



National Audit Office

## OVERVIEW

# The Department for Levelling Up, Housing & Communities

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**Departmental Overview 2022-23**

We are the UK's independent public spending watchdog

January 2024

## About this overview

**This guide has been produced to support the Levelling Up, Housing and Communities Committee in its examination of the Department for Levelling Up, Housing & Communities' (DLUHC's) spending and performance. It 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 around £33 billion each year to support people, places and communities.**

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, related bodies and the local government sector.

### 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 and its bodies.

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, related bodies and the local government sector in England, as well as information about our other recent and upcoming reports, can be found on the NAO website.



This report updates our previous overview, *Departmental Overview 2021-22: Department for Levelling Up, Housing & Communities*, published in December 2022.

### More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting* (February 2023), 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 2022-23

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#### About the National Audit Office

The National Audit Office (NAO) scrutinises public spending for Parliament and is 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 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.


If you would like to know more about the NAO's work on DLUHC, or are interested in the NAO's work and support for Parliament more widely, please contact:

Parliament@nao.org.uk  
020 7798 7665



Part One • Overview

# How DLUHC is structured

The Core Department					
 Levelling Up	 Regeneration	 Safer and Greener buildings	 Local Government, Resilience and Communities	 Corporate Group	 Union and Windsor Framework
<ul style="list-style-type: none"> <li>● Strategy and Private Offices</li> <li>● Spatial Data</li> <li>● Place</li> <li>● Levelling Up Policy and Delivery</li> <li>● Areas</li> <li>● Levelling Up Major Programmes</li> <li>● Communities Investment and Funding Services</li> </ul>	<ul style="list-style-type: none"> <li>● Housing Markets and Strategy</li> <li>● Planning Reform and Housing Quality</li> <li>● Leasehold Land and Planning Systems</li> <li>● Chief Planner</li> <li>● Places and Infrastructure</li> <li>● Social Housing and Resettlement</li> </ul>	<ul style="list-style-type: none"> <li>● Regulatory Stewardship and Reform</li> <li>● Remediation Policy</li> <li>● Intervention Delivery</li> <li>● Building Systems and Net Zero</li> </ul>	<ul style="list-style-type: none"> <li>● Local Government Policy</li> <li>● Local Government Finance</li> <li>● Chief Scientific Adviser</li> <li>● Resilience and Recovery</li> <li>● Homelessness and Rough Sleeping</li> <li>● Integration and Communities</li> <li>● Elections</li> <li>● Office for Local Government</li> <li>● Holocaust Memorial Programme</li> <li>● COVID-19 Inquiry</li> </ul>	<ul style="list-style-type: none"> <li>● People, Capability and Change</li> <li>● Finance</li> <li>● Commercial</li> <li>● Digital</li> <li>● Communications</li> <li>● Analysis and Data</li> </ul>	<ul style="list-style-type: none"> <li>● Union and Devolution</li> <li>● Implementation Unit</li> <li>● Recovery Strategy Unit</li> </ul>

Source: Department for Levelling Up, Housing & Communities

Part One • Overview

## Related bodies

DLUHC’s role is to be at the forefront of supporting people, places and communities. In its Annual Report and Accounts 2022-23, DLUHC summarised its purpose as follows:

*“We deliver a fairer housing market, level up and spread opportunity and prosperity equally across the country, bind the four parts of our United Kingdom closer together and give more power to local people to shape their areas. We strive to ensure people have access to affordable, high-quality housing, boost opportunities for jobs and growth in all parts of the UK, build strong communities, support effective local government and create opportunity for everyone, regardless of where they live.”*

DLUHC has one executive agency and 13 designated bodies.

### Executive Agency

Planning Inspectorate

### Advisory Non-Departmental Public Bodies (NDPBs)

Boundary Commission for England  
Boundary Commission for Wales

### Tribunal (NDPB)

Valuation Tribunal for England

### Executive NDPBs

Homes England  
The Leasehold Advisory Service  
Regulator of Social Housing  
The Housing Ombudsman  
Valuation Tribunal Service  
Office for Place (Note 1)

### Other bodies (not classified as NDPBs)

Ebbsfleet Development Corporation (Note 2)  
Local Government and Social Care Ombudsman

### Public Non-Financial Corporation

Architects Registration Board  
Queen Elizabeth II Conference Centre (Note 3)

### Notes

- 1 The Office for Place will become fully operational from April 2024.
- 2 Previously classified as an Executive NDPB.
- 3 Previously classified as a Trading Fund.
- 4 On 1 June 2023, sponsorship of the Land Registry and its associated bodies moved from the Department for Business and Trade to DLUHC.
- 5 The Building Regulations Advisory Committee was stood down in March 2023 and is expected to evolve into the Building Safety Regulator, which will not be part of the DLUHC group.

Part Two • Spending and financial management

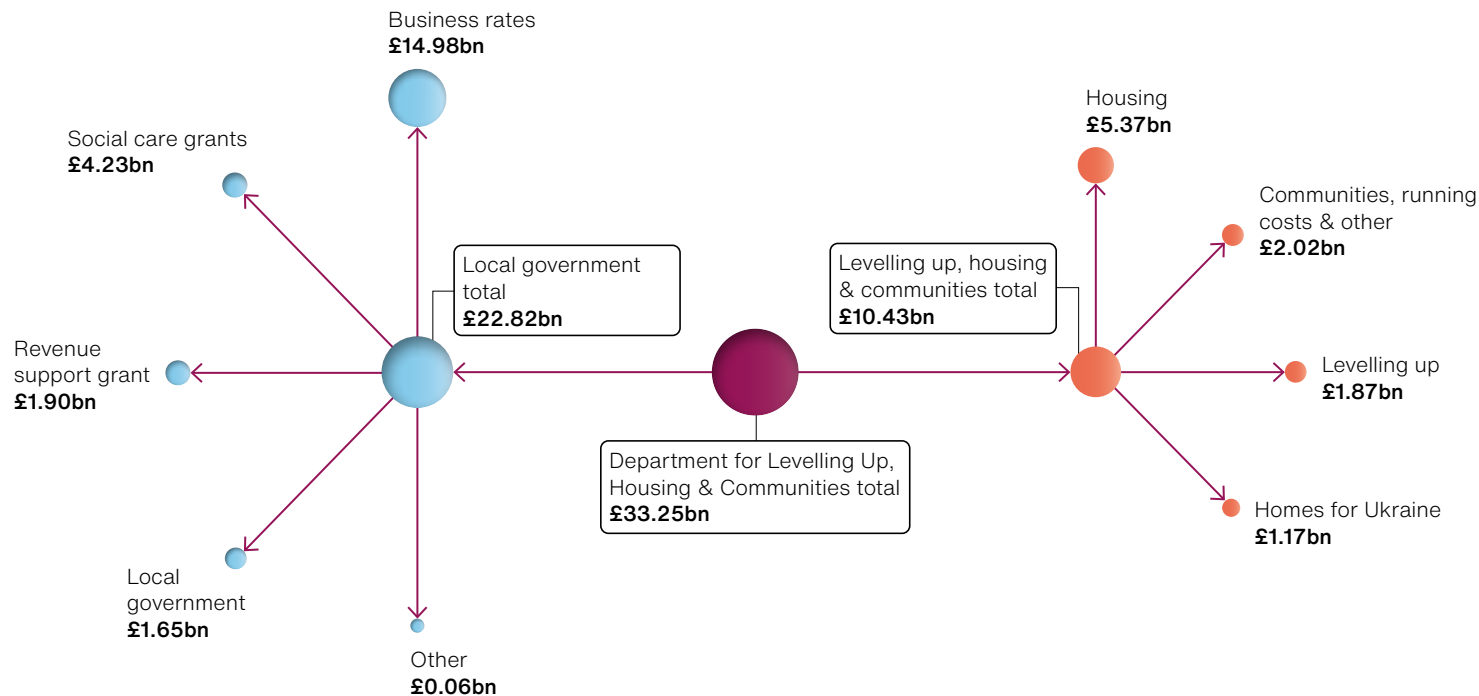
## Where DLUHC spends its money

In 2022-23, DLUHC had a net spend of almost £33.3 billion:

- £10.4 billion spent on levelling up, housing and communities; and
- £22.8 billion spent on local government.

