

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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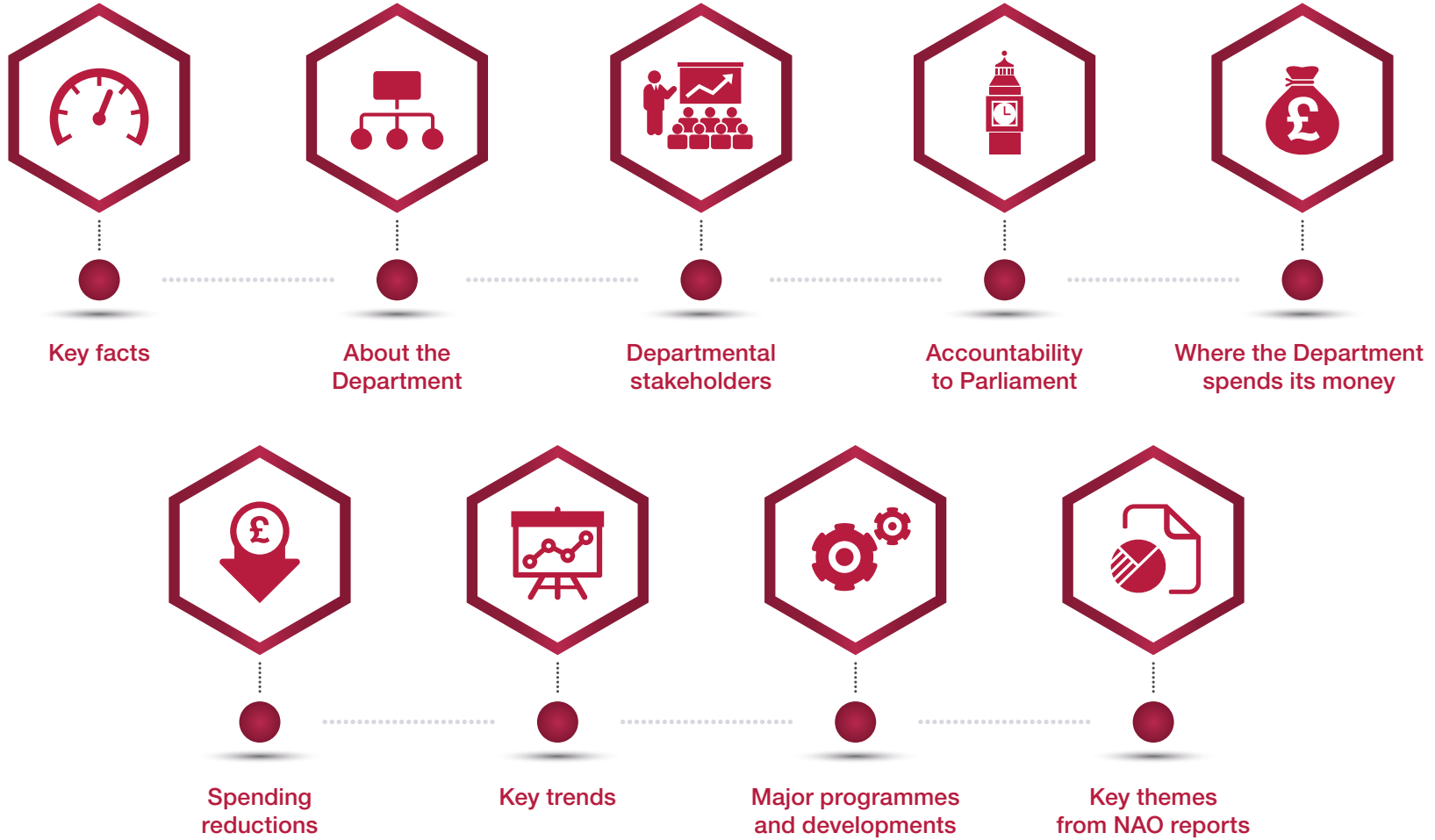
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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the 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.

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Overview



Key facts



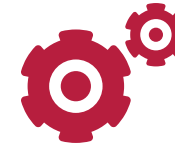
31.5%

decrease in the Department's overall budget from £41.5 billion in 2010-11 to £28.4 billion in 2016-17.



£7.4 million

committed by the Department to support 14 new garden villages and three new garden towns.



50

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



£7 billion

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



38

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



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).



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.



£9.1 billion

allocated to Local Enterprise Partnerships through local growth deals.

About the Department

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

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.

Accountability to Parliament

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.

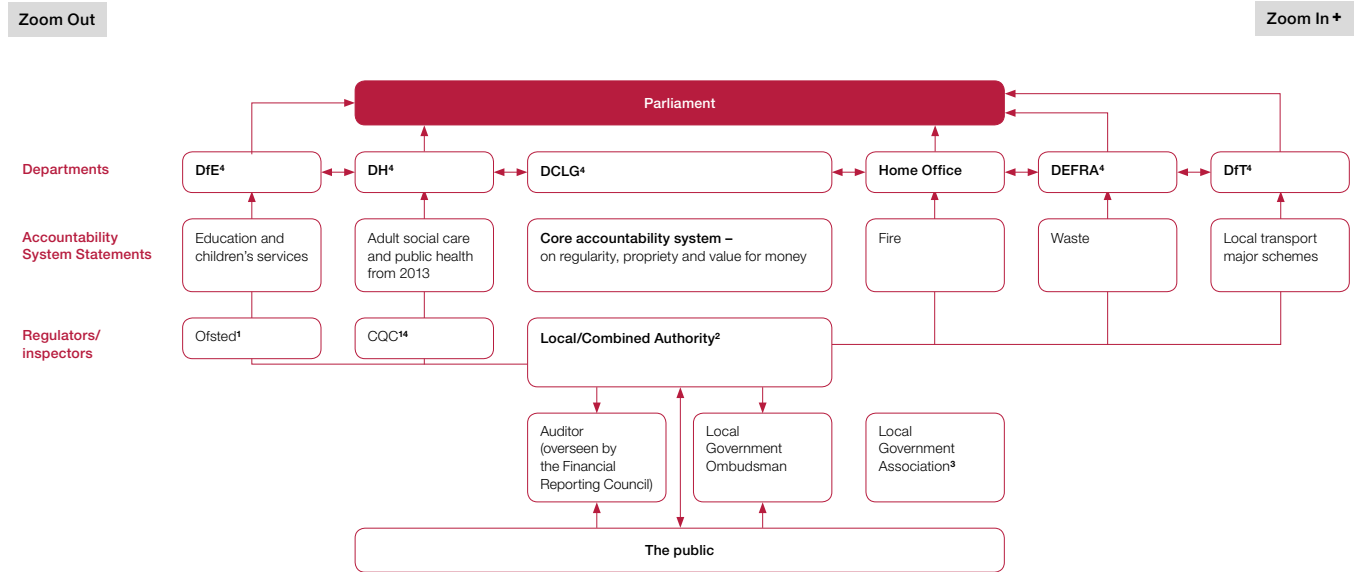
There are four principles of accountability. Regularity, propriety and value for money are referenced in the System Statement; however, the fourth principle, feasibility, is not mentioned.

	Requirement for clear accountability	Example of challenge to this requirement
	A clear expression of spending commitments and objectives	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.
	A mechanism or forum to hold to account	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.
	Clear roles and someone to hold to account	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.
	Robust performance and cost data	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.

Accountability to Parliament *continued*

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.



