



National Audit Office

OVERVIEW

The Department for Levelling Up, Housing & Communities

Departmental Overview 2021-22

We are the UK's independent
public spending watchdog

December 2022

What this guide is about

This guide has been produced to support the Levelling up, Housing & Communities Committee in its examination of the Department for Levelling up, Housing & Communities' (DLUHC's) spending and performance for 2021-22. This guide summarises the key information and insights that can be gained from our examinations of DLUHC and related bodies in the sector in England, and DLUHC's Annual Report and Accounts. DLUHC spends nearly £38 billion each year to support economic growth and housing across the country, in collaboration with local authorities. DLUHC has overall responsibility in central government for local authorities' funding. Along with other bodies, DLUHC oversees the core accountability system for local authorities.

The guide includes:

- ➔ how DLUHC is structured and where it spends its money;
- ➔ how DLUHC manages its money and its people;
- ➔ major programmes and key developments within DLUHC, related bodies and the local government sector over the past year; and
- ➔ information drawn from relevant National Audit Office (NAO) reports on the work of DLUHC.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value for money programme of work, and from publicly available sources, including the annual report and accounts of the Department.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on DLUHC and the local government sector in England, as well as information about our other recent and upcoming reports can be found on the National Audit Office website.



This report updates our previous overview, Departmental Overview 2020-21: Department for Levelling up, Housing & Communities, published in November 2021.

More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting* (February 2021), which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.

Departmental Overview

2021-22 // Contents

Part One // Overview

About the Department for Levelling up, Housing & Communities (DLUHC)	4
How DLUHC is structured	5

Part Two // Spending and financial management

Where DLUHC spends its money	6
Spending patterns	7

Part Three // Staff and pay

Staff and pay	8
Annual Civil Service People Survey	9

Part Four // Major programmes and key developments

Levelling up	10
Housing	11
Ending rough sleeping	12
The local government sector, and the Union and constitution	13

Part Five // Supporting economic growth and levelling up

Supporting economic growth and levelling up	14
---	----

Part Six // Housing

Affordable homes	15
Regulation of private renting	16
Homes England and its activities	17
Homes England and its performance	18

Part Seven // Programme management

An overview	19
The Holocaust Memorial and Learning Centre	21

Part Eight // Climate change and net zero

Climate change and net zero	22
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About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2021, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £874 million.

If you would like to know more about the NAO's work on the Department for Levelling up, Housing & Communities, please contact:

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About the Department for Levelling up, Housing & Communities (DLUHC)

DLUHC aims to



create great places to live and work and give more power to local people to shape what happens in their area. It strives to ensure people have access to affordable and high-quality housing, boost opportunities for jobs and growth in all parts of the UK, build strong communities, strengthen the Union, support effective local government, create opportunity for everyone, regardless of where they live, and sustain the UK's democracy.

DLUHC

DLUHC has one executive agency and 13 designated bodies.

Executive agency

Planning Inspectorate

Advisory bodies

Building Regulations Advisory Committee
Parliamentary Boundary Commission for England
Parliamentary Boundary Commission for Wales

Tribunal

Valuation Tribunal for England

Executive non-departmental public bodies (NDPBs)

Homes England
The Housing Ombudsman
Ebbsfleet Development Corporation
Valuation Tribunal Service
The Leasehold Advisory Service
Regulator of Social Housing

Other body (not classified as an NDPB)

Commission for Local Administration in England

Trading funds

Queen Elizabeth II Conference Centre







Public corporation

Architects Registration Board

DLUHC has five priority outcomes and one 'strategic enabler' for 2021-22

- 1 Raise productivity and empower places so everyone can benefit from levelling up.
- 2 More, better-quality, safer, greener and more affordable homes.
- 3 End rough sleeping through more effective prevention and crisis intervention services, and reduce homelessness by enabling local authorities to fully meet their statutory duties.
- 4 A sustainable and resilient local government sector that delivers priority services and empowers communities.
- 5 Ensure the benefits of the Union are clear, visible and understood by all citizens; and reforming the constitution and sustaining our democracy.
- 6 **Strategic enabler** – strengthening corporate centre and functional performance to enable the delivery of strategic priorities.

How DLUHC is structured

The Core Department					
 Devolution and local growth	 Regeneration	 Safer and greener buildings	 Local government and public services	 Corporate services	 Union, elections and places (joint with Cabinet Office)
<ul style="list-style-type: none"> ● Funding design. ● Spatial data unit. ● Implementation. ● Strategy. ● Policy Unit and Private Office. 	<ul style="list-style-type: none"> ● Housing markets and strategy. ● Social housing. ● Leasehold and private rent sector. ● Funding delivery (two directorates). ● Planning (including the Chief Planner). ● Planning transformation. ● Building Together programme. ● Housing delivery. 	<ul style="list-style-type: none"> ● Building regulations, fire safety, proportionality and Grenfell inquiry. ● Regulators, reform design and bill management. ● Future remediation schemes, levies and leaseholder voice. ● Grenfell site and memorial building safety fund. ● Net zero policy and EPC digital services. 	<ul style="list-style-type: none"> ● Local government and communities (including integration). ● Local government finance. ● Chief Scientific Adviser. ● UK Holocaust Memorial and Learning Centre programme. ● Resilience and recovery. ● Homelessness and rough sleeping. ● Ukraine. 	<ul style="list-style-type: none"> ● People, capability and change. ● Finance. ● Commercial. ● Digital. ● Chief Risk Officer. ● Communications. ● Analysis and data. 	<ul style="list-style-type: none"> ● Elections. ● Union and devolution. ● Levelling up directors. ● Area and analysis.

Source: Department for Levelling up, Housing & Communities, as at March 2022

Where DLUHC spends its money

In 2021-22, DLUHC had a net spend of £37.84 billion:

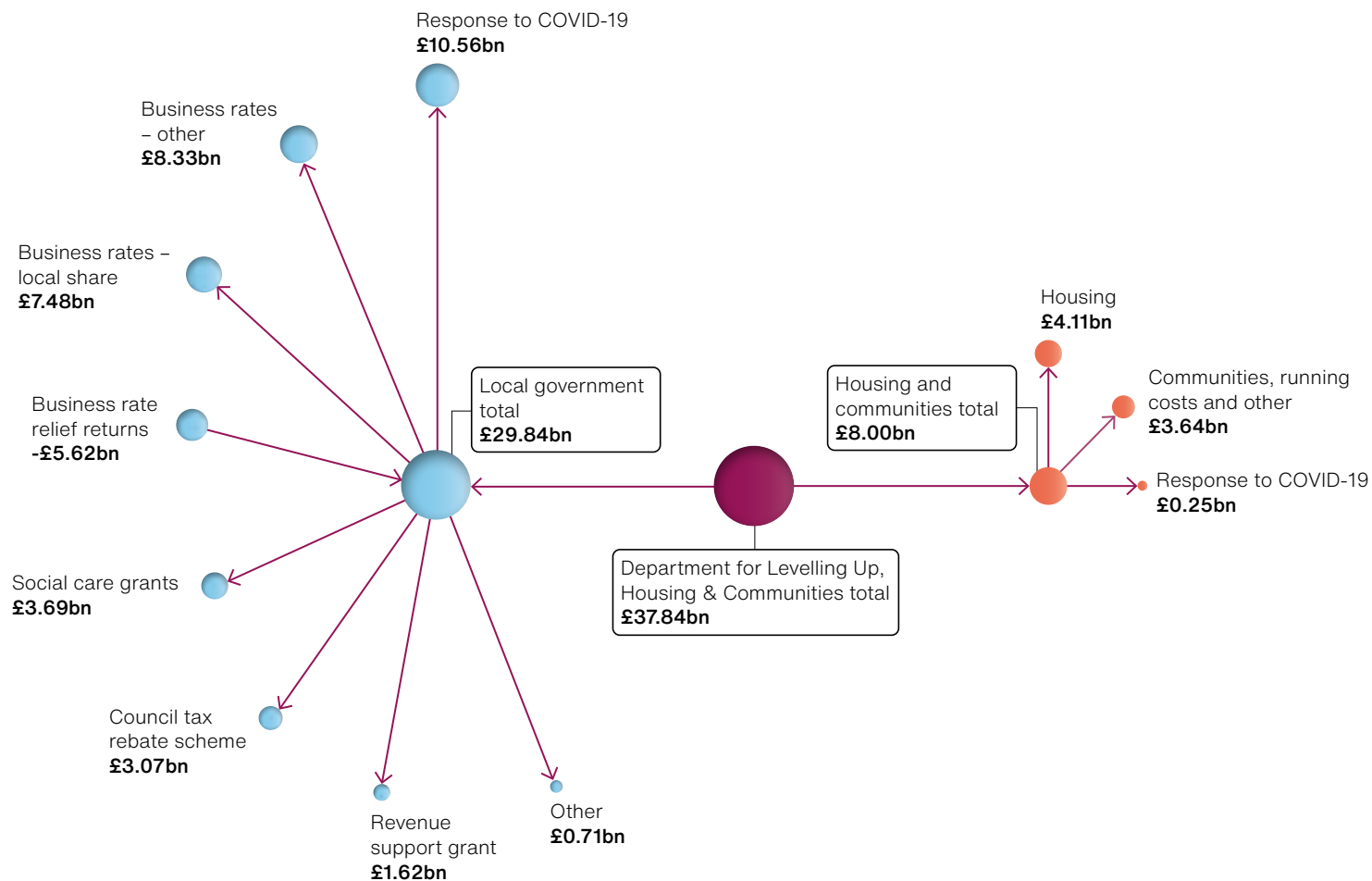
- £8.00 billion for spend on housing and communities; and
- £29.84 billion on local government.

Expenditure on housing and communities

included £4.11 billion on supporting DLUHC's strategic objectives to deliver homes, reduce rough sleeping and improve building safety. DLUHC spent a further £3.64 billion on its programmes to support communities.

Expenditure on local government included £10.56 billion responding to the COVID-19 pandemic which provided local authorities with funding for:

- £7.3 billion – local authority funding for business rates relief measures;
- £1.55 billion – COVID-19 expenditure pressures;
- £0.8 billion – tax income losses;
- £0.7 billion – council tax support; and
- £0.21 billion – lost sales, fees and charges income.



Source: National Audit Office analysis of financial data underlying the Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022; Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022

Spending patterns

DLUHC's net expenditure fell by 23% from £49.3 billion in 2020-21 to £37.84 billion in 2021-22.

The reduction was largely due to additional income, mainly £5.6 billion of business rates relief funding, which local authorities returned as they did not require it. The largest area of reduced expenditure also related to business rates. DLUHC is required to recognise an expense in respect of the amount of business rates income generated by local authorities that it allows them to retain rather than returning to the Exchequer. Business rates collected by local authorities were lower during the pandemic meaning there was less revenue that DLUHC could then allow authorities to retain. This amount fell by £8.9 billion from 2020-21, and DLUHC recognised this as a fall in expenditure.

Other key items of expenditure included: £3 billion of funding to local authorities to fund the £150 per household Council Tax rebate in response to rising energy bills, and social care grants including the Better Care Fund (£3.69 billion).

2022-23 expenditure is forecast at a similar level to 2021-22, which continues to be a reduction from the peak in 2020-21 during the COVID-19 pandemic.

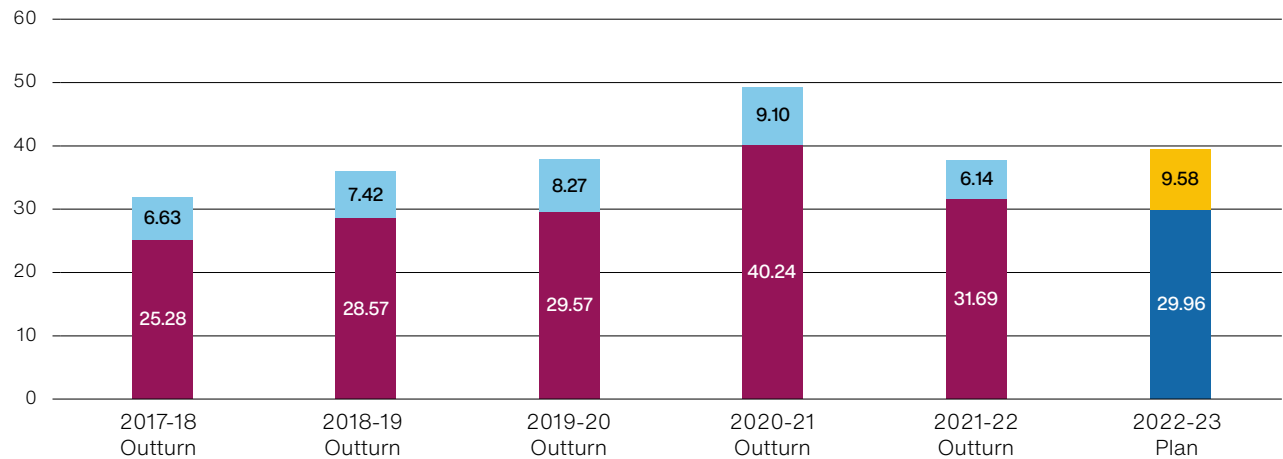
Business rates fell by
£8.9 billion
in 2021-22, meaning there was less revenue local authorities could retain

DLUHC reported a £1.4 billion increase in the value of Help to Buy

The increase is largely due to Homes England issuing more home equity loans to home buyers under the Help to Buy Scheme and an increase in the market values of houses, which drives the value of the loans in issue (the amount to be repaid is linked to the market value of the house). Rising market values have continued to enhance the total value of the loan portfolio, but the age of the scheme also now means that an increasing number of the loans are being repaid. This means the £1.4 billion increase in the portfolio is lower for 2021-22 than the increase in the previous year of £3 billion.