**Expenditure on levelling up, housing and communities** supported DLUHC's two largest priority outcomes, which are to level up the United Kingdom and regenerate and level up communities to improve places and ensure everyone has a high quality, secure and affordable home. This included spending £5.4 billion on supporting DLUHC's priority outcome to regenerate and level up communities to improve places and deliver affordable and quality homes. DLUHC spent a further £1.9 billion on its priority outcome to level up the United Kingdom. DLUHC also spent £1.2 billion on the Homes for Ukraine scheme. DLUHC spent a further £2 billion to fulfil the other priority outcomes.

**Expenditure on local government** included: £15 billion on business rates and non-domestic property rates and associated grants; £4.2 billion on social care grants for both adult and children's social care; £1.9 billion on the revenue support grant which central government provides to support local government services; and £631 million on homelessness and support for DLUHC's strategy to end rough sleeping. DLUHC spent a further £1.7 billion to support local government.



**Note**

1 Some figures may not sum due to rounding.

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 2022-23*, July 2023

**Note**

1 Non-domestic property rates are a tax on non-domestic properties to pay for local services such as education, social care and waste management.

Source: National Audit Office analysis of financial data underlying the Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2022-23*, July 2023

Part Two • Spending and financial management

## Spending patterns

DLUHC's net expenditure fell by 12% from £37.8 billion in 2021-22 to £33.3 billion in 2022-23.

The reduction was largely due to a significant reduction in funding to local government for COVID-19 measures.

Key items of expenditure include an increase in spend on local government and public services, including £1.2 billion spent on the Homes for Ukraine scheme, which was introduced in March 2022. Spending on local growth has increased from 2021-22 and includes £1.9 billion of expenditure reflecting new programme funding to support the levelling up agenda.

There was a £2.4 billion underspend on capital funds in 2022-23. This was mostly due to an underspend on the Affordable Homes Programme and a lower than forecast demand for the Help to Buy scheme. DLUHC reprofiled £0.7 billion for the Affordable Homes Programme and other capital programmes into 2023-24 and 2024-25 and agreed with HM Treasury that DLUHC rebid for any additional funding at the next Spending Review to avoid lifetime cuts to existing programmes.

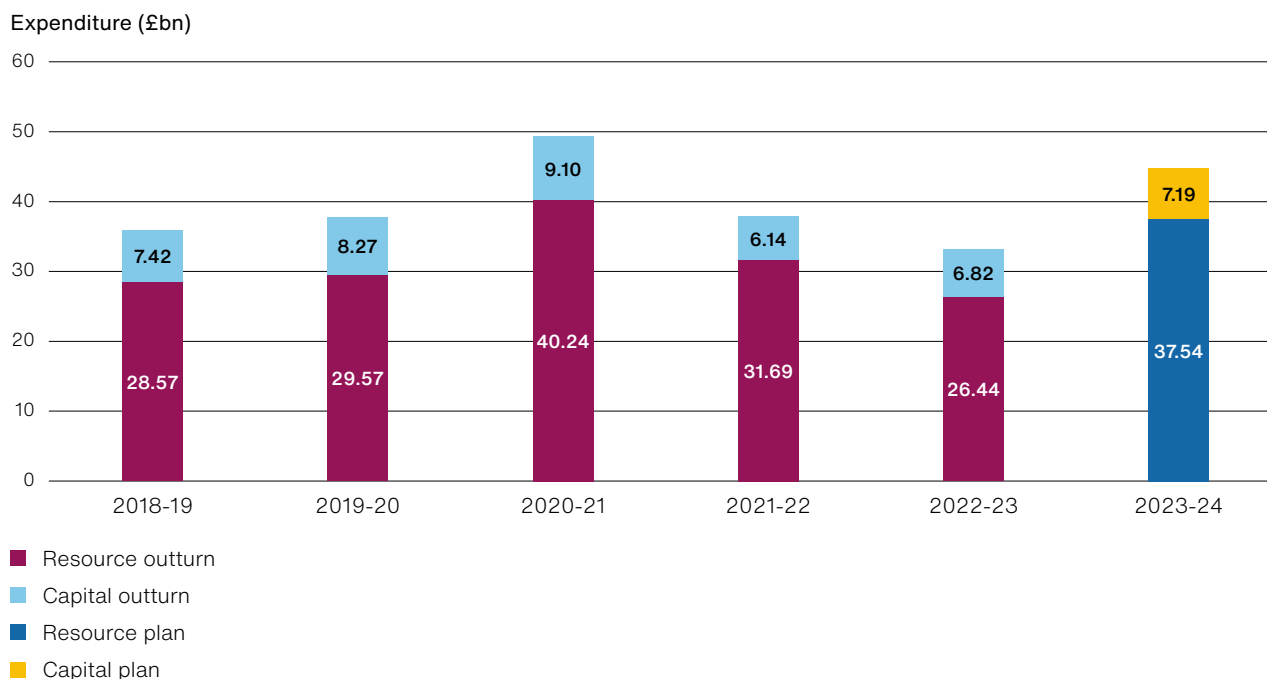
Additionally, DLUHC surrendered £0.2 billion deliberately to offset the costs of allowing local authorities to retain 100% of Right to Buy receipts for 2022-23 and 2023-24. DLUHC also surrendered £90 million as part of a cross-government contribution to support Ministry of Defence spending for Ukraine.

Other key items of expenditure included: £4.2 billion of funding to local authorities for social care grants, including the Better Care Fund for adult social care and health services.

The amount of business rates forecast to be retained by local authorities in 2022-23 is £11.8 billion.

Expenditure for 2023-24 is forecast at a higher level than 2022-23 but continues to be a reduction from the peak in 2020-21 during the COVID-19 pandemic.

Departmental expenditure outturn 2018-19 to 2022-23 and planned expenditure 2023-24