Notes

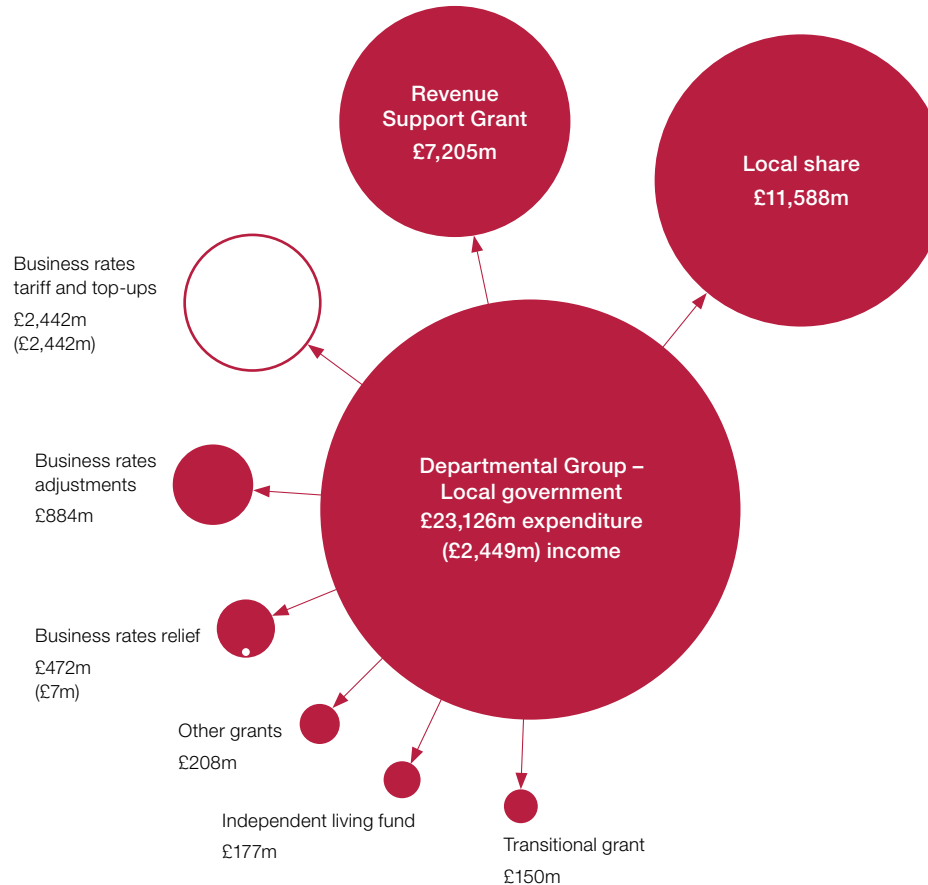
- 1 Regulators/inspectorates differ in scope of their roles.
- 2 Ultimate accountability lies with the full council, elected Mayor or governing body.
- 3 The LGA provides peer challenge and support to local authorities but local authorities are not accountable to the LGA.
- 4 DfE = Department for Education, DH = Department of Health, DCLG = Department for Communities and Local Government, DEFRA = Department for Environment, Food & Rural Affairs, DfT = Department for Transport, CQC = Care Quality Commission.

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).

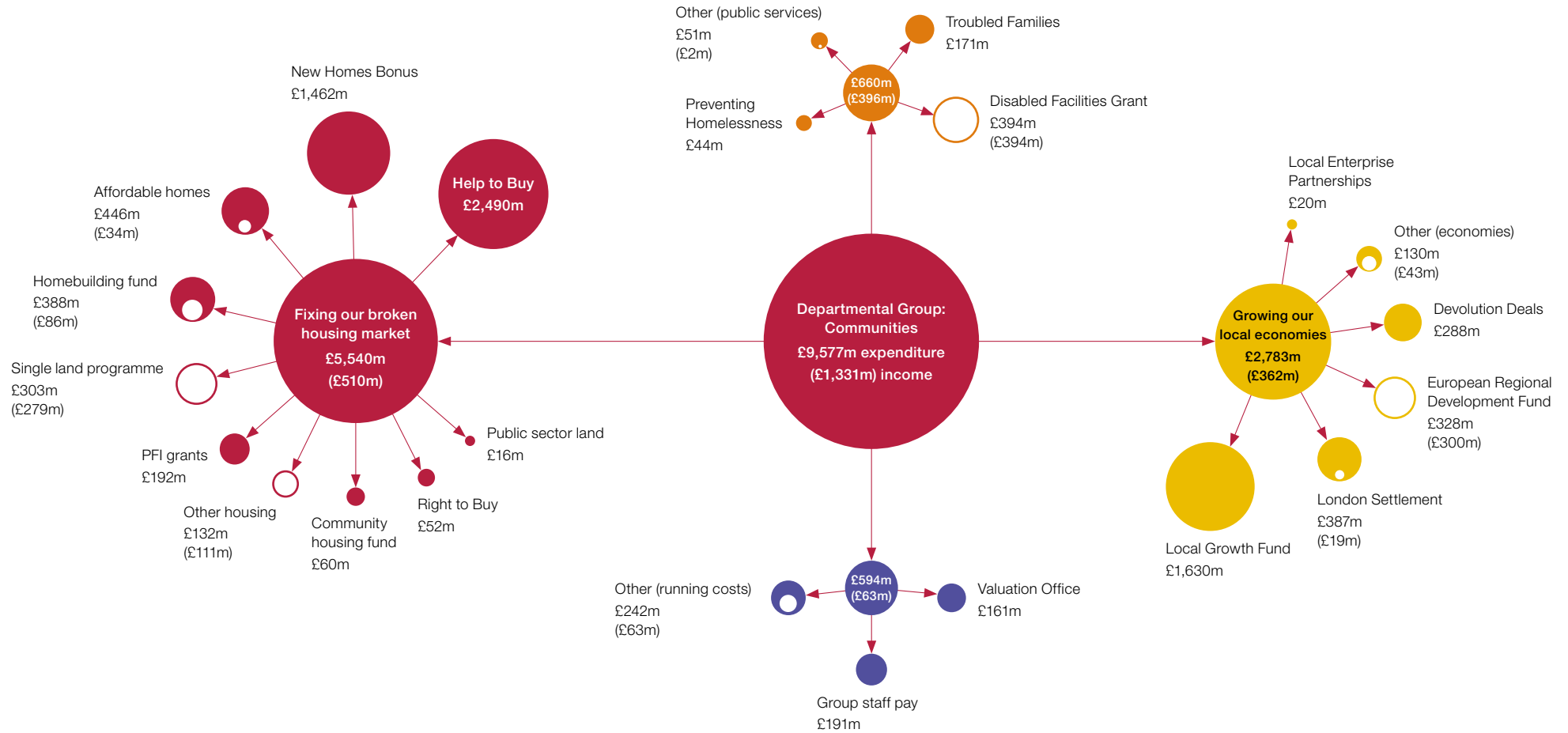


Notes

- 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*



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.

