pathfinders
27. Working Neighbourhoods Fund
28. Local Area Agreements
29. Local Enterprise Growth Initiative
30. City/Economic Development Companies
31. Multi-Area Agreements/City Region Pilots
32. Future Jobs Fund
33. National Coalfields Programme
34. Business Improvement Districts
35. Grants for Business Investment
36. Homes and Communities Agency
37. Community Budgets
38. Enterprise Zones (new phase)
39. Regional Growth Fund
40. Local Enterprise Partnerships
41. Growing Places Fund
42. Combined Authorities
43. City Deals
44. Business Rate Retention
45. Tax Increment Finance
46. Devolution Deals
47. Local Growth Fund
48. Coastal Communities Fund
49. Mayoral Development Corporations (outside London)
50. Combined Authority Mayors

Source: National Audit Office
What are the things to look out for?

**Local Enterprise Partnerships**

The Department has not set specific quantifiable objectives for what it intends to achieve through growth deals, meaning that it will be difficult to assess how they have contributed to economic growth. The Department requires LEPs to report on a number of metrics to assess the impact of Growth Deals. Following the Growth Deal 3 awards the Department is re-negotiating forecasts with LEPs.

Our work showed that LEPs themselves had serious reservations about both their capacity to deliver. Following our report, the Department provided £20 million a year to build capacity and through Local Growth Deals, is working with LEPs to build capability.

We found that LEPs rely on their local authority partners for staff and expertise, and that private sector contributions had not yet materialised to the extent expected.

LEPs estimate that the first two growth deals could create up to 419,500 jobs. However, the Department did not consider that it would be possible to distinguish the impact of growth deal spending from other policy initiatives supporting local economic growth. As a result, it did not translate the growth deal’s high-level objectives into specific measures for success, such as how many additional jobs or houses it was aiming to create directly. It will therefore be challenging to assess the value for money of growth deals.

**Planning**

Every area in England is expected to have a local plan showing where homes should be built to better meet need.
Appendices

- Appendix One – Exiting the European Union
- Appendix Two – Staff and pay in 2016-17
- Appendix Three – Staff attitudes and engagement
- Appendix Four – Recent NAO reports
- Appendix Five – Sponsored public bodies
Exiting the European Union

The Department has 24 policy areas, of which the following are key examples of the implications will be affected by the exit from the European Union for the Department’s business:

- Business Regulation – all regulations may be subject to change as part of legislative changes in the Repeal Bill;
- City Deals and Growth Deals – impacted by reduction in European Union funding;
- European funds and managing the European Regional Development Fund (the ERDF 2014–2020 programme in England has €3,628 million (approx. £2,830 million) of EU funding budgeted, to be complemented by €2,916 million (approx. £2,275 million) national funding) – impacted by reduction in European Union funding;
- Local Enterprise Partnerships and Enterprise Zones – impacted by reduction in European Union funding; and
- Community integration – impacted by migration after exit.

The Chancellor of the Exchequer announced local areas with existing European Union funding agreements signed-off by the time Britain exits the European Union will receive replacement funding at the time of exit. The Department reaffirmed this commitment in a letter to the Local Government Association in April 2017. ERDF contracts have so far agreed funding of £1,181 million on selected projects.

There are plans for a shared prosperity fund to replace EU Structural Funds from 2020, based on the Building our Industrial Strategy green paper published before the General Election in June 2017.

Note:
1 HM Treasury has guaranteed an exchange rate of 0.78 for programming purposes.
The civil service has a shortage of the digital, project delivery and commercial skills that it needs to deliver planned departmental transformation, major projects and preparations to exit the European Union. It is working to improve workforce planning and to build specialist capability through cross-government functions, but this will take time to take effect.

An NAO survey, conducted in 2016, has indicated that the Department will need an additional 45 full-time equivalent staff in order to deliver its major projects.

In the departmental group, the Department and Homes and Communities Agency dominate in terms of staff numbers and cost. This is to be expected, as these bodies are the ones with the more complex and wide-ranging activities.

The Department’s gender balance for senior civil servants and its wider workforce is balanced, at almost 50:50; this is in line with the civil service average. There are no female ministers, but almost two out of three Board members are female. In terms of ethnicity, the Department is almost twice as diverse as the civil service average, but employs a slightly smaller proportion of disabled people than the civil service average.

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![Workforce in the Department for Communities and Local Government 2016-17](image-url)

**Workforce in the Department for Communities and Local Government 2016-17**

<table>
<thead>
<tr>
<th>Staff gender</th>
<th>Disability</th>
<th>Ethnicity</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>78%</td>
<td>65%</td>
<td>0%</td>
</tr>
<tr>
<td>Male</td>
<td>22%</td>
<td>35%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Staff breakdown 2016-17 (full-time equivalent)**

<table>
<thead>
<tr>
<th></th>
<th>Core Department</th>
<th>Homes and Communities Agency</th>
<th>Planning Inspectorate</th>
<th>Remaining arm’s-length bodies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff numbers</td>
<td>1,500</td>
<td>829</td>
<td>630</td>
<td>352</td>
<td>3,311</td>
</tr>
<tr>
<td>Costs (£m)</td>
<td>84,161</td>
<td>56,565</td>
<td>33,495</td>
<td>20,801</td>
<td>195,022</td>
</tr>
</tbody>
</table>

Sources: Department for Communities and Local Government annual report and accounts, 2016-17
Appendix Three – Staff attitudes and engagement

The government has conducted its Civil Service People Survey annually for the past eight years. The most recent survey was carried out during October 2016.