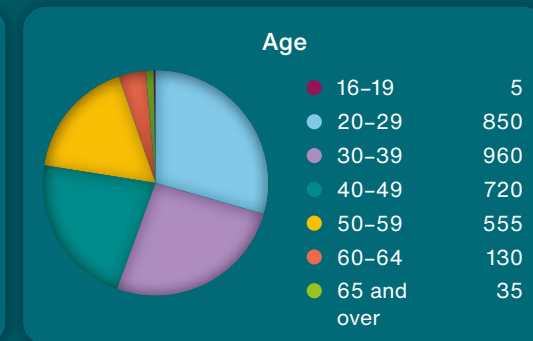
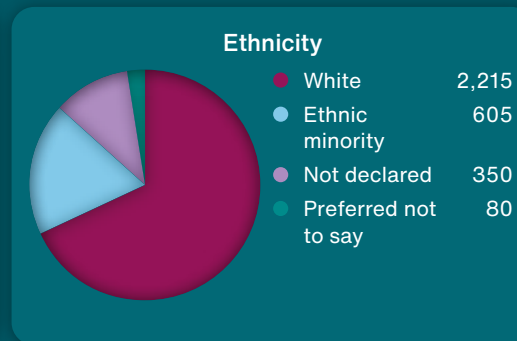
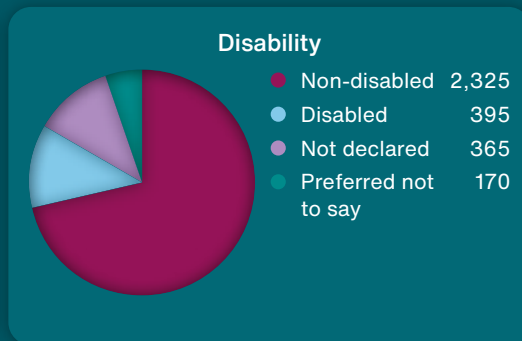
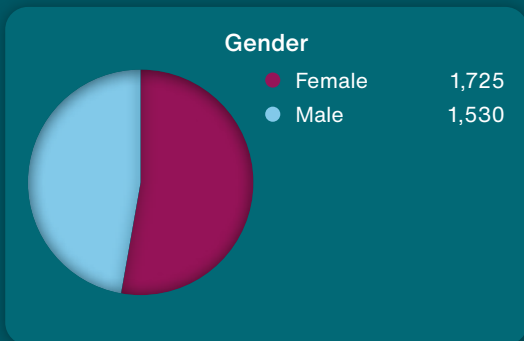
**Notes**

- 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 within the financial statements of DLUHC.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2022-23*, July 2023

Part Three - Staff and pay

# Staff and pay



**Notes**

- <sup>1</sup> These figures are rounded to the nearest five within the results.
- <sup>2</sup> These figures include all staff in post at the specified reference date and all civil servants who have left the Civil Service during the previous 12 months.
- <sup>3</sup> These figures include core DLUHC staff and do not include executive agencies or non-departmental public bodies.

Source: [Civil Service statistics: 2023](#)

## Staff breakdown 2022-23 (permanent full-time equivalent (FTE), excluding fixed-term staff)

	Staff numbers	Cost (£mn)
Core Department	2,929	216.6
Homes England	1,262	111.1
Planning Inspectorate	763	47.8
Queen Elizabeth II Conference Centre	41	3
Architects Registration Board	46	2.8
<b>Total</b>	<b>5,041</b>	<b>381.3</b>

**Note**

- <sup>1</sup> Staff breakdown figures are the annual average based on month end full-time equivalent staff numbers as at 31 March 2023.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2022-23*, July 2023; Homes England, *Annual Report and Financial Statements 2022/23*, July 2023; Planning Inspectorate, *Annual Report and Accounts 2022-23*, June 2023; Queen Elizabeth II Conference Centre, *Annual Report and Accounts 2022-23*, July 2023; and Architects Registration Board, *Annual Report and Financial Statements 2022*, July 2023

## Pay multiples 2022-23

	Ratio	Band of highest paid director's total remuneration (£'000)	Median total remuneration (£)
Core Department	3.7	170-175	46,727
Homes England	4.9	280-285	57,158
Planning Inspectorate	Inspector: 2.06 Support: 4.43	125-130	Inspector: 60,643 Support: 28,248
Queen Elizabeth II Conference Centre	3.21	140-145	44,985
Architects Registration Board	3.35	120-125	36,968



Part Three - Staff and pay

# Annual Civil Service People Survey

	Result in 2022 (%)	Result in 2021 (%)	Change (Percentage points)	Civil Service average in 2022 (%)
 Employee engagement index	60	66	-6	65
 My work	76	81	-5	79
 Organisational objective and purpose	71	80	-9	83
 My manager	80	78	2	78
 My team	85	88	-3	84
 Learning and development	56	64	-8	55
 Inclusion and fair treatment	83	86	-3	81
 Resources and workload	75	76	-1	74
 Pay and benefits	26	42	-15	28
 Leadership and managing change	54	64	-9	54

The annual Civil Service People Survey looks at civil servants' attitudes to and experience of working in government departments. The results of the most recent survey were published in March 2023 and the survey was carried out during 2022. Fieldwork for the 2022 survey opened on 22 September 2022 and closed on 31 October 2022. The next survey results are expected to be published in 2024.

The biggest changes since the survey was previously carried out, in 2021, were in the 'Pay and benefits' theme, where the proportion of positive responses fell by 15 percentage points, and the 'Organisational objective and purpose' and 'Leadership and managing change' themes, each of which fell by 9 percentage points. DLUHC improved on the score from its previous survey in one theme - 'My manager'.

Comparing DLUHC with the Civil Service average for each theme, its scores were:

- the same for 'Leadership and managing change';
- higher in five of the remaining nine themes; and
- lower in four of the remaining nine themes.

**Notes**

1 Figures may not sum due to rounding.

Source: [Civil Service People Survey: 2022](#)

Part Four • DLUHC's priority outcomes

## DLUHC's priority outcomes

This section of the overview mainly refers to the routine business of DLUHC. We have highlighted key activities and developments as they relate to DLUHC's five priority outcomes for 2022-23, as stated in DLUHC's Annual Report and Accounts.

On this page, we lay out DLUHC's five priority outcomes for 2022-23, along with its previous priority outcomes for 2021-22, for reference.

### DLUHC's priority outcomes for 2022-23

1. Levelling Up the United Kingdom
2. Regenerate and Level Up communities to improve places and ensure everyone has a high quality, secure and affordable home
3. Ensure that buildings are safe and system interventions are proportionate
4. Strengthen the Union to ensure that its benefits, and the impact of Levelling Up across all parts of the UK, are clear and visible to all citizens
5. Enable strong local leadership and increase transparency and accountability for the delivery of high quality local public services, and improve integration in communities

### DLUHC's priority outcomes 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

Part Four • DLUHC's priority outcomes

## Priority outcome 1: Levelling Up the United Kingdom

DLUHC's Annual Report and Accounts states: "We are committed to levelling up and we continue to invest in places and our local communities, regenerating our town centres and high streets, boosting local economies – while also facilitating stronger, more empowered local leadership."

### DLUHC reported activities including the following.

- Agreed trailblazer devolution deals with Greater Manchester and West Midlands combined authorities, transferring more power over levers for growth and levelling up infrastructure, alongside single funding settlements from the next Spending Review.
- Signed devolution deals with York and North Yorkshire, East Midlands, Norfolk, Suffolk and an expanded North East area, which, once implemented, will mean over half of England's population will be living in an area with a devolution deal and directly elected mayor.
- Approved all UK Shared Prosperity Fund Investment Plans in December 2022, with investment payments made to all 256 places in England, Scotland and Wales, in addition to the core Northern Ireland allocation.
- Allocated £3.8 billion in Levelling Up funding through 216 successful bids for projects to boost town centres, transport and cultural heritage. This is supported by a £65 million package to help local authorities with the resources for delivery.
- Opened all English Freeports for business. These places will receive up to £25 million of seed funding over the coming years. Two Green Freeports in Scotland and two Freeports in Wales were announced in early 2023. Freeports benefit from incentives relating to customs, tax, planning, regeneration, infrastructure and innovation.

### DLUHC reported risks including the following.

- External economic factors, principally inflation, affect the ability to deliver programmes within budget and timescales. DLUHC is developing ways to mitigate this risk, including by introducing processes on the Levelling Up Fund and Towns Fund to offer flexibility to deal with immediate impacts.
- The current approach to distributing funding across multiple pots with varied application requirements has the potential to be too onerous for some councils to navigate, impacting the delivery of levelling up outcomes. DLUHC intends to publish a plan to streamline the landscape, reducing inefficiency and bureaucracy, and giving local government the flexibility it needs to deliver for local economies.