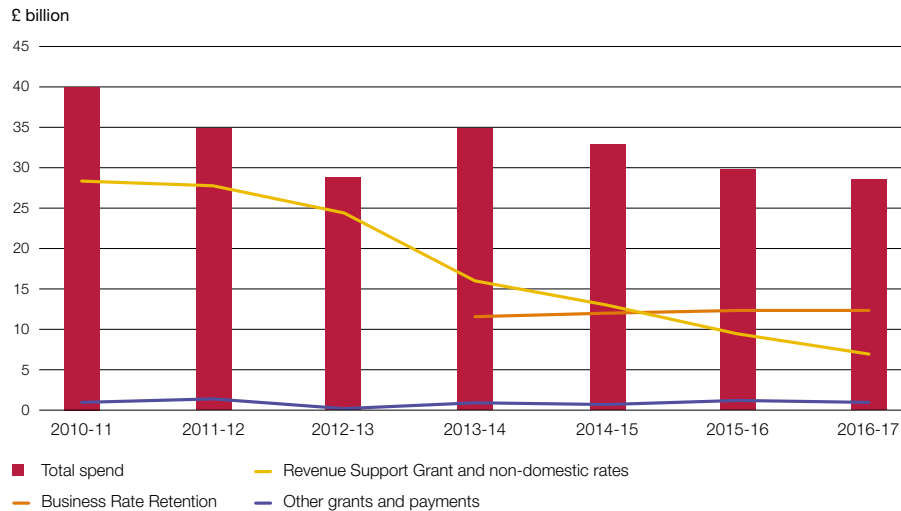
One factor behind the reduction in spend by the Department has been the fall in funding passed to local authorities through a combination of revenue support grant and (locally retained) business rates. Other structural changes in the nature of funding passed through the Department, such as the switch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

Zoom In +

Zoom In +

The Department's expenditure between 2010-11 and 2016-17 in real terms

Departmental expenditure has decreased in the six years from 2010-11. RSG has begun to be replaced by local retention of business rates, introduced in 2013-14.



Source: National Audit Office analysis of the Department for Communities and Local Government data

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.

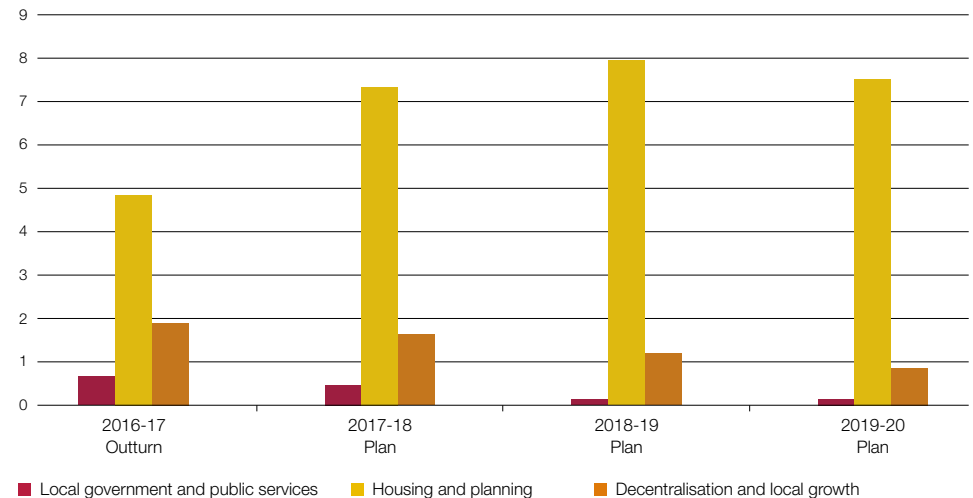
Zoom In +

Zoom In +

The Department's outturn and planned spending on each directorate from 2016-17 to 2019-20

The Department plans to increase spending on housing and planning

Outturn and planned spending in cash terms (£bn)



Note

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

Source: National Audit Office analysis of the Department for Communities and Local Government data

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).

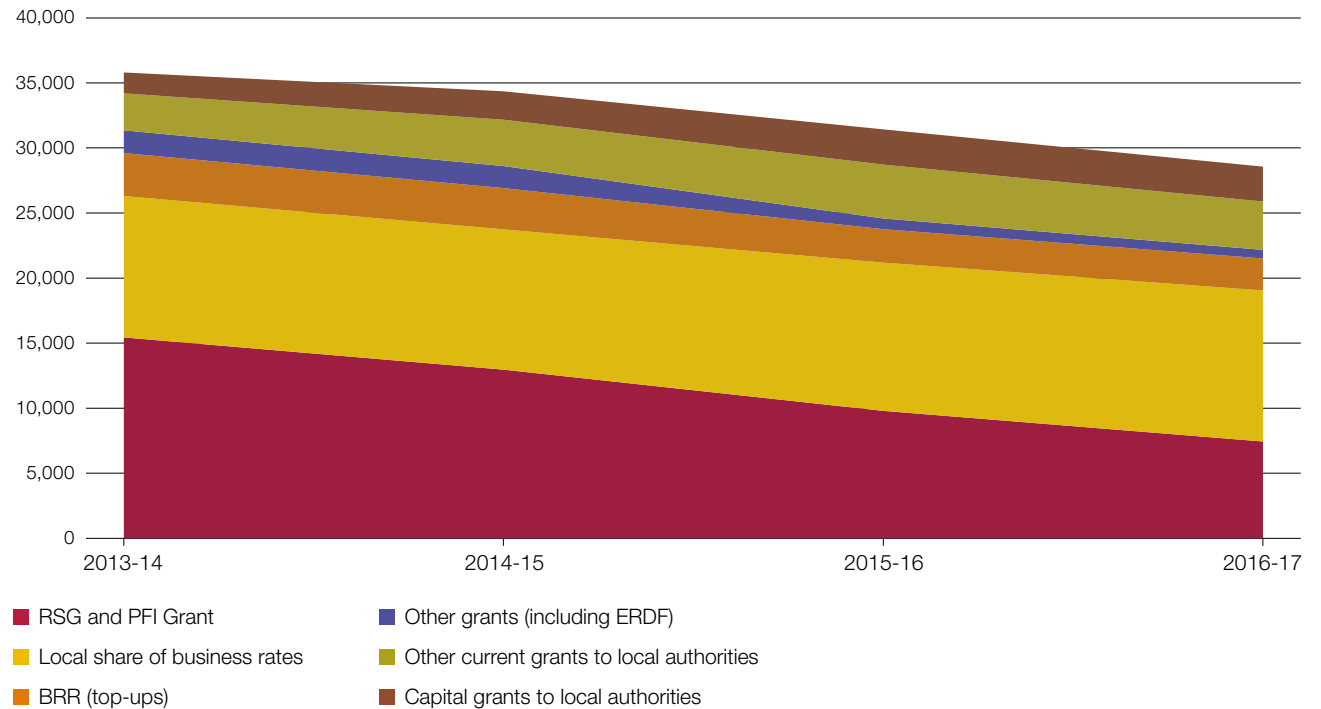
BRR (top-ups): a local authority receives a top-up if its need is deemed in excess of its local share. This is funded by tariffs taken from local authorities whose local share is in excess of its need. Top-ups are fully funded by the tariffs.

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

Expenditure (£m)