Departmental expenditure outturn 2017-18 to 2021-22 and planned expenditure 2022-23

Expenditure (£bn)



- Resource Outturn
- Capital Outturn
- Resource Plan
- Capital Plan

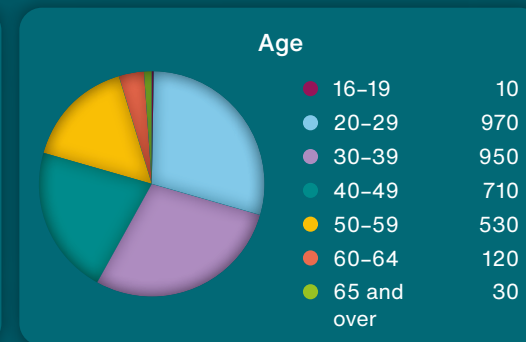
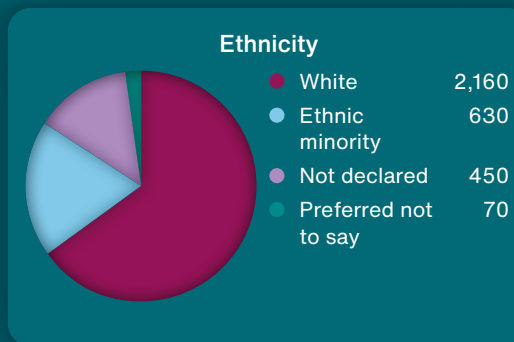
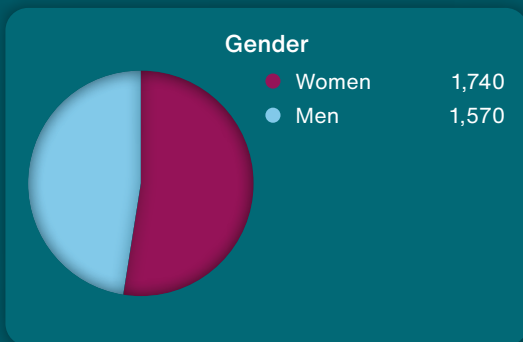
Notes

- 1 Expenditure is in nominal terms, without adjustment for inflation.
- 2 Resource spending relates to day-to-day operations. Capital budgets are spent on investments that add to the public sector's fixed assets, including transport infrastructure and public buildings.
- 3 The values for 2020-21 and earlier have been restated to reflect updates to accounting treatments and so forth within the financial statements of the Department for Levelling Up, Housing & Communities.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022

Part Three // Staff and pay

Staff and pay



Note
1 These figures are rounded to the nearest 10 within the results.

Source: Civil service statistics: 2022, available at: www.gov.uk/government/statistics/civil-service-statistics-2022

Staff breakdown 2021-22 (permanent full-time equivalent (FTE), excluding fixed-term staff)

Agencies	Staff numbers (Permanent FTE staff)	Cost (Permanent FTE staff) (£m)
Core Department	2,566	187.5
Homes England	1,203	116.2
Planning Inspectorate	752	44.9
Queen Elizabeth II Conference Centre	38	2.3
Architects Registration Board	33	1.5
Total	4,592	352.4











Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022. Homes England *Annual Report and Accounts 2021-22*; Planning Inspectorate *Annual Report and Accounts 2021-22*; Queen Elizabeth II Conference Centre *Annual Report and Accounts 2021-22*; Architects Registration Board, *Annual Report and Financial Statement 2021-22*.

Pay multiples 2021-22

Agencies	Ratio	Band of highest paid director's total remuneration (£000)	Median total remuneration (£)
Core Department	4.0	160-165	41,098
Homes England	5.2	275-280	53,670
Planning Inspectorate	Inspector: 2.4 Support: 5.2	140-145	Inspector: 59,412 Support: 27,684
Queen Elizabeth II Conference Centre	3.56	140-145	39,998
Architects Registration Board	3.45	120-125	34,879

Part Three // Staff and pay

Annual Civil Service People Survey

	Result in 2022 (%)	Result in 2021 (%)	Change (Percentage points)	Civil service median in 2021 (%)
 Employee engagement index ³	66	67	▼ -1	66
 My work	81	81	● 0	79
 Organisational objective and purpose	80	83	▼ -3	85
 My manager	78	78	● 0	75
 My team	88	89	▼ -1	84
 Learning and development	64	59	▲ +5	56
 Inclusion and fair treatment	86	85	▲ +1	82
 Resources and workload	76	76	● 0	75
 Pay and benefits	42	41	▲ +1	39
 Leadership and managing change	64	64	● 0	58

The annual Civil Service People Survey looks at civil servants' attitudes to, and experience of, working in government departments. The most recent survey was carried out during 2021. The results of the most recent survey were published in April 2022. Fieldwork for the 2021 survey opened on 28 September 2021 and closed on 3 November 2021. The next survey results are expected to be published in 2023.

The biggest changes since 2020 were in the 'Organisational objective and purpose' and 'Learning and development' themes. The proportion of negative responses increased by three percentage points for the former. In contrast, positive responses increased by five percentage points for the latter.

Comparing DLUHC with other civil service organisations, DLUHC's civil servants had the same percentage for the 'Employee engagement index' and higher percentages in eight of the remaining nine themes.

DLUHC has not improved on the 2020 results on four themes - 'My work'; 'My manager'; 'Resources and workload'; and 'Leadership and managing change'. However, DLUHC's results were above the civil service average for all four.

- Notes**
- Figures are rounded. This explains apparent discrepancies in the percentage point change and difference figures.
 - The employee engagement index methodology is available in the Cabinet Office's technical guide to the survey.
 - For all other themes, we provide the proportion of respondents giving an "agree" or "strongly agree" response to questions on these subjects.

Source: See full survey results, available at: www.gov.uk/government/statistics/civil-service-statistics-2022

Major programmes and key developments on levelling up

This section of the overview mainly refers to the routine business of DLUHC. We have highlighted programmes and developments as they relate to the key themes of DLUHC's five priority outcomes for 2021-22 as stated in DLUHC's annual report and accounts for 2021-22. On this page we cover the theme of levelling up.

1 Levelling up DLUHC reported the following activities:

Made tax incentives available in seven Freeports.

Offered Town Deals of up to £25 million each to 101 places, to fund projects such as town centre improvements and station redevelopments.

Allocated around £1.9 billion throughout the UK in the first round of the Levelling Up Fund, Community Renewal Fund and Community Ownership Fund since October 2021:

- £1.7 billion Levelling Up Fund to 105 projects to “support the regeneration of town centres and high streets, improve local transport and cultural and heritage assets”; and
- £200 million UK Community Renewal Fund “to pilot imaginative new programmes ... to boost productivity and grow local economies”.

Published the Levelling Up white paper in February 2022.