Part Four • DLUHC's priority outcomes

## Priority outcome 2: Regenerate and Level Up communities to improve places and ensure everyone has a high quality, secure and affordable home

DLUHC's Annual Report and Accounts states: "We are delivering a wide-ranging programme of activity to create, fund and drive a market that delivers good quality, sustainable homes, and empowers local areas to create communities where people want to live, work and do business."

### DLUHC reported activities including the following.

- Made 232,820 net additions to the housing stock.
- Launched a £500 million Local Authority Housing Fund in December 2022 to fund over 3,000 homes in response to local housing pressures arising from the conflicts in Afghanistan and Ukraine, and announced a further £250 million in March 2023.
- Started building 240,000 new homes to rent and buy since 2015 through the 2015-23 Affordable Homes Programme, including 123,000 outside London.
- Amended the Social Housing Regulation Bill to allow the regulator to hold landlords to account and introduce professional qualifications to improve sector standards and tackle unsafe housing conditions.
- Introduced a 7% cap on social housing rent increases for 2023-24, to protect social housing tenants.
- Helped 14,565 people buy their own homes through the Help to Buy scheme, providing £1.2 billion of loan support.

### DLUHC reported risks including the following.

- The change in economic context – including price inflation, a tight labour market, and material shortages – has posed and continues to pose a major risk to the successful delivery of housing funds.
- Maintaining delivery requires DLUHC to ensure it has the right capacity and capabilities within its Regeneration Group and elsewhere. This will remain a challenge, given tight labour market conditions.

Part Four • DLUHC's priority outcomes

## Priority outcome 3: Ensure that buildings are safe and system interventions are proportionate

DLUHC's Annual Report and Accounts states: "We are driving the biggest changes in building safety for a generation – undertaking an expansive programme of work to reform the buildings system, remediate problems in the existing buildings stock and make lasting and meaningful change through stewardship."

### DLUHC reported activities including the following.

- Allocated £1.85 billion for the remediation of non-aluminium composite material (ACM) cladding in high-rise residential buildings.
- Achieved a situation where 46 developers, out of the 49 who made a pledge in 2022, signed developer remediation contracts, legally committing them to fix defects in the buildings they were involved in developing. These works are estimated to cost over £2 billion.
- Brought in the interim uplift to Part L (conservation of fuel and power) of the Building Regulations, under which homes are now expected to deliver around 30% less carbon emissions than those built to previous standards.
- Opened a pilot scheme to remediate or mitigate unsafe external wall systems of buildings that are between 11 and 18 metres in height.
- Engaged with top lenders, who opened the mortgage market for cladding-affected properties following new Royal Institution of Chartered Surveyors (RICS) guidance.

### DLUHC reported risks including the following.

- There is the potential for a further fatal building safety incident. DLUHC is overseeing the remediation of unsafe cladding defects in existing high-rise buildings, through its ACM remediation programme and Building Safety Fund. DLUHC has also launched a pilot for medium-rise buildings.
- Building safety regulations may fail to address critical safety issues. DLUHC has established the Building Safety Regulator (BSR) to provide a more stringent regulatory regime for high-rise and high-risk buildings and mitigate structural building failure, heightened risk of fire, and/or harm to the occupants of buildings. Alongside this, the Building Safety Act places requirements on Accountable Persons to improve safety management in high-rise buildings.
- External changes may threaten the safety and resilience of building stock. DLUHC is undertaking further work to build its evidence base on overheating risk in residential properties, and beginning to establish the longer-term approach and structures that it will need to become an effective steward of the built environment.

Part Four • DLUHC's priority outcomes

## Priority outcome 4: Strengthen the Union to ensure that its benefits, and the impact of Levelling Up across all parts of the UK, are clear and visible to all citizens

DLUHC's Annual Report and Accounts states: "We are driving the delivery of government's priorities to strengthen the Union and improve the quality of intergovernmental engagement."

### DLUHC reported activities including the following.

- Worked with devolved administrations to run the Homes for Ukraine Scheme.
- Established two Scottish Green Freeports in Firth of Forth and Cromarty and Inverness in January 2023.
- Continued to work with the devolved administrations to deliver four Investment Zones across Scotland, Wales and Northern Ireland, and to extend Levelling Up Partnerships UK-wide.
- Worked with the Department for Energy Security & Net Zero to deliver the Energy Bills Support Scheme UK-wide, including support for Northern Ireland.
- Hosted the 38th Summit of the British Irish Council in November 2022.
- Delivered a devolution capability programme for civil servants with devolved governments and government departments – 17,302 civil servants attended training in 2022.

Part Four • DLUHC's priority outcomes

## Priority outcome 5: Enable strong local leadership and increase transparency and accountability for the delivery of high quality local public services, and improve integration in communities

DLUHC's Annual Report and Accounts states: "We are delivering a sustainable funding settlement and developing better approaches to improve long term outcomes for people and places, through greater accountability and transparency, and more effective support for reform to help the sector face future challenges; and working to successfully deliver elections."

### DLUHC reported activities including the following.

- Delivered the Local Government Finance Settlement for 2023-24, which makes available up to £59.7 billion for local government in England. This includes £2 billion in additional grants for social care.
- Helped 63,000 vulnerable and disadvantaged families with multiple and complex needs through the Supporting Families Programme.
- Established the Office for Local Government and appointed the Interim Chair.
- Published the End Rough Sleeping For Good strategy in September 2022, announced three-year allocations for the Rough Sleeping Initiative, implemented a new formula for the Homelessness Prevention Grant, and launched a new Single Homelessness Accommodation Programme.
- Delivered a Faith New Deal pilot to fund 15 projects to tackle social issues, working with councils, schools, police, health providers and voluntary groups.

### DLUHC reported risks including the following.

- Pressure on local government, including inflation and capability, particularly on areas such as social care or resettlement.
- Local authority financial sustainability – Thurrock, Croydon and Northumberland councils issued a Section 114 notice (indicating that council officials believe they do not have the resources available to meet expenditure commitments for the year) in 2022-23. In February 2023, the government agreed to provide Slough, Croydon, Thurrock, Cumberland and Westmorland and Furness councils with in-principle exceptional financial support for 2023-24.
- External risks, including the possibility of a power outage, energy supply disruption, a COVID-19 variant of concern, severe weather, or public disorder.

Part Five • DLUHC's major projects

## DLUHC's major projects – Performance

The Government Major Projects Portfolio (GMPP) brings together the largest, most innovative and highest-risk projects from across government, to be independently scrutinised by the Infrastructure and Projects Authority (IPA). In July 2023, the IPA reported that DLUHC had 11 projects in the GMPP, with total whole-life costs of £31.4 billion and total monetised benefits of £49.9 billion.

The IPA reports a 'Delivery Confidence Assessment' for each project in the portfolio, stating the likelihood that the project will achieve its objectives to time and cost. The ratings, and a summary of their meanings, are:

**Green:** Successful delivery of the project on time, budget and quality appears highly likely.

**Amber-Green:** Successful delivery appears probable.

**Amber:** Successful delivery appears feasible but significant issues already exist.

**Amber-Red:** Successful delivery of the project is in doubt, with major risks or issues apparent in a number of key areas.