Source: Department for Communities and Local Government

Key trends *continued*

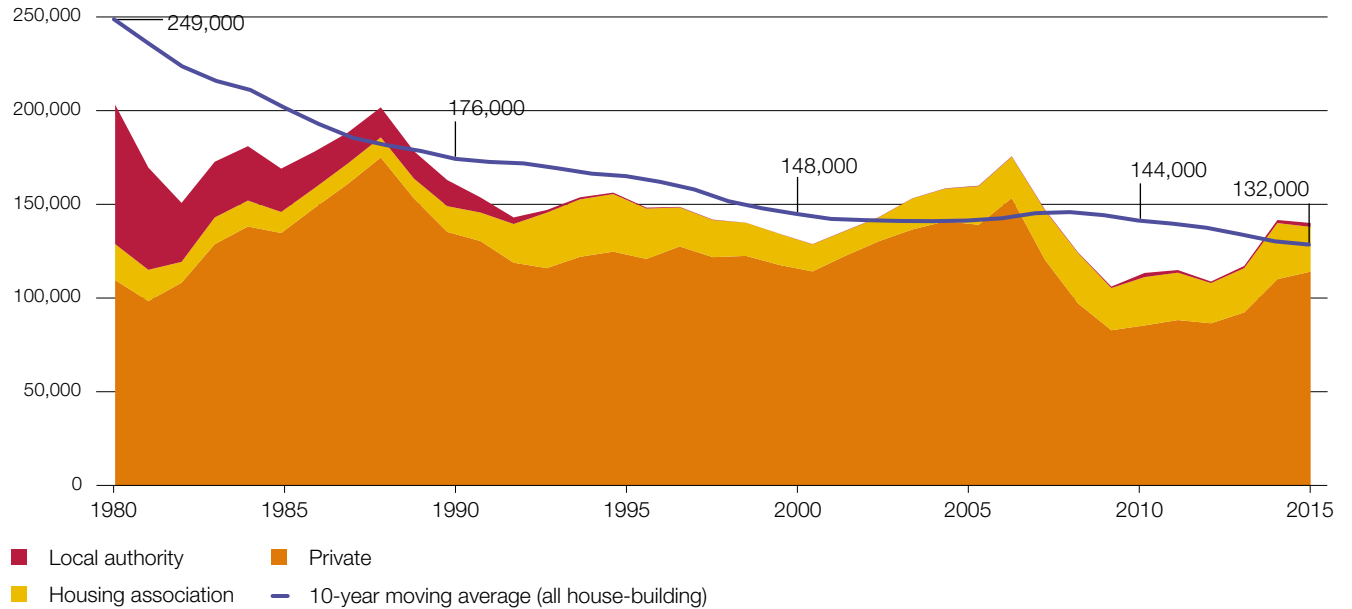
House-building fell to its lowest level following the 2008 recession, and is beginning to show signs of picking up. It is unclear whether this is a spike, or whether the upward trend will continue.

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



Thousands	1980	1990	2000	2010	2015
Private	110	136	118	83	111
Housing association	19	14	17	23	30
Local authority	75	14	0	1	2

Note

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

Source: Department for Communities and Local Government

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.

2014

2015

2016

2017

2018

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?

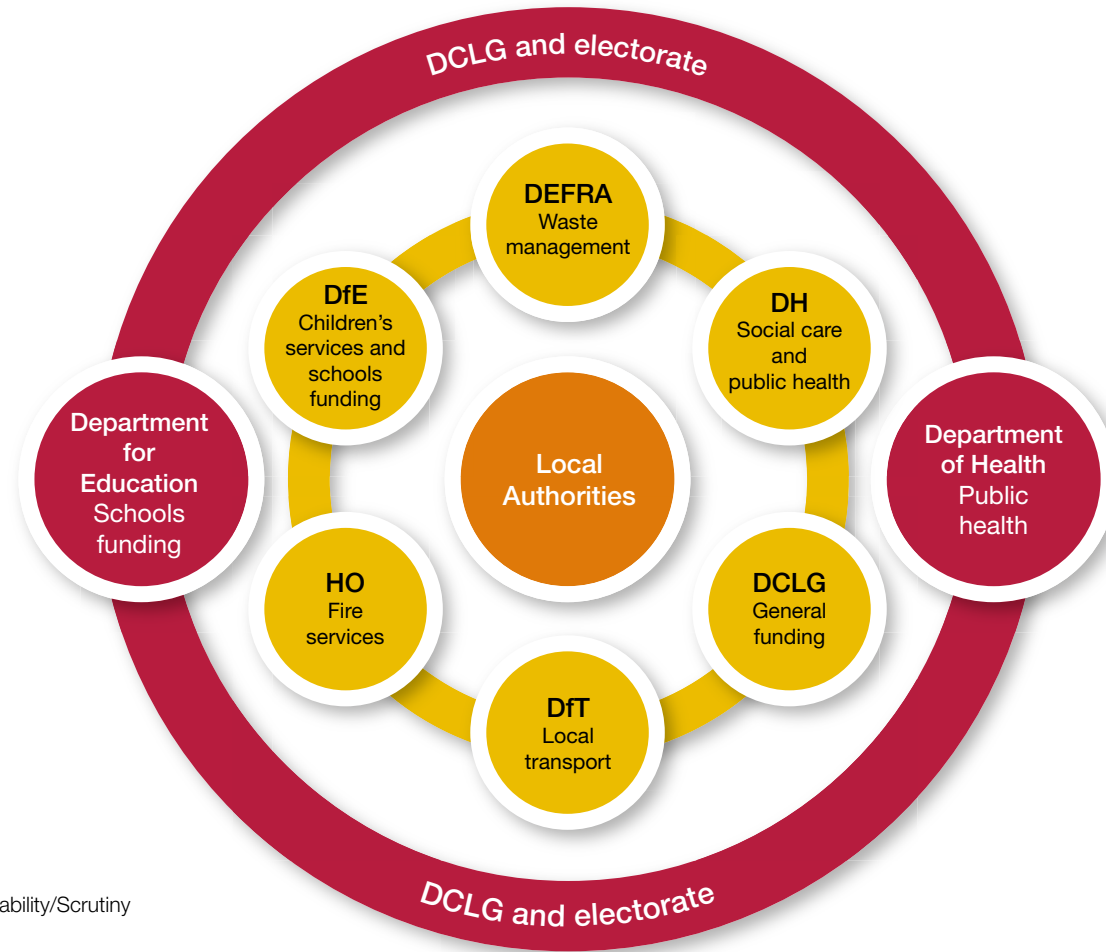
How is it delivered?

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.



- Accountability/Scrutiny
- Funding

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.

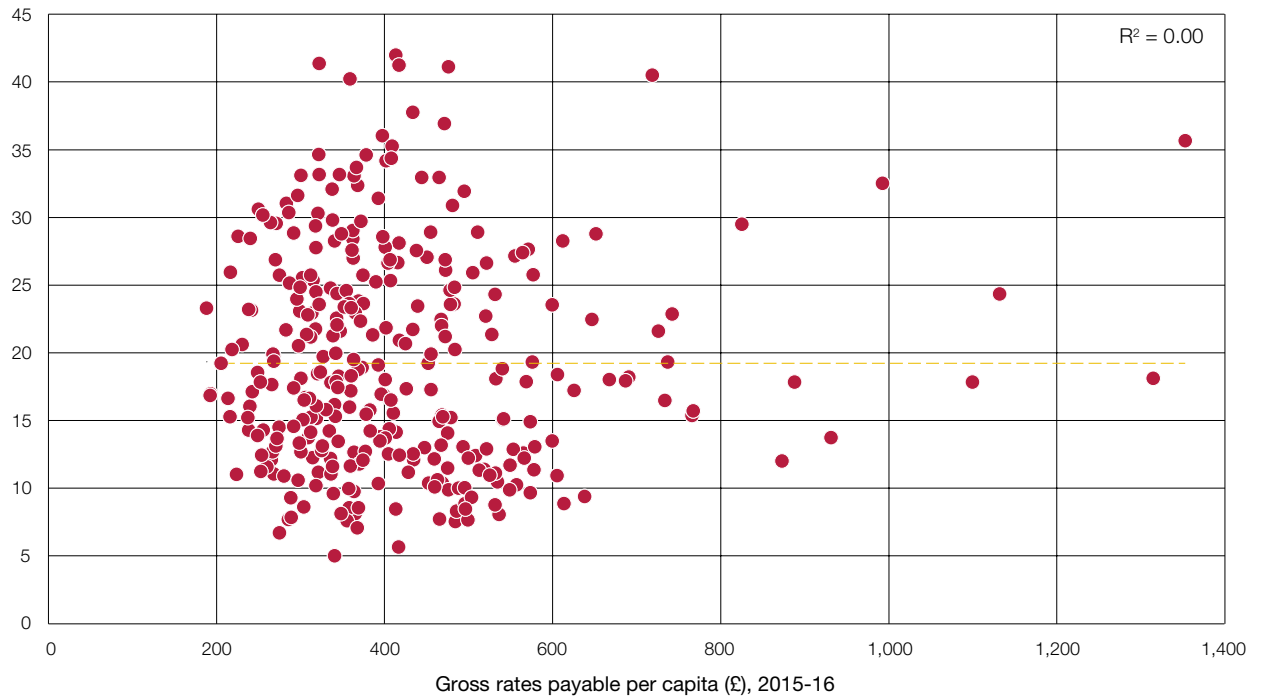
Zoom Out

Zoom In +

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

Local variation *continued*



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.