Published the *Pre-Launch Guidance for the UK Shared Prosperity Fund*, which set out how bidders can apply for £2.6 billion to fund local investment from April 2022–March 2025.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022



Major programmes and key developments on housing

This section of the overview mainly refers to the routine business of DLUHC. We have highlighted programmes and developments as they relate to the key themes of DLUHC's five priority outcomes for 2021-22, as stated in DLUHC's annual report and accounts for 2021-22. On this page we cover the theme of housing.

2

Housing DLUHC reported the following activities:

Launched the £1.5 billion Levelling Up Home Building Fund in February 2022, which DLUHC intends to support small and medium enterprises and diversify the homebuilding market.¹

Declared that 452 (94%) of all identified high-rise residential and publicly owned buildings in England with Aluminium Composite Material (ACM) cladding had completed or started remediation work at the end of March 2022.

Allocated a total of over £1.2 billion of the Building Safety Fund as at March 2022 for the remediation of non-ACM cladding for buildings.

The Building Safety Bill received Royal Assent and became the Building Safety Act in April 2022.

Allocated £57.8 million to local authorities from the Brownfield Land Release Fund.

Announced an additional £1.8 billion investment at Spending Review 2021, including £300 million locally led grant funding for allocation to mayoral combined authorities and local authorities and £1.5 billion which DLUHC intends to regenerate underused land and deliver transport links and community facilities.

Note

¹ HM Government, *Levelling Up the United Kingdom*, white paper, CP 604, February 2022.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022



Major programmes and key developments on ending rough sleeping

This section of the overview mainly refers to the routine business of DLUHC. We have highlighted programmes and developments as they relate to the key themes of DLUHCs five priority outcomes for 2021-22, as stated in DLUHC's annual report and accounts for 2021-22. On this page we cover the theme of ending rough sleeping.

3 Ending rough sleeping

DLUHC reported the following activities:

Invested £800 million in 2021-22, with a further £2 billion committed over the next three years intended to deal with homelessness and rough sleeping:

- Committed £375 million through the Homelessness Prevention Grant to support local authorities for homelessness, with a further £316 million to be made available in 2022-23.
- Provided local authorities across England with £203 million under the Rough Sleeping Initiative to provide “quick, targeted support” for people who experience rough sleeping.¹
- Delivery of more than 3,000 homes against the £435 million Rough Sleeping Accommodation Programme, which aims to provide “safe, long-term and stable move-on homes” for rough sleepers. In February 2022, it announced the latest round of allocations under the programme of £174 million funding, which, it intends, will create more than 2,900 move-on homes for rough sleepers by 2024.

Note

¹ Department for Levelling Up, Housing & Communities, *Ending Rough Sleeping for Good*, September 2022.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2021-22*, July 2022



Part Four // Major programmes and key developments

Major programmes and key developments on the local government sector and the Union and constitution

This section of the overview mainly refers to the routine business of DLUHC. We have highlighted programmes and developments as they relate to the key themes of DLUHC's five priority outcomes for 2021-22, as stated in its annual report and accounts for 2021-22. On this page we cover the theme of the local government sector and the union and constitution.

4 Ensuring a 'sustainable and resilient local government sector'

DLUHC reported the following activities:

Secured an additional £200 million investment for the Supporting Families programme, meaning the total planned investment will be £695 million for 2022-2025. DLUHC reported between April 2021 and January 2022, there were 55,421 'successful family outcomes.'

In March 2022, Structural Change Orders came into force which provide for the establishment of new unitary authorities in three areas - Cumbria, North Yorkshire and Somerset.

In response to the Redmond Review, DLUHC set out its intention to establish the Audit, Reporting and Governance Authority as the system leader for local audit within a simplified local audit framework. As at October 2022, this had yet to be established.

Launched the Homes for Ukraine Scheme in March 2022, which intends to provide a route to the UK for Ukrainians who can obtain a visa without having family ties here and who are matched with UK-based individuals who can provide accommodation for at least six months. DLUHC reported that as of 13 June 2022, more than 50,000 Ukrainians had arrived in the UK through the scheme.

5 Union and constitution

DLUHC reported the following activities:

Agreement with the Scottish Government to establish two new Green Freeports in Scotland, with additional targeted funding for infrastructure improvements in Freeport areas with the intention to level up communities and increase employment opportunities.

Supporting economic growth and levelling up

DLUHC is responsible for leading on government's interventions to support the regeneration of towns and communities in the UK.

At the Spending Review 2020, DLUHC was tasked with “raising productivity and empowering places so that everyone across the country can benefit from levelling up”.

To this end, it is leading on government's latest targeted local growth policies – a series of UK-wide place-based interventions to support the regeneration of towns and communities. As at November 2021, central government had committed £11 billion through policies to support local growth between 2020-21 and 2025-26, made up of:

£4.8 billion

for the Levelling Up Fund.

£3.2 billion

for the Towns Fund¹(England).

£0.2 billion

to help create eight new Freeports in England.

£2.6 billion

for the UK Shared Prosperity Fund.

£0.2 billion

for the one-year UK Community Renewal Fund.

Note

¹ This figure excludes elements of the Towns Fund which have been redirected to other funds. Of the £3.6 billion originally announced, £0.3 billion has been redirected to the Levelling Up Fund and £0.1 billion to Freeports.

Source: Comptroller and Auditor General, *Supporting local economic growth*, Session 2021-22, HC 957, National Audit Office, February 2022

Our February 2022 Report, *Supporting local economic growth* found that:

DLUHC had a poor understanding of what had worked well in its previous local growth programmes because it had not consistently evaluated them. Contrary to HM Treasury guidance for evaluations (the Magenta Book), DLUHC had not systematically assessed whether individual policies had achieved their aims and could not say which have been most effective. Instead, it had built its evidence base for local growth by drawing largely on external sources.

DLUHC had not consistently applied lessons and key policy principles from its own research or from external scrutiny to the design of its new local growth interventions. DLUHC provided limited evidence that it had designed the current interventions using robust evidence about what works best to stimulate local economies.

The way the interventions currently work makes it hard for local authorities to plan the joined-up investment strategies that DLUHC's research suggests are needed to promote local growth. Multiple funding pots and overlapping timescales, combined with competitive funding, create uncertainty for local leaders.

DLUHC is committed to improving its monitoring and evaluation for local growth, but is at an early stage. It made a public commitment to undertake process and impact evaluations for its most important policies. This includes an intention to evaluate the £12 billion Local Growth Fund, having previously said it had no plans to do so. It had made a promising start on monitoring and evaluating the Towns Fund.

Source: Comptroller and Auditor General, *Supporting local economic growth*, Session 2021-22, HC 957, National Audit Office, February 2022

Housing – affordable homes

DLUHC intervenes in the housing market to try to ensure there is enough affordable housing. It forecasts that, through the Affordable Homes Programme, it will spend around £20.7 billion (2021-22 prices) on 363,000 homes from 2015.