**Red:** Successful delivery of the project appears to be unachievable.

Ratings for DLUHC's major projects at March 2023, as reported in July 2023

Name	Aim	Rating		
		2020-21	2021-22	2022-23
18m+ Building Remediation Programme	Bring all buildings over 18 metres high in England up to the minimum life-safety standard.	Amber-Green	Green	Amber
Affordable Homes Programme	Deliver affordable housing in England.	n/a	n/a	Amber
Digital Planning Programme	Enable a modern and efficient 21st century planning system.	n/a	n/a	Amber
Electoral Integrity	Implement changes arising from the Elections Act, to improve the administration and conduct of elections.	Amber-Red	Red	Amber
Freeports	Create Freeports in approved areas.	n/a	Amber	Amber
Grenfell Site and Programme	Monitor the tower and conduct safety works; engage with the bereaved and survivors.	Amber	Amber	Amber
Housing Infrastructure Fund	Provide funding for infrastructure projects to unlock housing capacity in areas of high housing demand.	Amber	Amber	Red
Levelling Up Fund	Invest in local infrastructure that has a visible impact, improving everyday life for people.	n/a	Amber	Amber
Levelling Up Home Building Fund	Support small and medium-sized housebuilders and residential development lenders.	n/a	n/a	Amber
Towns Fund	Regenerate towns and deliver long-term economic and productivity growth.	n/a	Amber	Amber
UK Holocaust Memorial and Learning Centre	Build a new memorial to the Holocaust in Victoria Tower Gardens, Westminster.	Exempt	Red	Red

**Notes**

- 1 The IPA no longer operates with Amber/Green or Amber/Red ratings.
- 2 Digital Planning was part of the wider Planning Programme that was on the GMPP in 2020-21 and 2021-22.
- 3 The UK Holocaust Memorial Programme is currently paused until a decision is taken on when the planning application is forthcoming.

Source: Infrastructure and Projects Authority, *Annual Report on Major Projects 2022-23*, July 2023



Part Six • Levelling Up

## Levelling Up – Funding to local government

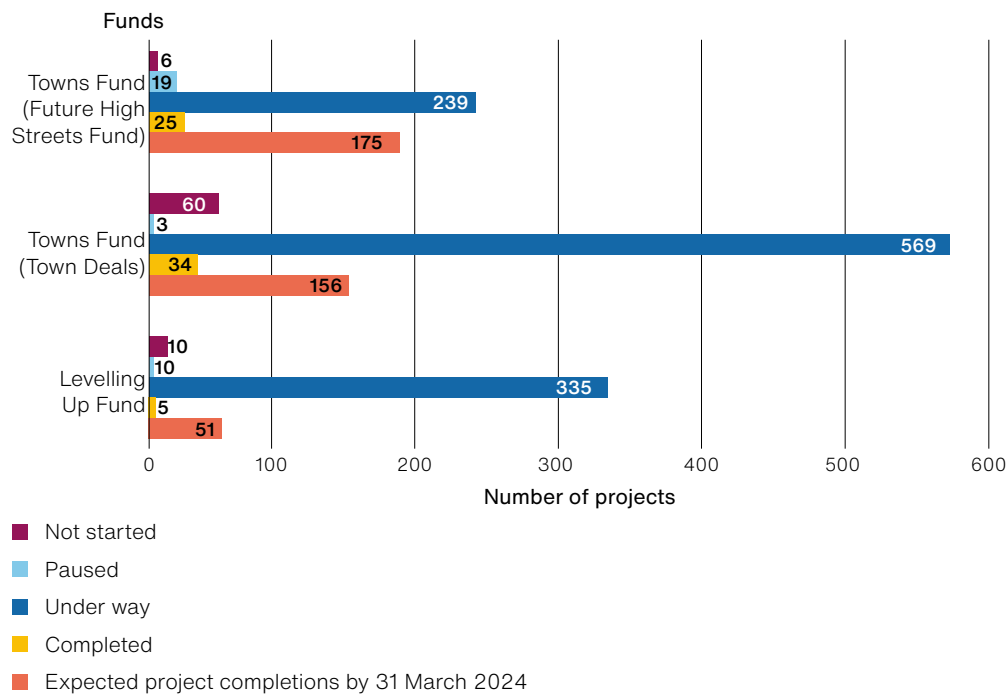
'Levelling up' is a government-wide approach to reduce geographical inequality in a broad range of economic and social measures across the UK. DLUHC leads on three significant funds that support the levelling-up agenda by providing investment into local places: the Towns Fund, which aims to “unleash the economic potential of towns and high streets in England”; the Levelling Up Fund, which focuses on “delivering local priorities that have a visible impact on people and communities across all parts of the UK”; and the UK Shared Prosperity Fund, which aims to “increase life chances and build pride in place across the UK.” Between them, these funds are worth up to £10.6 billion and aim to allocate £9.5 billion to local places, to be spent by 31 March 2026.

Our report on *Levelling up funding to local government* found that:

- The three funds have overlapping objectives but were designed and announced at different times, such that local authorities could not align their plans to secure most value. But DLUHC is taking positive steps to simplify the operation of its levelling-up funds.
- Delivery of projects across the three funds is behind schedule. Projects are happening at a time when there is pressure on public finances because of the impact of the Covid pandemic, the energy and cost of living crisis and sudden interest rate rises.
- Local authorities' projects were held up due to delayed funding announcements to local authorities. DLUHC is aware that it needs to balance the need to encourage timely delivery against moving too fast and risking projects not delivering their intended impacts.
- While the place-based nature of the three funds creates challenges for evaluation, DLUHC's early plans for evaluating the funds are a positive step.
- DLUHC's plans for sharing insights from its evaluation activity, which local authorities and local policy-makers may find helpful, are not yet fully developed.

### The status of Towns Fund and Levelling Up Fund projects as at 31 March 2023

**Local places have completed 64 out of more than 1,300 projects across the Towns Fund and the Levelling Up Fund**



**Notes**

- 1 Data do not include those projects where a return was not submitted to the Department for Levelling Up, Housing & Communities. These comprise one project for the Future High Streets Fund (FHSF), 21 for the Town Deals (TDs) and 23 for the Levelling Up Fund (LUF).
- 2 Expected project completions indicates the total number of projects expected to be complete across all years up to 31 March 2024.
- 3 In total there are 290 projects for the FHSF, 687 for the TDs and 376 for the LUF.

Source: National Audit Office analysis of Department for Levelling Up, Housing & Communities data

Part Six • Housing

## Supported housing and affordable homes

DLUHC is responsible for ensuring there is enough affordable housing, and for improving the quality and safety of homes.

Supported housing in England provides much needed accommodation, support, supervision and care to vulnerable people who often have complex and multiple needs, to help them live as independently as possible in the community. DLUHC is responsible for the supply and quality of supported housing. Our *Investigation into Supported Housing* found the following:

- Gaps in oversight and regulation of supported housing allow some landlords to make large profits while providing poor quality accommodation and support.
- Demand for supported housing is largely unknown.
- The Supported Housing (Regulatory Oversight) Act contains measures to improve supported housing. However, the Act focuses on exempt accommodation (as defined in the Act) which is exempt from Housing Benefit caps.
- There are limited data on supported housing, and DLUHC does not routinely collect data at a national level on the numbers of people in supported housing or the numbers of units of supported housing. DLUHC is aware of the limits of the available data, and has commissioned research to provide an up-to-date understanding of the supported housing sector in England. The research is now due to be published in early 2024.

Note

1. The Supported Housing (Regulatory Oversight) Act became law in August 2023.

Source: Comptroller and Auditor General, *Investigation into supported housing*, session 2022-23, HC 1318, National Audit Office, May 2023

Our report on *The Affordable Homes Programme since 2015* found mixed progress in delivering new supported housing.

As at March 2022, the 2015 and 2016 iterations of the programme had provided around 12,000 new supported homes outside of London (there were no targets set).

However, as at May 2022, DLUHC did not expect to meet its targets of 15,700 to 16,500 new supported housing units under the new 2021 programme. In England (excluding London), Homes England had allocated funding for 8,471 new supported homes against a target of between 12,200 and 13,000.