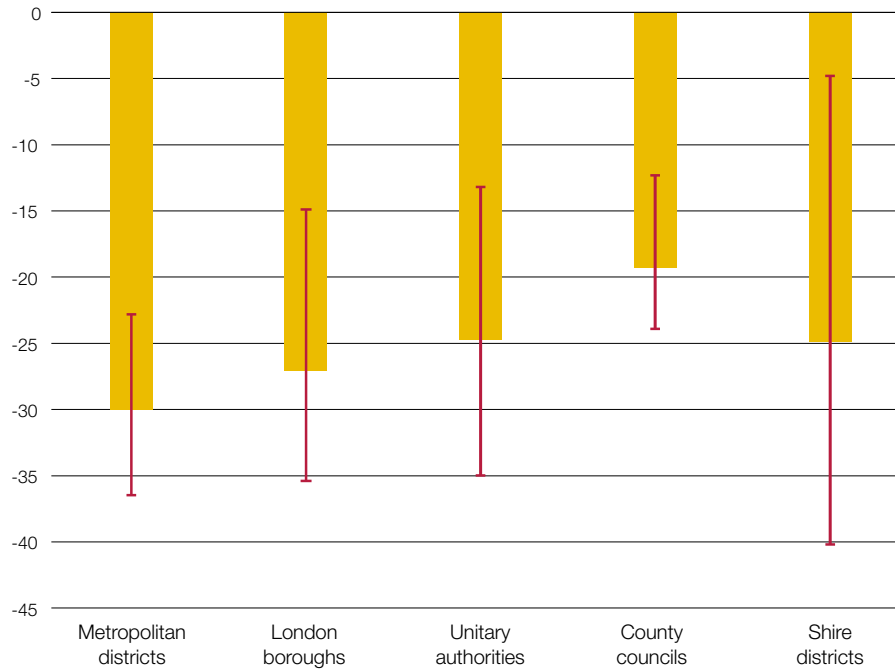
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Change in spending power by local authority type, 2010-11 to 2015-16

Metropolitan districts had the biggest average reductions

Percentage of change in revenue spending power 2010-11 to 2015-16 (2012-13 prices)



■ Average

Note

1 The vertical lines illustrate the range of reductions within each class of authority. The bars represent the average reduction for each class.

Source: National Audit Office analysis of Department for Communities and Local Government data

Recent and planned developments

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.

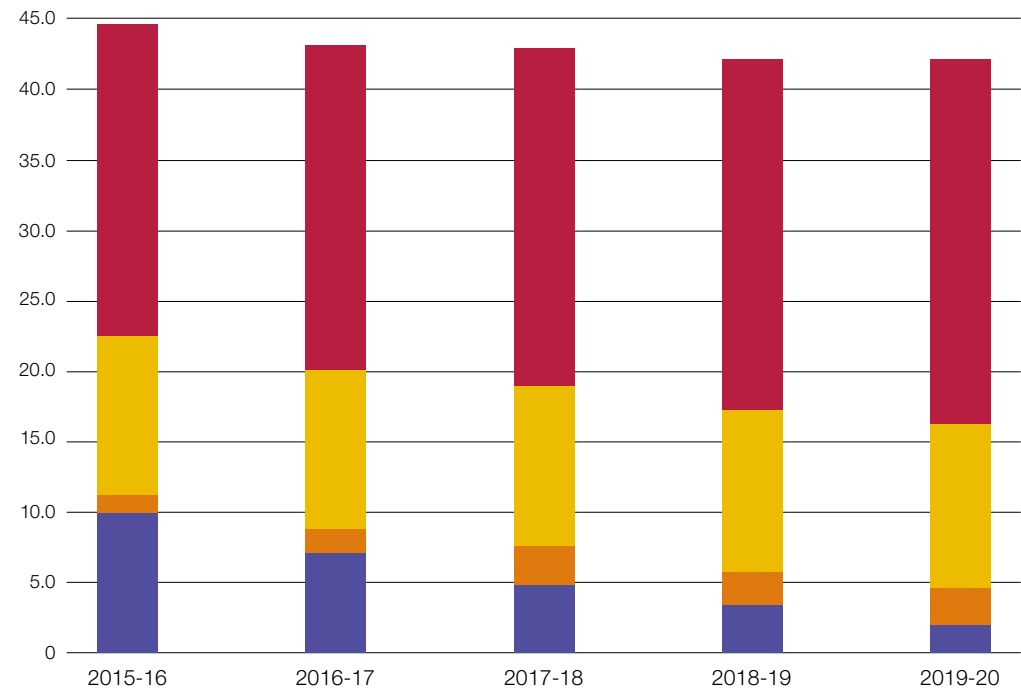


The NAO will publish a report on local authority financial sustainability in early 2018. This will be an update to our report, on the same topic, of 2014.

Local authority funding 2015-16 to 2019-20

RSG funding will continue to decrease while council tax funding is expected to increase

Local authority funding (2015-16 prices (£bn))



	2015-16	2016-17	2017-18	2018-19	2019-20
Council tax	22.0	22.9	23.9	24.8	25.8
Locally retained rates	11.3	11.3	11.3	11.4	11.6
Other grants	1.2	1.7	2.7	2.4	2.6
Revenue support grant	9.9	7.1	4.8	3.4	2.0

Source: Department for Communities and Local Government

Recent and planned developments *continued*



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

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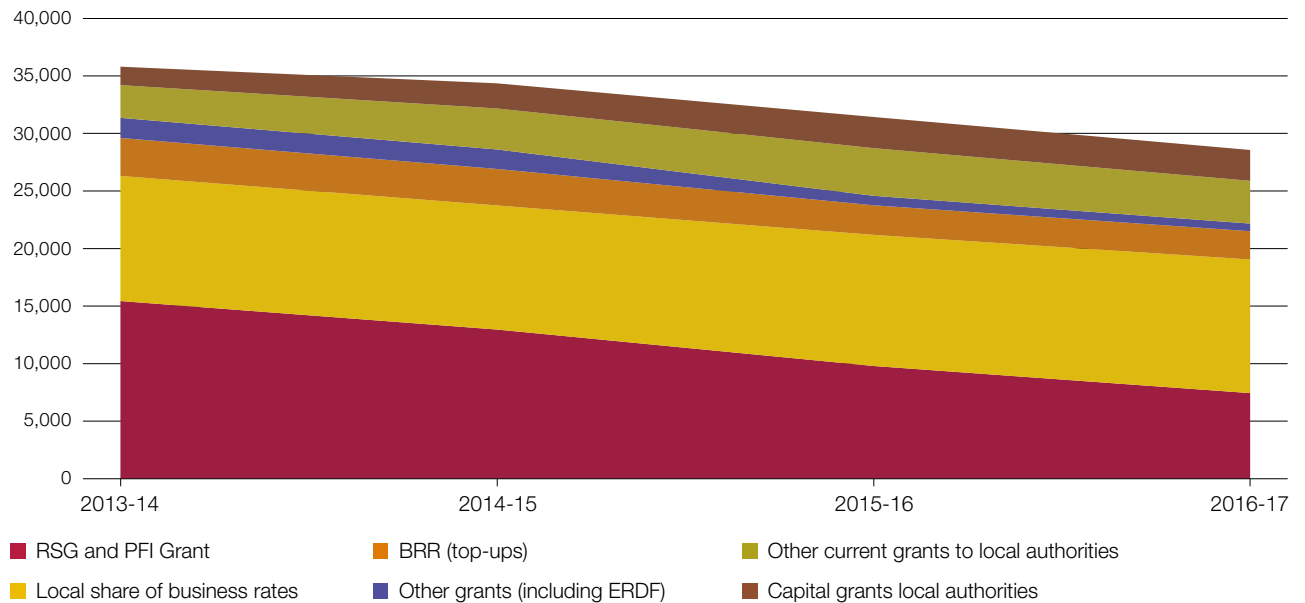
The Department believes that councils can increase council tax if they need extra funding; however, there are significant obstacles to this in practice, such as:

- 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

Expenditure (£m)



Source: Department for Communities and Local Government

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.