Our report on *the Affordable Homes Programme since 2015* looked at how effectively DLUHC discharged its responsibilities for various iterations of the Programme. It found:

Achieving benefits:

- **The 2016 programme** – DLUHC forecasts that it will achieve 96% of its new home building starts target.
- **The 2021 programme** – DLUHC's forecast is that 157,000 new homes will complete, compared with its target of “up to 180,000 should economic conditions allow”.

Programme management

DLUHC had inadequate oversight of the Greater London Authority (GLA) during the 2015 and 2016 programmes. DLUHC detected that between April 2015 and October 2021 it had given the GLA £1.8 billion of funding that the GLA had committed but not yet used to pay housing providers. DLUHC and the GLA have agreed how the balance will be reduced.

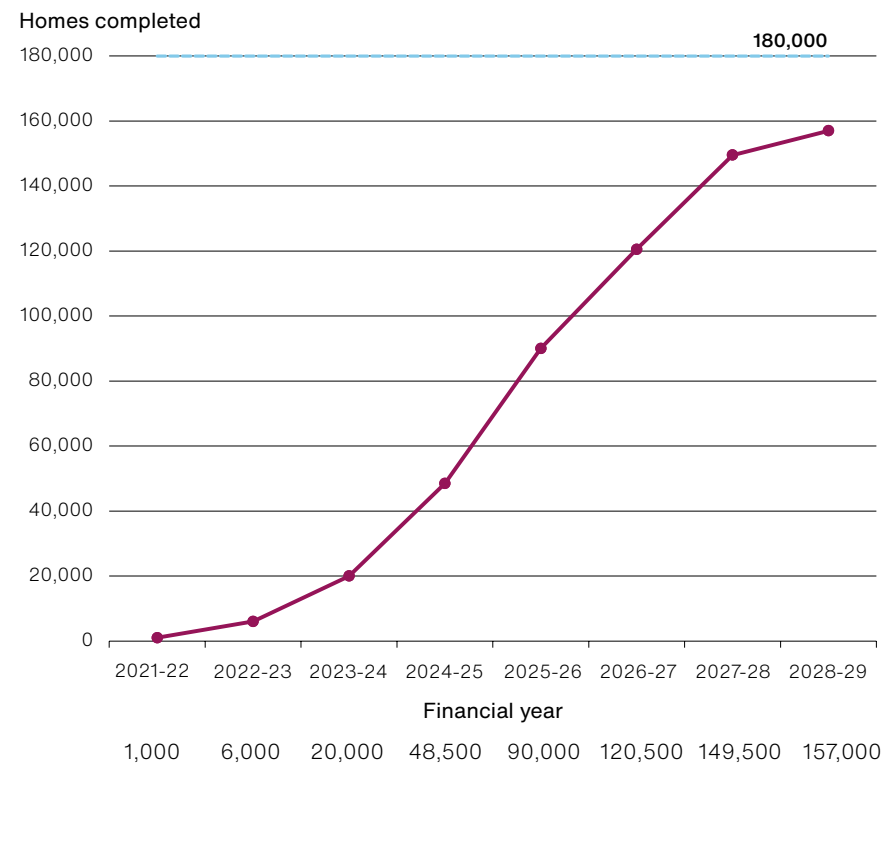
Wider value

The Programme could bring greater value to other parts of government. When designing the 2021 programme, DLUHC considered how it could generate cross-government benefits in relation to Housing Benefit spend, reducing the number of people in temporary accommodation and adult social care costs. However, it did not include savings in temporary accommodation or adult social care costs from providing supported housing in its economic modelling. DLUHC plans to conduct a formal evaluation of the 2021 programme.

Source: Comptroller and Auditor General, *The Affordable Homes Programme since 2015*, Session 2022-23, HC 652, National Audit Office, September 2022

Forecast completions under the 2021 Affordable Homes programme

The Department for Levelling Up, Housing & Communities (DLUHC) forecasts that the building of all new homes will have finished by March 2029, with a 23,000 shortfall compared with its target



Notes

- 1 A housing completion is defined when a housing provider finishes building a home and the home is ready for occupation and is recorded on Homes England's or the Greater London Authority's information management system.
- 2 DLUHC's target is to complete “up to 180,000 new homes, should economic conditions allow”.
- 3 From 2022-23 onwards, the housing completions total is the forecast cumulative total by year.
- 4 Housing completions are rounded to the nearest 500.

Source: National Audit Office analysis of Homes England and Greater London Authority internal data

Housing – regulation of private renting

DLUHC aims to ensure the rented sector is fair for tenants and sets the overall policy and regulatory framework. Local authorities are responsible for regulating the sector and ensuring landlords comply with legal obligations.

The NAO examined the extent to which the regulation of private renting in England supports DLUHC's aim to ensure the sector is fair for renters in the December 2021 report on the [Regulation of private renting](#).

Key points from our report:

Size and issues with the private rented sector

The private rented sector in England has grown to house more than 4.4 million households, and there is evidence that a concerning proportion live in unsafe or insecure conditions with limited ability to exercise their rights. DLUHC estimated that 13% of privately rented homes had at least one category 1 hazard (defined as a serious and immediate risk to a person's health and safety), compared with 10% of owner-occupied homes and 5% of social housing. Twenty-three per cent of privately rented homes were classified as non-decent, rising to 29% for renters receiving housing support. It is calculated that the cost of unsafe private rented housing to the National Health Service is £340 million per year in 2020 prices.

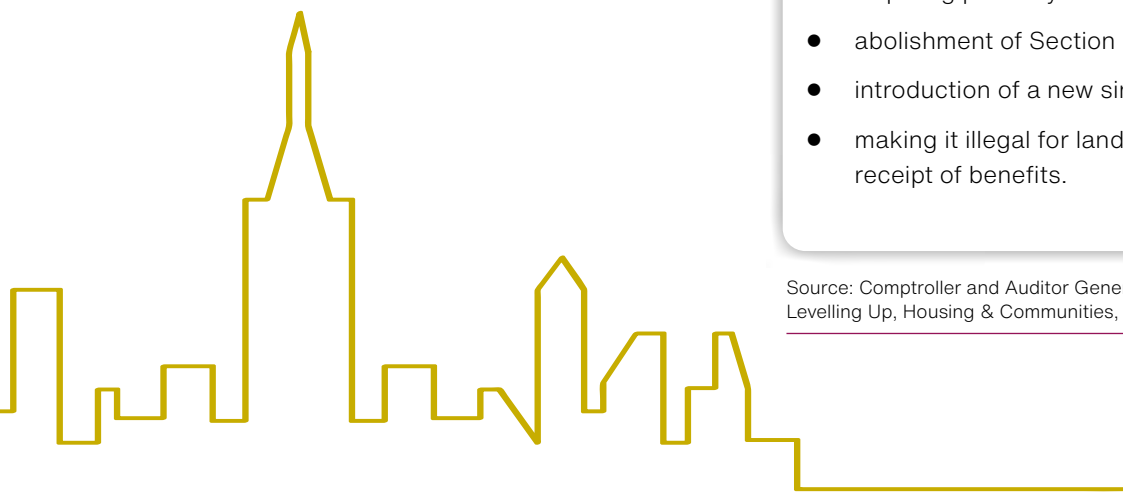
Current use of regulatory powers

Local authorities choose how they regulate based on their local priorities and housing market, and there is considerable variation in approaches across England. For example, some local authorities inspect almost no properties while others inspect a large proportion of their market. The NAO report also found low use of some regulatory tools such as banning orders and penalty notices – only 10 landlords and letting agents have been banned by local authorities since new powers were introduced in 2016. DLUHC has limited data on what tools and approaches are used by local authorities and therefore cannot meaningfully analyse which are more effective at improving compliance and protecting tenants.