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

Part Six • Housing

## Homes England

Homes England is a non-departmental body sponsored by DLUHC and helps deliver DLUHC’s housing priorities. Its mission is to drive regeneration and housing delivery to create high-quality homes and thriving places.

### Homes England has five strategic objectives.

- Support the creation of vibrant and successful places that people can be proud of, working with local leaders and other partners to deliver housing-led, mixed-use regeneration with a brownfield first approach.
- Build a housing and regeneration sector that works for everyone, driving diversification, partnership working, and innovation.
- Facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure.
- Promote the creation of high-quality homes in well-designed places that reflect community priorities by taking an inclusive and long-term approach.
- Enable sustainable homes and places, maximising their positive contribution to the natural environment and minimising their environmental impact.

#### Notes

- 1 The central target for delivering homes is set by Homes England.
- 2 A housing start is an economic indicator used to determine the number of new residential construction projects that begin in a certain period e.g. a month or year.

Source: Homes England, *Annual Report and Financial Statements 2022/23*, July 2023

Performance in delivering homes	2020-21	2021-22	2022-23	Central target 2022-23
Completions	34,988	37,306	33,713	39,008
Starts	37,449	38,631	37,175	52,967
Unlocked housing capacity	170,276	58,996	12,248	30,773
Households supported into home ownership	64,420	42,044	27,534	39,632

Homes England delivered around 3.8% fewer housing starts in 2022-23 compared to 2021-22, while completions fell by around 9.6%. The units of housing capacity unlocked dropped by 79% compared to 2021-22, reflecting the closure of established programmes and the launch of new funds to support infrastructure development.

Homes England states that most of the shortfall in delivery compared to the central targets can be attributed to a small number of programmes.

- 72% of the shortfall in completions is attributed to affordable housing programmes.
- 71% of the shortfall in starts is attributed to affordable housing programmes, with a further 18% relating to the Levelling Up Home Building Fund.
- 97% of the shortfall in unlocked housing capacity is attributed to the Home Building Fund – Infrastructure Loans.
- 99% of the shortfall in households supported into home ownership is due to lower-than-expected demand for the Help to Buy scheme.

Homes England states that performance has been affected by several factors outside of its control, including: cost inflation compared to initial forecast; the rising cost of construction materials; faltering consumer demand; difficult conditions for affordable housing providers; and the impact of deteriorating market conditions and planning issues on infrastructure schemes.

Part Six • Local audit

## Local auditor reporting

The arrangements for local audit in England changed significantly following the abolition of the Audit Commission in 2015. From 2018-19, local government bodies have appointed private firms to undertake their audits, either directly or through a national scheme. Since 2017-18, there has been a significant decline in the number of local government body accounts that include an audit opinion published by the deadlines set by the government.

The NAO examined local auditor reporting in its January 2023 progress update report, *Timeliness of local auditor reporting on local government in England*. Key points from our report were:

### Timeliness of audits

- Only 12% of local government bodies received audit opinions in time to publish audited 2021-22 financial statements by the deadline, despite an extension of the publication deadline from 30 September to 30 November 2022.
- Delays to local government audit opinions continued to have impacts elsewhere in the public audit system.
- DLUHC and other bodies had made a range of interventions intended to support the timeliness of financial audit completions in the near term.
  - The NAO temporarily relaxed its Code of Audit Practice requirements about the timing of audit reporting on value-for-money arrangements to allow auditors to focus on accounts opinion work.
  - HM Treasury raised the threshold above which local government bodies are required to submit audited data returns for Whole of Government Accounts.
  - DLUHC and the Local Authority Code Board deferred the requirement for local government to adopt new statements and accounting standards while resource pressures continued to affect performance.
- DLUHC had not yet set out a comprehensive timetable for restoring timely audited accounts, but said it would retain extended accounts publication deadlines for another five years.

### Action to tackle the challenges in local audit

- A new procurement in 2022 to appoint local auditors for 2023-24 to 2027-28 provided an opportunity to increase the commercial attractiveness of local audit.
- Following its procurement, Public Sector Audit Appointments Ltd (PSAA), which appoints auditors to local government bodies that have opted into its national scheme, advised local government bodies to expect fee increases of 150% dependent on the level of work in the first year of the new contracts.
- The 2022 procurement reduced the market share of the largest providers and brought new firms into the market.
- DLUHC consulted on a number of measures, including those to increase the supply of qualified local auditors, although these measures had not yet been implemented.
- DLUHC had taken steps towards creating a system leader for local audit (a body responsible for regulating, monitoring and reporting on local audit performance), indicating this would be the Audit Reporting and Governance Authority (ARGA). However, the need for new legislation and complex arrangements means that ARGA is not expected to be established before 2024.
- DLUHC published a cross-system statement in July 2023 to help tackle the delays to local audit completions and is closely involved, alongside others, in the effort to develop the proposals stemming from that statement.

Part Six • Pressures on local authorities

## Waste reforms and local regulation

DLUHC's stewardship of the local government sector supports local authorities in delivering quality public services and driving economic growth in their local areas. The sector faces significant pressures in delivering essential public services.

Local authorities are responsible for arranging collection and disposal of household waste. In December 2018, the government published *Our waste, our resources: a strategy for England*, the government's statement of ambition to reduce waste and improve resource productivity. Our report on *The government's resources and waste reforms for England* found the following.

- Local authorities in England spent £4.9 billion on managing waste in 2021-22, or £3.8 billion when accounting for income.
- By 2025, local authorities will need to collect dry recyclable materials (paper and card, metal, plastic and glass) and provide a separate garden waste collection for households where requested and at a reasonable charge.
- It is uncertain when all local authorities will be collecting waste consistently and what the impact on objectives and targets will be.
- Local authorities do not yet know how payment schemes for waste collection will affect their overall funding beyond 2024-25. This could lead to pressure on supply chains if local authorities start the process of procuring new lorries and bins at the same time.

Source: Comptroller and Auditor General, *The government's resources and waste reforms for England*, session 2022-23, HC 1513, National Audit Office, June 2023

In England, local authorities have a key role in regulating areas such as food safety and standards, product safety, workplace health and safety, and licensing of gambling premises, taxis and private hire vehicles. Our *Lessons learned: How to deliver effective regulation locally* report was aimed at government departments and national regulators, to support them to work with local regulators to design and operate effective regulatory systems. Our report found the following.

- Complex accountability and potential differences between local priorities and national regulatory objectives.
- The absence of a coordinating function in central government that is responsible for understanding the scale and scope of regulatory functions placed on local government.
- Difficulties understanding what works and measuring the overall effectiveness of regulatory interventions.
- An administrative burden on local government regulators to collect data; and issues with the quality, comparability and consistency of data collected.
- Between 2010-11 and 2021-22, local authority expenditure on regulatory services in England fell by approximately 25% from £1.38 billion to £1.04 billion in 2021-22 prices, compared to an 18% reduction on local authority expenditure overall on all non-social care services.

Source: Comptroller and Auditor General, *Lessons learned: How to deliver effective regulation locally*, session 2022-23, HC 1373, National Audit Office, May 2023

Part Six • Pressures on local authorities

## Delivering adult social care

Most adult social care is commissioned by local authorities from one of England’s nearly 18,000 independent care providers, which include private, not-for-profit and voluntary organisations. Our report on *Reforming adult social care in England* examined key pressures and challenges within the sector.