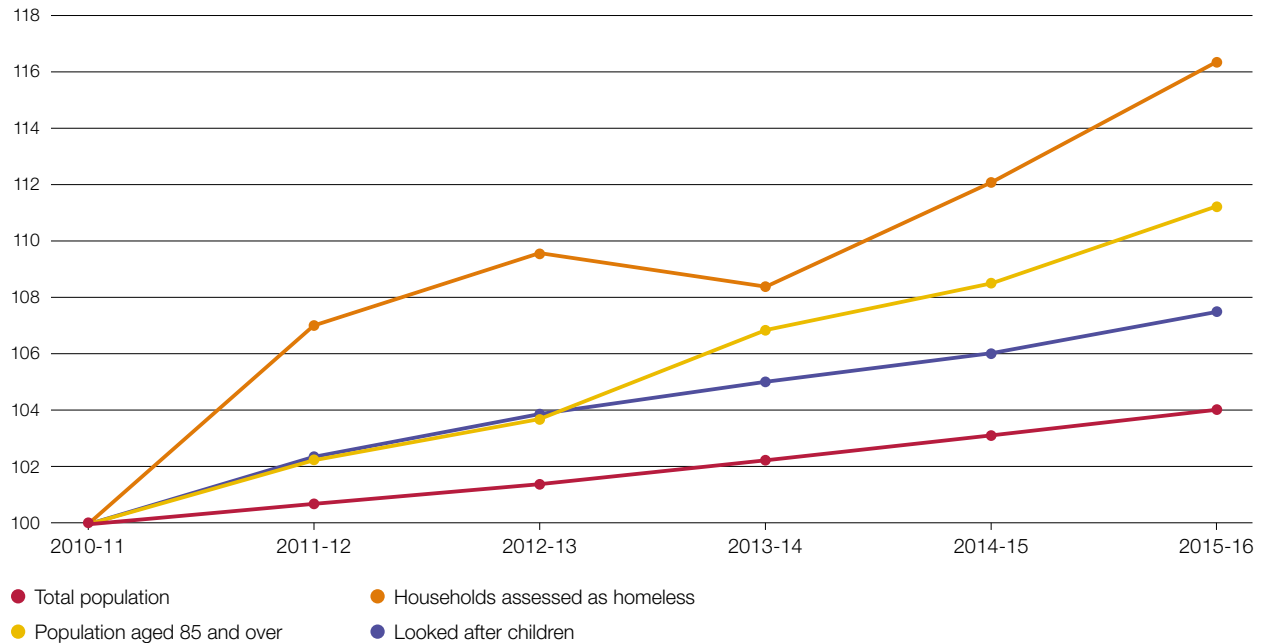
The Department's oversight

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%)



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?

How is it delivered?

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.

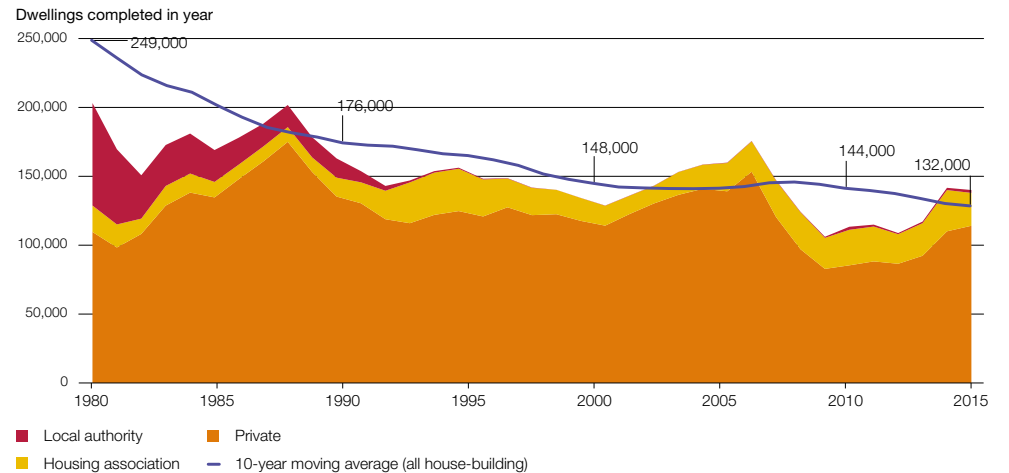
The graph to the right shows that private developers have built most houses since 1980, with very little by local authorities. House-building has experienced a general decline, particularly after the 2008 recession.

Zoom Out

Zoom In +

New house-building since 1980

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



Thousands	1980	1990	2000	2010	2015
Private	110	136	118	83	111
Housing association	19	14	17	23	30
Local authority	75	14	0	1	2

Note

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

Source: Department for Communities and Local Government

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.

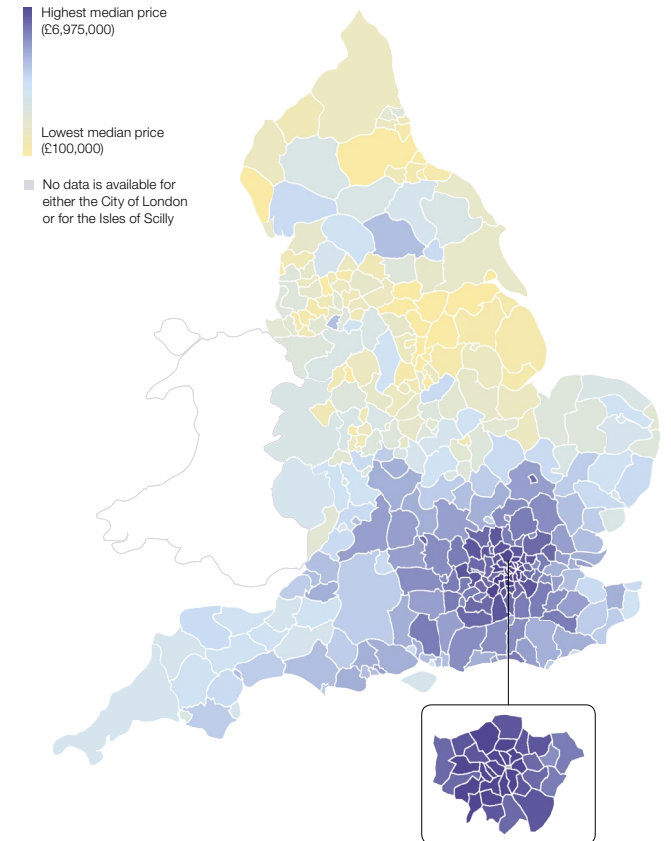
Second homes are concentrated in a relatively small number of local authority areas. One-third of second homes are located in 21 council areas: mostly in coastal areas, and four in inner London.