Since our report, DLUHC published a white paper in June 2022, *A Fairer Private Rented Sector*, which set out its proposed reforms. These include:

- requiring privately rented homes to meet the Decent Homes Standard;
- abolishment of Section 21 'no fault' evictions;
- introduction of a new single Ombudsman that all private landlords must join; and
- making it illegal for landlords or agents to have blanket bans on renting to families with children or those in receipt of benefits.

Source: Comptroller and Auditor General, *Regulation of private renting*, Session 2021-22, HC 863, National Audit Office, December 2021; Department for Levelling Up, Housing & Communities, *A Fairer Private Rented Sector*, June 2022



Housing – Homes England and its activities

Homes England is the largest non-departmental body sponsored by DLUHC. It calls itself the government's 'housing accelerator' and helps deliver DLUHC's housing priorities.

In 2021-22, Homes England had eight key performance measures and two forward-looking indicators. In addition, it began reporting against a further metric agreed with DLUHC.

Key performance indicators include performance on:

- numbers of affordable homes;
- numbers of homes completed that were supported by Homes England;
- numbers of homes started to be built that were supported by Homes England;
- total economic benefit of Homes England homes;
- number of households who were supported into owning a home; and
- proportion of small/medium home builders that Homes England worked with.

Internal audit report

The overall assurance provided for 2021-22 was a 'moderate' opinion – an improvement on 2020-21. This means that "some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control".

Key schemes

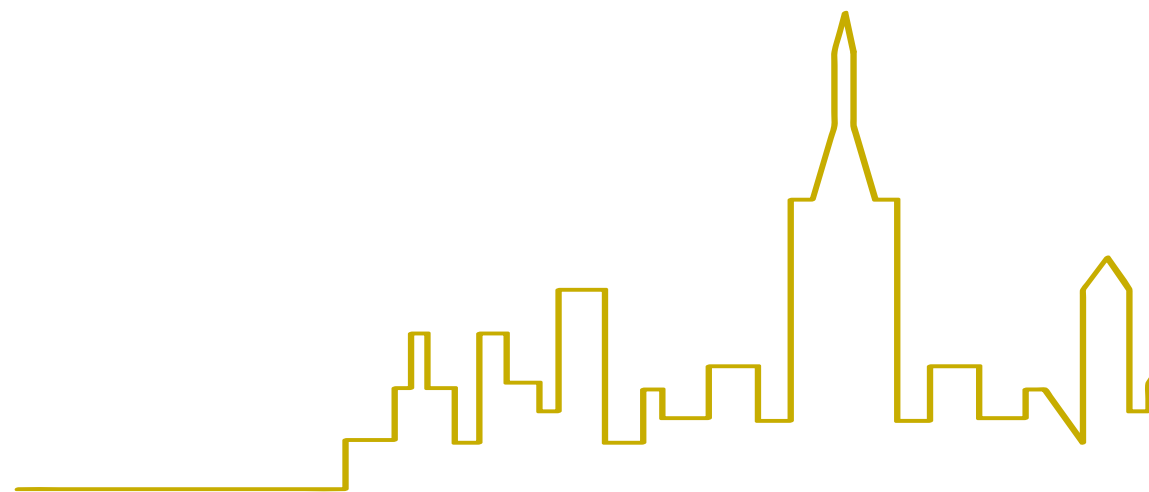
Help to Buy

Homes England reported that the Help to Buy equity loan scheme has helped more than 350,000 households into home ownership since 2013. In 2021-22 Homes England noted that the Help to Buy programme had provided more than £2.4 billion in equity loans (cost of loans, against a budget of £2.5 billion). The scheme will close in 2023.

Affordable Homes Programme

This is Homes England's largest grant programme and aims to increase the supply of new affordable and shared ownership homes in England. The NAO reported on the performance of the programme in September 2022 in [The Affordable Homes Programme since 2015](#) (see page 15).

Source: Homes England, *2021-22 Annual Report and Financial Statements*, July 2022



Part Six // Housing

Housing – Homes England and its performance

Performance against targets

Homes England reported that it had not met its targets for numbers of starts and completions of new homes, and for unlocked housing capacity.

There had been an increase in the numbers of starts and completions of new homes compared with 2020-21, as several programmes reached peak delivery. 'Unlocked housing capacity' fell as Homes England's funding commitments for infrastructure reduced.

Output	2020-21	2021-22	Target
Completions	34,995	37,632	44,275
Starts	37,330	38,562	48,810
Unlocked housing capacity	170,276	58,993	94,863
Households supported	64,475	Waiting for final Help to Buy statistics	42,184

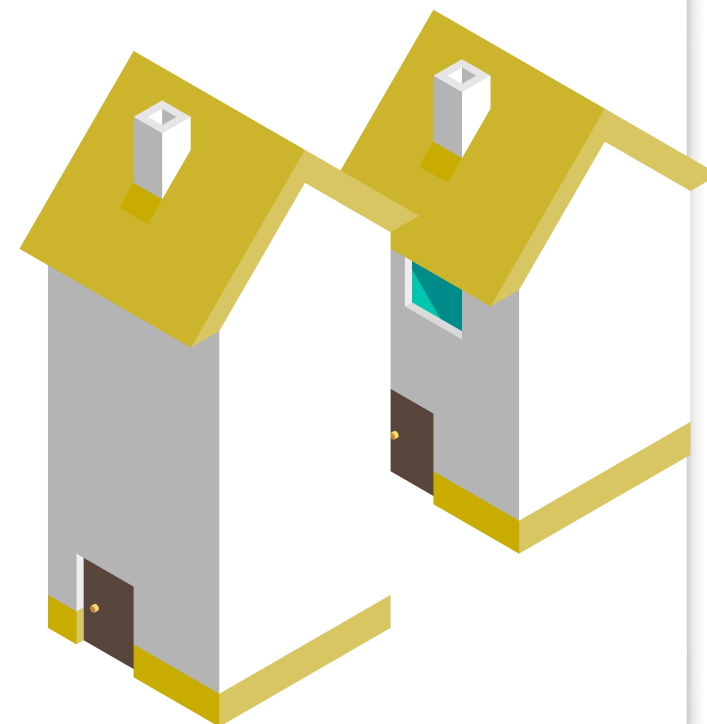
Source: Homes England, *2021-22 Annual Report and Financial Statements*, July 2022

Factors affecting performance

While the market has seen activity on starting new homes return to 2019 levels, the rate of completions has been slower. Homes England noted the impact of related COVID-19 challenges such as the 'pingdemic' and self-isolation rules affecting the volume of tradespeople available on site to finish the homes.