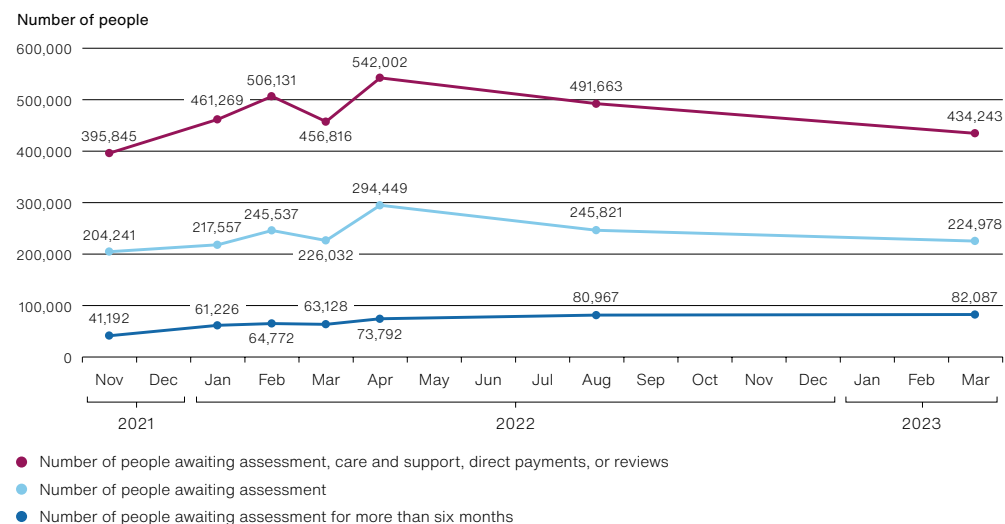
With particular regard to the pressures on local authorities, our report found the following.

- In 2022-23, local authorities in England spent £23.7 billion on adult social care, supporting over one million people with care needs.
- Adult social care is one of the largest areas of service spending for councils. In a June 2023 survey by the Association of Directors of Adult Social Services in England (ADASS), 17% of directors with responsibilities for social care responded that they were not confident that they could meet their statutory duties for care in 2024-25.
- In August 2022, the Department of Health and Social Care (DHSC) estimated that local authorities faced additional cost pressures (the amount DHSC estimated they needed to sustain current levels of provision) of £2.5 billion across 2022-23 and 2024-25, compared with baseline funding agreed at the 2021 Spending Review.
- The Local Government Finance Settlement for 2023 to 2024 set an expectation that local authorities should substantially increase their spending on adult social care compared with 2022-23 to deliver tangible improvements to services.
- Overall, local authorities reported that the number of people they expected to support in 2023-24 would be 93% of their available capacity, but 24 local authorities (around one in six) expected capacity in their areas to be exceeded.
- In an exercise to allow DHSC to better understand local costs of providing adult social care, local authorities reported that it would cost them £1.8 billion to fully pay providers a ‘fair cost of care’ in 2022-23. There were concerns over the quality of data provided in the exercise, particularly the accuracy, robustness and consistency of the data, and DHSC acknowledges that it will need to revise its plans.

Source: Comptroller and Auditor General, *Reforming adult social care in England*, session 2023-24, HC 184, National Audit Office, November 2023

Estimates of the number of people awaiting assessment, care and support, direct payments, or reviews in England, November 2021 to March 2023

**The number of people awaiting assessment, care and support, direct payments, or reviews for adult social care has recently decreased from a historic high in April 2022, but the number of people waiting for an assessment for more than six months is increasing**



**Notes**

- 1 Data on the number of people awaiting assessment, care and support, direct payments, or reviews is collected by the Association of Directors of Adult Social Services (ADASS) through its member surveys. ADASS member surveys are sent to all directors with responsibilities for adult social care in England. In the case that ADASS does not receive responses from all directors, data are extrapolated to enable comparison to previous data points. There are currently 153 directors covered by the survey; of these, there is a core that has responded to all surveys, and, of the remainder, the majority has responded to more than one.
- 2 ADASS does not report data on the number of people awaiting care and support, direct payments, or reviews for more than six months.
- 3 As of August 2023, ADASS had collected comparable data for November 2021 (84 respondents), January 2022 (101 respondents), February 2022 (94 respondents), March 2022 (138 respondents), April 2022 (83 respondents), August 2022 (115 respondents), and March 2023 (142 respondents). All data are as at the end of the month.

Source: National Audit Office analysis of Association of Directors of Adult Social Services Spring Survey 2023 data

Part Six • Pressures on local authorities

## Homes for Ukraine scheme

The UK government launched the Homes for Ukraine scheme on 14 March 2022. The scheme enables people in the UK to act as sponsors for Ukrainian nationals and their families seeking refuge from the war, with individuals being granted three-year visas to stay in the UK, alongside full access to public services, benefits and other support. The scheme is jointly run by DLUHC and the Home Office and was implemented quickly in response to a crisis.

DLUHC leads on all aspects of the scheme from the point of arrival of Ukrainians into the UK, and works closely with local authorities and the devolved administrations. Our *Investigation into the Homes for Ukraine scheme* found the following.

- Between March 2022 and August 2023, 131,000 Ukrainians arrived in the UK through the scheme, meeting the government's overall objective of bringing Ukrainians to safety.
- DLUHC has provided £1.9 billion of funding, as at September 2023, to cover: tariff funding for local authorities (£1.14 billion); 'thank you' payments to sponsors who provide accommodation (£100 million); funding to acquire housing stock (£500 million); and homelessness prevention (£150 million).
- Tariff funding of £10,500 is provided to local authorities for each Ukrainian arrival, with the expectation that the money is used to support them in their first year in the UK. Tariff funding was reduced to £5,900 for arrivals after 31 December 2022.

- DLUHC did not have sufficient spend data from local authorities in 2022-23 to fully understand how local authorities were using the tariff funding. DLUHC has since mandated spend data for 2023-24.
- DLUHC decided to make it mandatory for only certain data to be reported by local authorities, which has inhibited its understanding of how the scheme is operating. For example, DLUHC cannot accurately report how many Ukrainians have been paired with a new host under the scheme or have permanently left the scheme.
- Local authority data returns on scheme homelessness are voluntary, meaning DLUHC does not accurately know how many people on the scheme are experiencing homelessness. By the end of August 2023, local authorities had reported to DLUHC that 4,890 households in England on Homes for Ukraine visas had been homeless or come within 56 days of being homeless, which represents 8% of the 65,117 households in England using the visas.

### Note

1 Not all of the £650 million (total of £500 million to acquire new housing stock and £150 million for homelessness prevention) will be spent on Ukrainian refugees.

Source: Comptroller and Auditor General, *Investigation into the Homes for Ukraine scheme*, session 2022-23, HC 1863, National Audit Office, October 2023

## Homes for Ukraine scheme continued

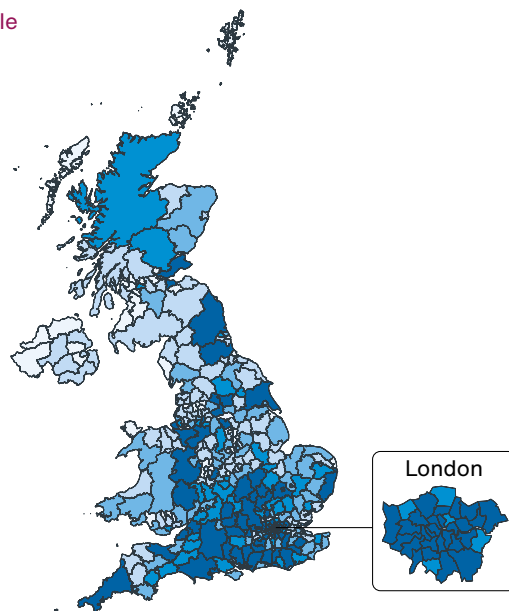
### Arrivals under the Homes for Ukraine scheme (the scheme) by local authority, 8 August 2023