Zoom Out

Zoom In +

Median price for a semi-detached house in England, 2016

There are substantial regional variations in the prices of semi-detached homes



Note

¹ Sales of existing semi-detached dwellings in year ending 31 March 2016. This does not include sales of new build homes.

Sources: Office for National Statistics, Land Registry

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

Homeless households in temporary accommodation in England at March 2017, up from 48,240 in March 2011.

£1.15 billion

Local authority spending on homelessness services during 2015-16, a rise of 22% in real terms since 2010-11.

Local economic growth and planning



How is it delivered?



In your area



Recent and planned developments



What are the things to look out for?

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.

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

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.

In your area



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

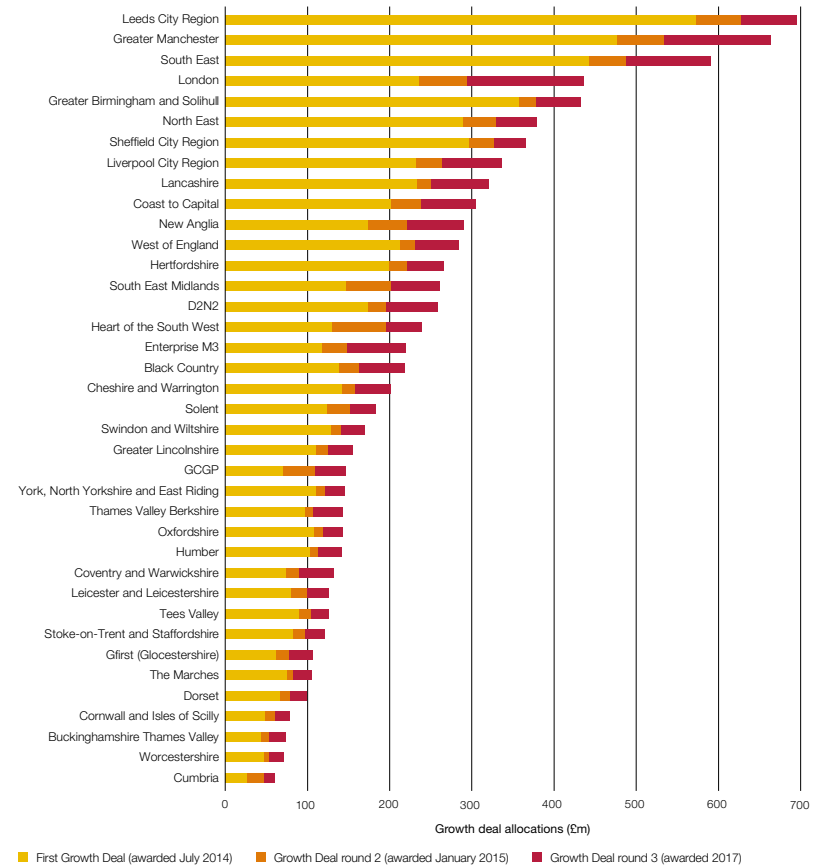
£9.1 billion funding has been allocated to LEPs through growth deals. There is a wide variation in funding allocated to LEPs, which vary in geographic and population size. Leeds City Region LEP received the largest funding allocation of £695 million, followed by Greater Manchester LEP (£663.4 million).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

Zoom Out

Zoom In +

Funding awarded to LEPs through growth deals

The Department has allocated £9.1 billion of the Local Growth Fund through growth deals



Notes
 1 D2N2 refers to Derby, Derbyshire, Nottingham and Nottinghamshire LEP.
 2 GCGP refers to Greater Cambridge Greater Peterborough LEP.

Source: National Audit Office analysis of departmental data

Recent and planned developments

Planning

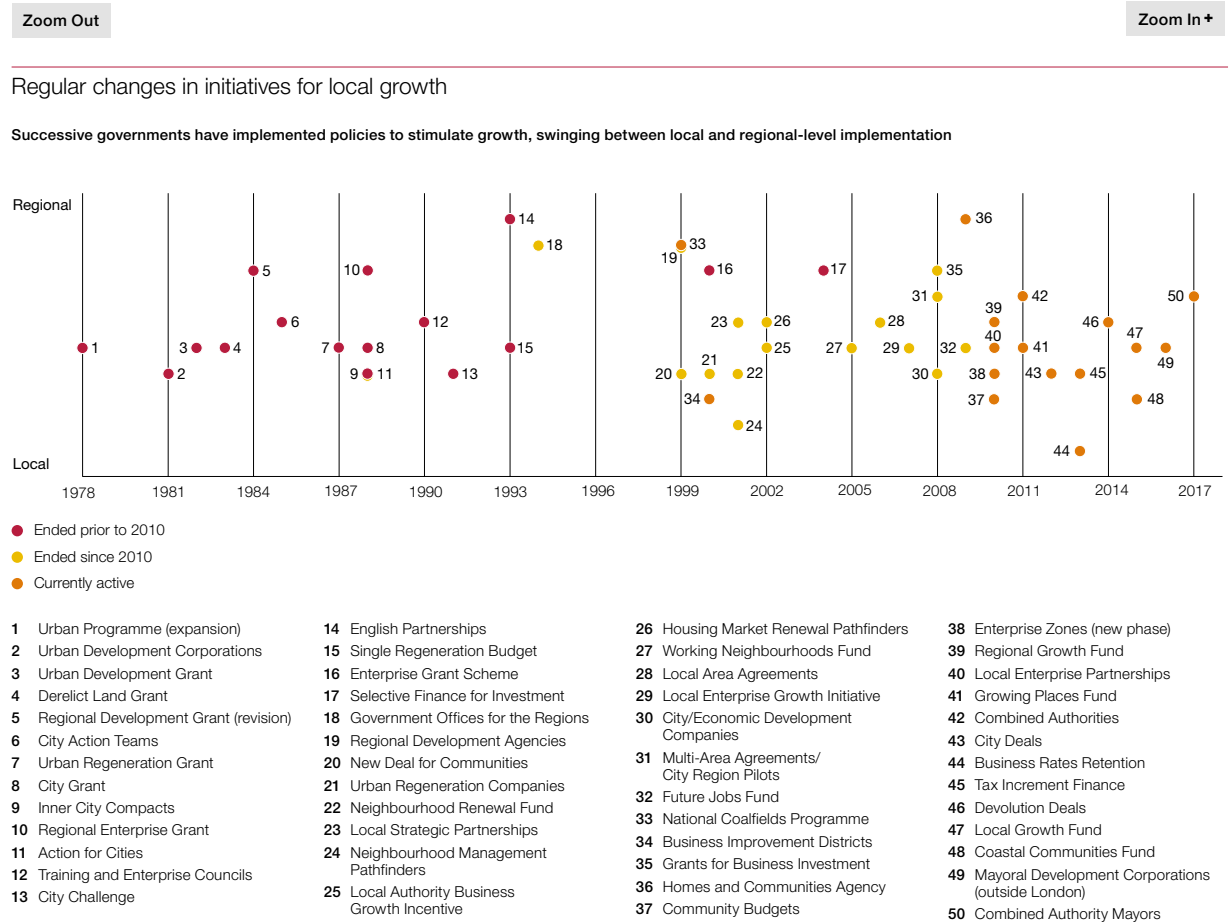
The government has introduced a number of new measures to simplify the planning system, intending to make it easier for developers to deliver housing in the places where people want to live, including 'Permission in principle'; this gives developers more certainty over whether a site is suitable for 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.