The Department scored higher than the civil service average in all areas, and improved on its score from 2015 in all areas except for pay and benefits, which saw a 1% decrease.

Compared with the civil service average, the Department has scored higher in all areas. This shows that the Department’s staff are more positive about and engaged with the work of their department.

Except for pay and benefits, all of the Department’s scores have increased by 10 percentage points or more over the past five years. The pay and benefits score has remained almost the same during the past five years.

Data sourced from the 2016 ONS Annual Civil Service Statistics.

### Attitudes of staff in 2016 compared with 2015 – Department for Communities and Local Government

<table>
<thead>
<tr>
<th>Key</th>
<th>My work</th>
<th>Organisational objectives and purpose</th>
<th>My manager</th>
<th>My team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results in 2016</td>
<td>86%</td>
<td>83%</td>
<td>75%</td>
<td>84%</td>
</tr>
<tr>
<td>Increase since 2015</td>
<td>+2%</td>
<td>+2%</td>
<td>+2%</td>
<td>+1%</td>
</tr>
<tr>
<td>Decrease since 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No change</td>
<td>75%</td>
<td></td>
<td>Civil service average</td>
<td>Civil service average</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Learning and development</th>
<th>Inclusion and fair treatment</th>
<th>Resources and workload</th>
<th>Pay and benefits</th>
<th>Leadership and managing change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results in 2016</td>
<td>61%</td>
<td>79%</td>
<td>75%</td>
<td>55%</td>
</tr>
<tr>
<td>Increase since 2015</td>
<td>+2%</td>
<td>+2%</td>
<td>+1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Decrease since 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No change</td>
<td>50%</td>
<td>76%</td>
<td>73%</td>
<td>43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement index 2016</th>
<th>Civil service benchmark 2016 (59%)</th>
<th>Civil service benchmark 2015 (58%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Department 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Department 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning Inspectorate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Civil Service People Survey 2016 and 2015
## Appendix Four – Recent NAO reports

<table>
<thead>
<tr>
<th>NAO report</th>
<th>Date published</th>
<th>Committee of Public Accounts report</th>
<th>Treasury Minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress in setting up combined authorities</td>
<td>6 June 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning for 100% local retention of business rates</td>
<td>29 March 2017</td>
<td></td>
<td></td>
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<tr>
<td>Health and social care integration</td>
<td>8 February 2017</td>
<td>Integrating health and social care</td>
<td></td>
</tr>
<tr>
<td>Housing in England: overview</td>
<td>19 January 2017</td>
<td>Housing: State of the Nation</td>
<td></td>
</tr>
<tr>
<td>Departmental overview 2015-16: Department for</td>
<td>9 November 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communities and Local Government</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The Troubled Families programme: update</td>
<td>18 October 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal of public land for new homes: a progress report</td>
<td>12 July 2016</td>
<td>Progress with the disposal of public land for new homes</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Financial sustainability of local authorities:</td>
<td>15 June 2016</td>
<td>Financial sustainability of local authorities</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>capital expenditure and resourcing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>English devolution deals</td>
<td>20 April 2016</td>
<td>Devolution in England: governance, financial accountability and following the taxpayer pound</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Local Enterprise Partnerships</td>
<td>23 March 2016</td>
<td>Cities and local growth</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Personalised commissioning in adult social care</td>
<td>3 March 2016</td>
<td>Personal budgets in social care</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Accountability to Parliament for taxpayers’ money</td>
<td>23 February 2016</td>
<td>Accountability to Parliament for taxpayers’ money</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Local welfare provision</td>
<td>12 January 2016</td>
<td></td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Devolving responsibilities to cities in England:</td>
<td>9 July 2015</td>
<td>Devolving responsibilities to cities in England: Wave 1 City Deals</td>
<td>Treasury Minute</td>
</tr>
<tr>
<td>Wave 1 City Deals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal of public land for new homes</td>
<td>24 June 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local government new burdens</td>
<td>11 June 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Care Act first-phase reforms</td>
<td>11 June 2015</td>
<td></td>
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</tr>
</tbody>
</table>
Links to the website of sponsored bodies/arm’s-length bodies, executive agencies and executive non-departmental public bodies

Department for Communities and Local Government
www.gov.uk/government/organisations/department-for-communities-and-local-government

Planning Inspectorate
www.gov.uk/government/organisations/planning-inspectorate

Queen Elizabeth II Conference Centre
www.qeicc.co.uk/

Ebbsfleet Development Corporation
http://ebbsfleetdc.org.uk/

Homes and Communities Agency
www.gov.uk/government/organisations/homes-and-communities-agency

Housing Ombudsman
www.housing-ombudsman.org.uk/

Leasehold Advisory Service
www.lease-advice.org/

Valuation Tribunal Service
www.valuationtribunal.gov.uk/

Building Regulations Advisory Committee
www.gov.uk/government/organisations/building-regulations-advisory-committee

Architects Registration Board
www.arb.org.uk/

Local Government Ombudsman
www.lgo.org.uk/