It also noted challenges to completing new homes, including delays and access to labour supply and materials. Homes England considered that schemes approaching completion were more directly impacted by labour and materials shortages because it is at this stage where the need for resource is greatest.

Homes England highlighted that a number of its other programmes had seen their starts implicated by the wider economic conditions. The planning delays in the sector, coupled with the reduced capacity of local authorities, meant that several projects with local authorities have been reallocated into future years.



Programme management – an overview

The Government Major Projects Portfolio (GMPP) brings together the most complex and high-value projects from across government, to be independently scrutinised by the Infrastructure and Projects Authority. In March 2022, DLUHC had 10 projects in the GMPP with a whole-life cost of £19.1 billion. In March 2021, DLUHC had five projects in the GMPP with a whole-life cost of £6.1 billion.

Projects in the portfolio are given a Delivery Confidence Assessment, which assesses the likelihood of a project delivering its objectives to time and cost as a specific snapshot in time, if issues and risks are left unaddressed or readiness to proceed to the next stage if a business case approval has been sought (known as a Stage Gate Assessment). Ratings are 'red', 'amber' and 'green'. These indicate the likelihood of successful delivery and level of associated risks, which could also reflect the project's life stage.

The Infrastructure and Projects Authority's rating of Department for Levelling Up, Housing & Communities' projects as at March 2022

IPA rating	Number	Name of project	Start date	End date
Red	4	Building Safety Programme – Non-ACM remediation	11.03.2020	31.12.2027
		Electoral Integrity Programme	11.01.2017	31.12.2024
		Planning Reform	01.09.2020	31.12.2027
		UK Holocaust Memorial and Learning Centre	27.01.2015	Exempt under Section 35 of the Freedom of Information Act 2000 (Formulation of government policy)
Amber	5	Freeports	08.02.2019	31.12.2027
		Grenfell Site and Programme	15.07.2019	30.06.2028
		Housing Infrastructure Fund	30.12.2016	31.03.2028
		Levelling Up Fund	03.03.2021	31.03.2026
Green	1	Towns Fund	01.12.2018	30.03.2026
Green	1	Building Safety Programme ACM remediation	15.06.2017	30.06.2022

Notes

- 1 the portfolio and baselines may have changed since March 2022.
- 2 ACM is aluminium composite material.

Source: Infrastructure and Projects Authority, *Annual Report on Major Projects 2021-22, 2022*; Infrastructure and Projects Authority, *Annual Report on Major Projects 2020-21, 2021*; GMPP Government Major Projects Portfolio AR Data, March 2022, available at [GMPP Government Major Projects Portfolio AR Data March 2022 – GOV.UK](https://www.gov.uk/government/data-and-data-sets/gmpp-government-major-projects-portfolio-ar-data-march-2022)

Part Seven // Programme management

Programme management – an overview continued

Accounting officer assessments

An accounting officer assessment (AO assessment) is a critical part of HM Treasury’s controls and processes set out in *Managing Public Money*. It provides a framework for accounting officers to use when making significant spending decisions to ensure they meet the four public spending standards: regularity, propriety, value for money and feasibility. To improve transparency HM Treasury also introduced a requirement for departments to publish a summary of each AO assessment by Outline Business Case stage at the latest.

The NAO report on [improving decision-making on major programmes](#) noted that DLUHC had published a summary AO assessment on four of its GMPP programmes as at December 2021. DLUHC has published seven additional summary AO assessments as at 11 October 2022, including Future High Streets fund and UK Shared Prosperity Fund, that are not on the GMPP.

Source: Comptroller and Auditor General, *Accounting officer assessments: improving decision-making and transparency over government’s major programmes*, Session 2022-23, HC 65, National Audit Office, July 2021; GMPP Government Major Projects Portfolio AR Data March 2022, available at [GMPP Government Major Projects Portfolio AR Data March 2022 – GOV.UK](#); Department for Levelling Up, Housing & Communities accounting officer assessments, available at [DLUHC accounting officer assessments – GOV.UK \(www.gov.uk\)](#)

Notes

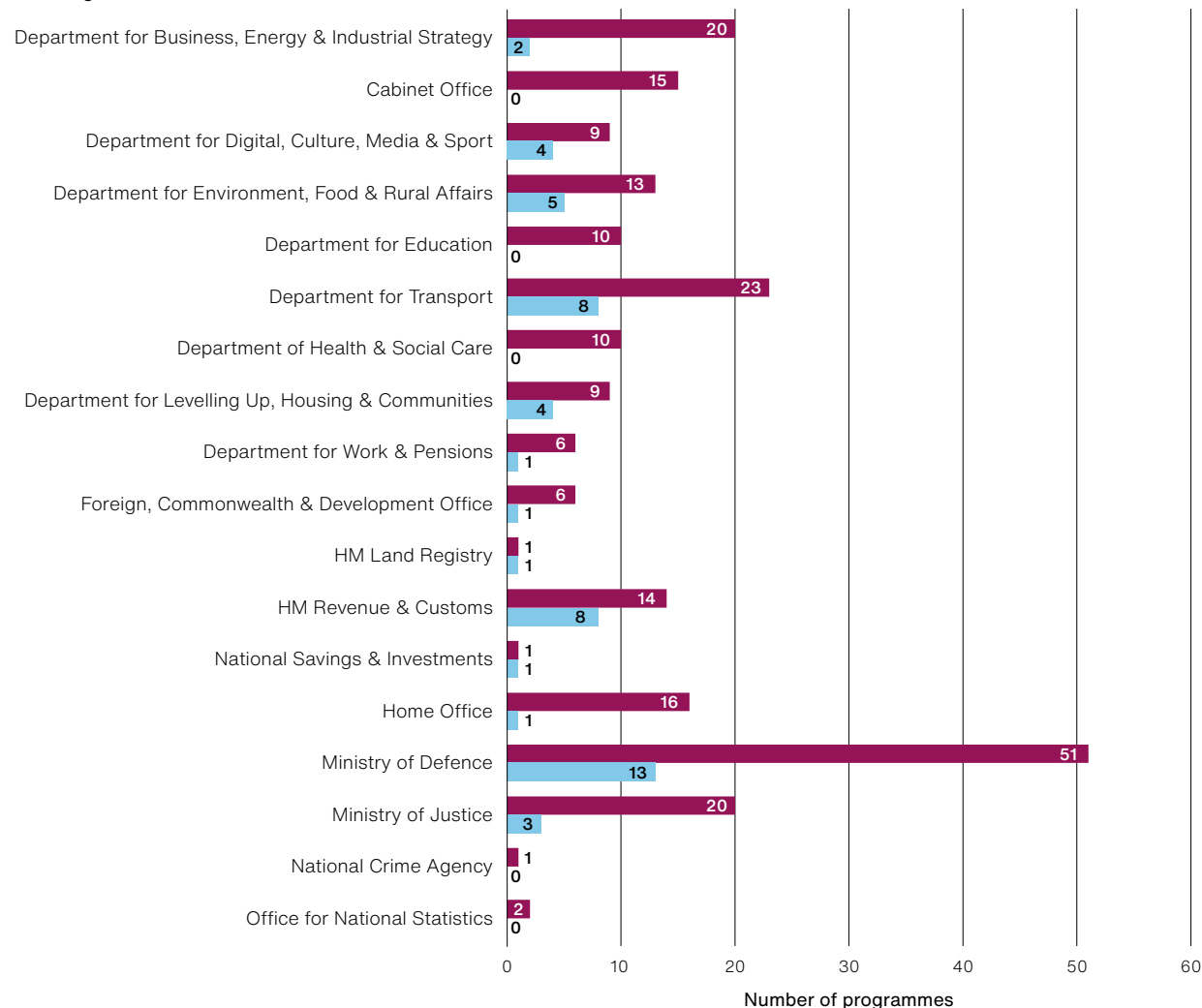
- Our analysis covers 227 programmes on the GMPP as at 31 December 2021. Since that date, new programmes have joined the GMPP. We would not expect there to be an AO assessment for each of these programmes as some will have not reached outline business case stage and programmes may not have changed significantly.
- Our analysis is correct as at 31 December 2021 and covers summary AO assessments signed before 2022 for 52 programmes. Some programmes have had more than one summary AO assessment published with five relating to High Speed 2 (Phase one); two to High Speed 2 (Phase 2a) and two to Fleet Solid Support. Since December 2021, further summary AO assessments have been published.
- After completing an AO assessment, the accounting officer may decide that a ministerial direction is required to proceed with the programme because ministerial proposals do not meet one or more of the accounting officer standards set out in *Managing Public Money*. These should be published unless confidentiality is in the public interest. For example, the accounting officer at the Department for Levelling Up, Housing & Communities published the ministerial directions for two building safety programmes rather than a summary AO assessment.