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

Appendix One – Exiting the European Union

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.

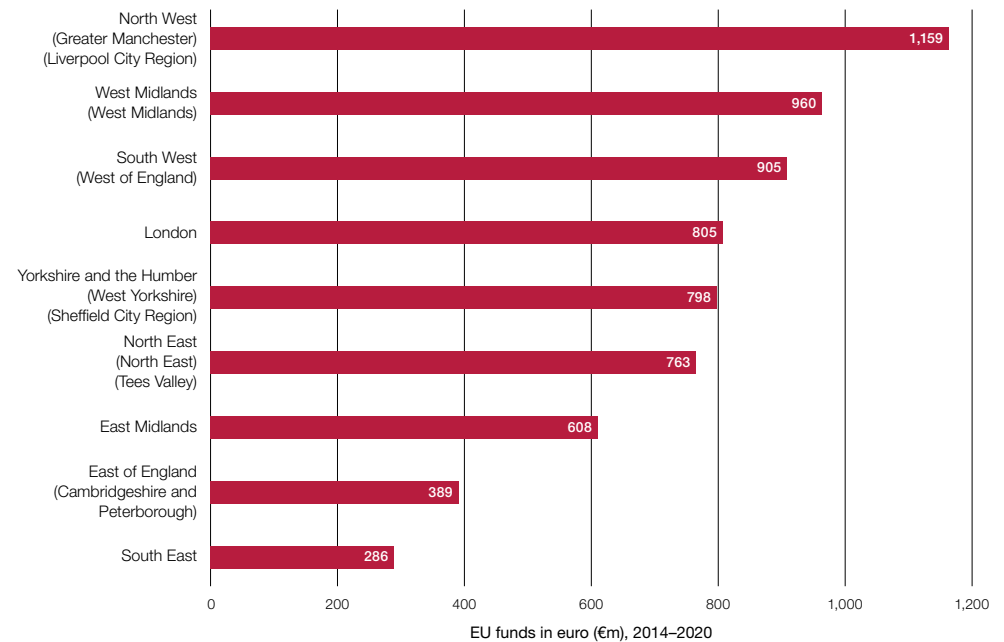
Zoom Out

Zoom In+

European Regional Development Fund, European Social Fund and Youth Employment allocations in England, 2014–2020

Combined Authorities are in regions of the country that are disproportionate beneficiaries of EU funds

English regions



Note

1 Of the South West total, around €600 million is allocated to Cornwall, which is not part of West of England Combined Authority.

Source: National Audit Office

Appendix Two – Staff and pay in 2016-17

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.

Zoom Out

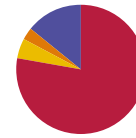
Zoom In +

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

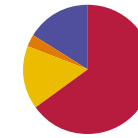
Staff gender



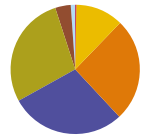
Disability



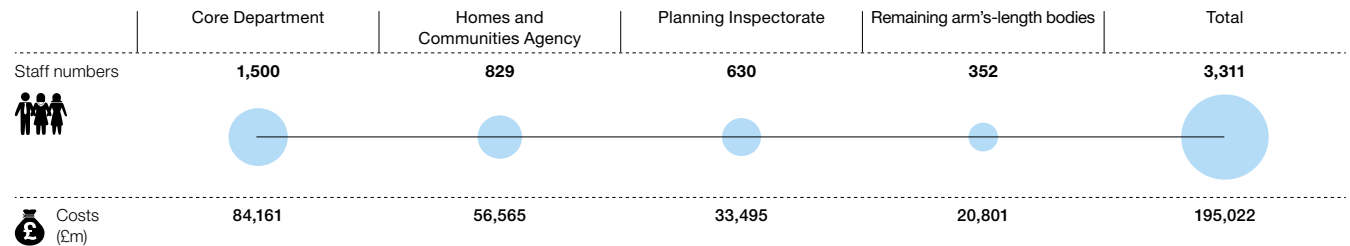
Ethnicity



Age



Staff breakdown 2016-17 (full-time equivalent)



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.

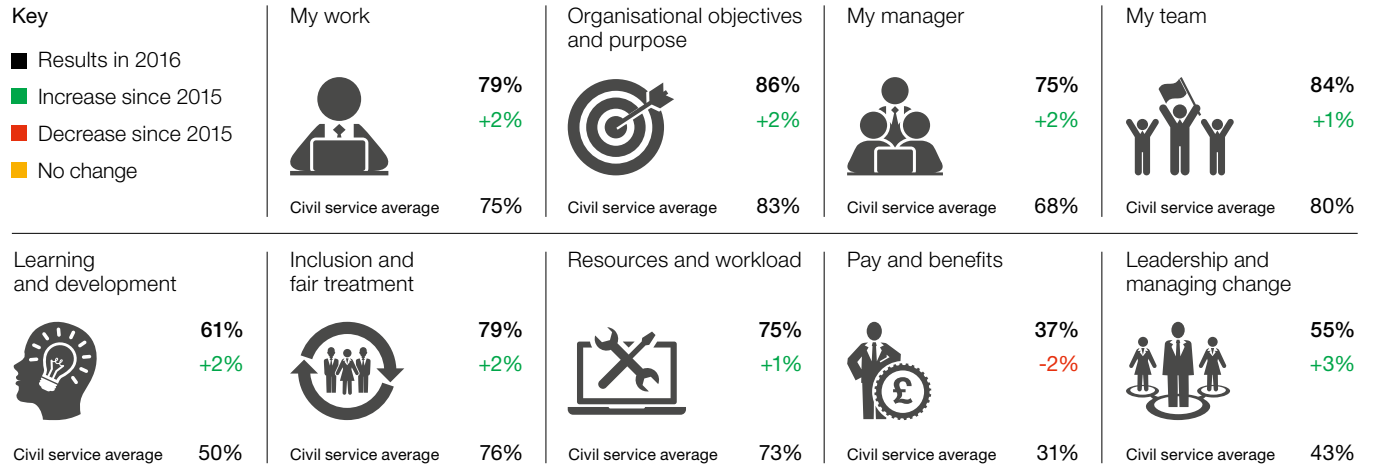
The Department scored higher than the civil service average in all areas, and improved on its score from 2015 in all areas except for pay and benefits, which saw a 1% decrease.

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.

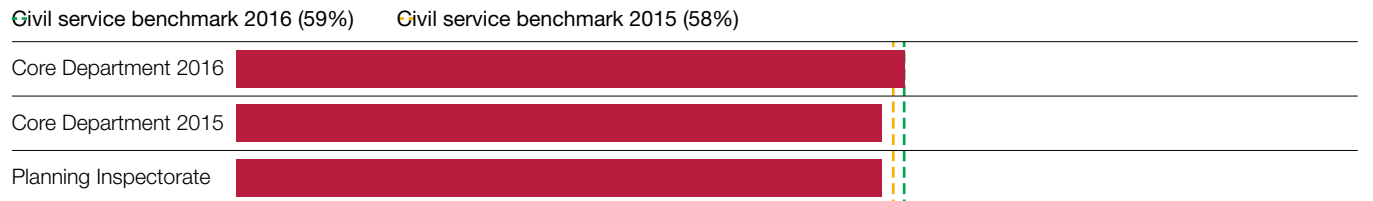
Except for pay and benefits, all of the Department's scores have increased by 10 percentage points or more over the past five years. The pay and benefits score has remained almost the same during the past five years.

Data sourced from the 2016 ONS Annual Civil Service Statistics.

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



Engagement index 2016



Sources: Civil Service People Survey 2016 and 2015

Appendix Four – Recent NAO reports

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

Appendix Five – Sponsored public bodies

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/