Arrivals under the scheme have been widespread across the UK, with local authorities in London and the South-East often seeing the highest number of arrivals compared with their population size

#### Absolute numbers of people arriving on the scheme

##### Number of people arriving

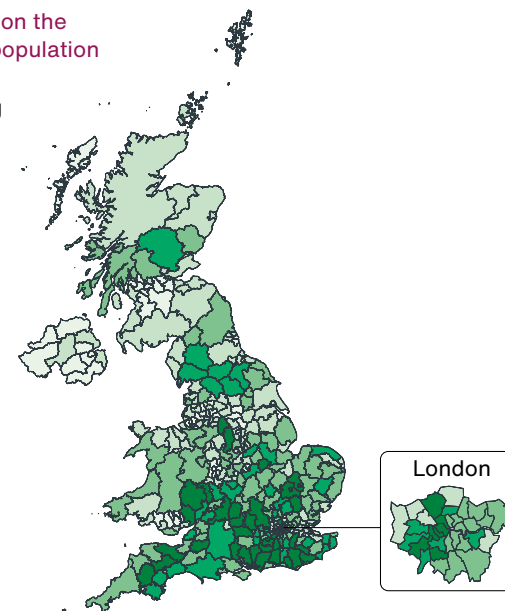
- 400 and over
- 300 – 399
- 200 – 299
- 100 – 199
- Less than 100
- No Data



#### Number of people arriving on the scheme compared to the population

##### Number of people arriving per 100,000 population

- 300 and over
- 225 – 299.99
- 150 – 224.99
- 75 – 149.99
- Less than 75
- No Data



#### Notes

- 1 The maps show the number of arrivals by local authorities based on the postcode of the sponsor's address, or of the accommodation address if the applicant is not planning to stay at the sponsor's address.
- 2 Data for the Isles of Scilly and the City of London are suppressed for data protection.
- 3 The maps show the location of arrivals, based on their sponsor locations, for 106,589 people who were sponsored by individuals as of 8 August 2023. They do not include the 23,398 arrivals who have been sponsored by the Welsh and Scottish Governments under the super sponsor pathway.
- 4 The absolute number of arrivals in local authorities ranged from five in the Shetland Islands to 1,689 in Buckinghamshire.
- 5 The number of arrivals per 100,000 people in the population of the local authority ranged from 16 (West Dunbartonshire) to 526 (Derbyshire Dales). On average, across the UK, there were 159 arrivals per 100,000 population. This increases to 194 when including those arrivals under the super sponsor arrangements.
- 6 Population estimates are based on mid-2021 estimates produced by the Office for National Statistics.

Source: National Audit Office analysis of Department for Levelling Up, Housing & Communities and Office for National Statistics published data. Boundaries data from Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2023



Part Seven • Net zero and climate change

## Roles and responsibilities

### DLUHC's role and responsibilities

DLUHC's responsibilities include decarbonising new buildings and heating, working with the Department of Energy Security and Net Zero (DESNZ), oversight and reform of the energy performance of buildings systems, and improving the Energy Performance of Buildings digital service. DLUHC also contributes to the third National Adaptation Programme (NAP3) being led by the Department for Environment, Food and Rural Affairs (DEFRA), which outlines the government's response to the risks posed by a changing climate and actions that the government and other organisations will take to adapt to the impacts of climate change in the UK. The NAP3 sets out the key actions for 2023 to 2028. DLUHC owns the mitigations to specific risks such as the overheating requirement in building regulations and recommendations from the Housing Health and Safety Rating System review. DLUHC also contributes to mitigating risks such as future flooding and the viability of coastal communities.

DLUHC's uplift to the energy efficiency standards for new homes came into force in June 2022. Homes are now expected to deliver around 30% less carbon emissions than those built to previous standards. New requirements from June 2022 also mean that new residential buildings must be designed to reduce overheating.

Source: Department for Levelling Up, Housing & Communities, *Annual Report and Accounts 2022-23*, July 2023

### Local authorities' roles and responsibilities

In June 2019, the UK government passed legislation committing it to achieving 'net zero' greenhouse gas emissions by 2050. Local authorities have an essential part to play in decarbonising local transport, social housing and waste because of their powers and responsibilities in these sectors. More broadly, key stakeholders such as the Climate Change Committee (CCC) see a key role for local authorities in encouraging and enabling wider changes among local residents and businesses to reduce emissions, through local authorities' investment and procurement decisions, planning responsibilities, and direct engagement with local people. The challenges and opportunities for local authority work contributing to achieving the net zero target will vary according to their powers, functions and local circumstances.

Source: Comptroller and Auditor General, [Local government and net zero in England](#), session 2021-22, HC 304, National Audit Office, July 2021



Part Seven • Net zero and climate change

## Recommendations for DLUHC from the Climate Change Committee

Year	Sector	Detail	Target date
2023	Fuel supply	Ensure that planning frameworks and guidance across the UK support a clear presumption against new consents for coal production.	2023
2023	Cross-cutting	Review and update the National Planning Policy Framework to ensure that Net Zero outcomes are consistently prioritised through the planning system.	2023
2022	Buildings	Consult on a full technical specification for the Future Homes Standard in 2023. Ensure that the new standards are implemented by 2025.	2023
2023	Buildings	Reform domestic Energy Performance Certificate (EPC) metrics to make them better suited to informing consumers and delivering policy.	2023
2022	Buildings	Ensure that Building Regulations for homes created through a material change of use to an existing building require low-carbon heating and mitigation of overheating.	2023
2022	Buildings	Consult on a full technical specification for the Future Buildings Standard in 2023. Ensure that the new standards are implemented by 2025.	2023
2022	Buildings	Implement improvements to the Standard Assessment Procedure (SAP) and Reduced Data SAP (RdSAP) methodologies to ensure they accurately model performance, drive deployment of the necessary energy efficiency and low-carbon heat measures, and also address overheating, ventilation, and moisture-risk.	Mid-2023 (Overdue)
2022	Buildings	Publish plans to enhance compliance with Building Regulations and minimum EPC requirements.	Mid-2023 (Overdue)
2023	Buildings	Urgently update the 'reduced data' Standard Assessment Procedure (RdSAP) to ensure that current emissions factors are used in calculating the Environmental Impact Rating (EIR).	Mid-2024
2022	Buildings; Surface transport	Develop and implement plans to make all public sector buildings and vehicle fleets within the department's remit zero-carbon in the long term, switching to ultra-low emissions vehicles by 2030 and halving emissions from public buildings by 2032.	Mid-2023
2022	Industry; Buildings; Surface transport	Set out a plan to make an assessment of whole-life carbon and material use of public and private construction projects mandatory by 2025, to enable minimum standards to be set.	2022 (Overdue)
2023	Cross-cutting	Alongside updates to the National Planning Policy Framework, provide clearer guidance on assessing carbon impacts, measuring environmental outcomes and evidence requirements for climate considerations in the definition of 'sustainability'.	2023

### Notes

- 1 In some cases, the recommendation has been summarised in the interests of brevity. The full wording can be found in the Climate Change Committee's June 2023 report, as per the source below.
- 2 DLUHC is listed as a supporting actor for some other departments' recommendations. This includes priority actions around infrastructure delivery, energy planning and net zero skills, as well as work with the Department for Energy Security & Net Zero on enabling local delivery through the Local Net Zero Forum.

Source: Climate Change Committee, [Progress in reducing emissions: 2023 Report to Parliament](#), June 2023