Source: National Audit Office analysis of the Infrastructure and Projects Authority’s Government Major Project Portfolio data and GOV.UK

Comparison between the Government Major Projects Portfolio (GMPP) programmes and published summary accounting officer assessments (AO assessments), December 2021

Five central government bodies with GMPP programmes have not published summary AO assessments

Central government bodies



■ Number of programmes on GMPP (as at 31 December 2021)

■ Number of GMPP programmes as at 31 December 2021 with published summary AO assessments

Programme management – the Holocaust Memorial and Learning Centre

The creation of a Holocaust Memorial and Learning Centre (the Memorial and Learning Centre) was recommended by the Holocaust Commission in January 2015 and DLUHC is responsible for its delivery. Forecast costs as at March 2022 were £102.9 million.

The NAO investigation into *The Holocaust Memorial and Learning Centre* looked at how DLUHC was set up to manage the programme and the emerging risks to cost and schedule.

Key points raised by the investigation:

- **Managing the programme** – DLUHC did not have a track record of managing programmes of this nature. DLUHC recruited specialists from across the civil service and externally, but the team did not have staff with programme management expertise in senior positions. The programme has a board of external advisers – the UK Holocaust Memorial Foundation Advisory Board.
- **Maximising the impact of the programme** – DLUHC had clearly set out what it considers to be the strategic benefits of the Memorial and Learning Centre and mapped them against its objectives. It followed HM Treasury guidance in trying to demonstrate the wider operational and social benefits of the Memorial and Learning Centre. DLUHC had not yet put in place everything needed to maximise the wider operational and social benefits.
- **Risks of further delays** – DLUHC had difficulties in finalising planning permission since December 2018. It did not have an alternative location if it was unable to build the Memorial and Learning Centre in Victoria Tower Gardens.
- **Risks of further cost increases** – The projected set-up costs for the Memorial and Learning Centre had continued to increase, partly due to changes in scope and including expenses that had not previously been costed. As at April 2022, DLUHC had spent £15.2 million. There was a risk that the contingency would not be enough to cover further cost increases. The programme has controls to try to safeguard against substantial cost increases.
- **Risks to funding and financial exposure** – DLUHC was expecting £25 million from private donors to contribute to the costs of building the Memorial and Learning Centre. It had not yet started fundraising activity for this £25 million but was confident that the £25 million would be raised in full. If not, it had agreed with HM Treasury that DLUHC would make up any shortfall from the departmental budget.

Climate change and net zero

The NAO assessed DLUHC's performance on affordable homes and measuring and reporting greenhouse gas emissions.

The NAO's report into *The Affordable Homes Programme since 2015* found that DLUHC did not set out to use the Programme to advance the government's net zero objectives. DLUHC and Homes England did not include any specific targets relating to reducing emissions for the 2021 programme. Housing providers instead must comply with existing and future environmental standards specified within planning design guides and building regulations. In contrast, the Greater London Authority specified that all developments under the 2021 programme of 10 or more homes are net zero carbon and air quality neutral.

DLUHC and Homes England recognise the need to consider whether to include net zero standards in future iterations of the Programme. Neither DLUHC nor Homes England modelled the potential costs that housing providers may incur in future if homes delivered under the 2021 programme need retrofitting to meet net zero commitments. DLUHC and Homes England told us that including net zero commitments in the 2021 programme could have led to higher delivery costs, and fewer affordable homes. It did not model the extent of this.

Source: Comptroller and Auditor General, *The Affordable Homes Programme since 2015*, Session 2021-22, HC 662, National Audit Office, September 2022; Comptroller and Auditor General, *Measuring and reporting public sector greenhouse gas emissions*, Session 2021-22, HC 63, National Audit Office, June 2022

Measuring and reporting greenhouse gas emissions

The NAO's June 2022 report on *Measuring and reporting public sector greenhouse gas emissions* examined the extent to which the government measures and reports public sector emissions in line with its ambition for the public sector to be a leader in decarbonising its activities.

The study found that the government's reported data against the Greening Government's Commitments (GGCs) did not provide a complete picture of progress made by the public sector in reducing its emissions. The GGCs set out a series of commitments to reduce environmental impacts, of which reducing emissions is one component, with departments committing to targets to improve environmental performance and to report their progress. Through this framework, organisations report their emissions, which provides useful data on the progress that is being made, but the GGCs do not cover all public sector emissions. Not all central government bodies report GGCs data as expected under the GGCs guidance. In 2019-20 the government's GGCs emissions data for DLUHC included its core departmental data but did not include data for any of its partner organisations.

