



National Audit Office

Ministry of Housing, Communities & Local Government 2024-25

November 2025

OVERVIEW



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Summary



C&AG introduction

In 2025, we set out our [new five-year strategy](#). In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

Background to MHCLG

Objectives

The Ministry of Housing, Communities & Local Government (MHCLG) works to make communities across England better places to live by ensuring access to safe, affordable housing and securing well-maintained buildings. It invests in infrastructure in local areas and supports vulnerable groups to build inclusive communities. By empowering councils and driving more balanced economic growth, it helps local government deliver effectively for residents across the country.

Financial position in 2024-25

£46.2 billion total expenditure, of which:

- **just over £34 billion was allocated to Local Government**, whose main components were £17.6 billion in retained business rates (which works by enabling local authorities to access financial support beyond their own revenue-raising capabilities) and £14.7 billion in other grants and payments; and
- **around £12 billion was allocated to Housing and Communities**, including £6.6 billion for housing and planning, and £4.2 billion for local growth and devolution.

MHCLG also has financial assets, from investments, loans and other types of asset, worth around £18 billion.

MHCLG has set up a new funding stream for 2025-26, called Integrated Settlements, to support established Mayoral Strategic Authorities. It consolidates over 20 separate funding streams, including some that are the responsibility of other departments, and will be initially rolled out to Greater Manchester and the West Midlands.

Messages from our work

Financial management

Over the past five years, MHCLG has consistently stayed within budget. This reflects a clear commitment to stronger financial management and better forecasting.

Funding is set to increase during the 2025-26 financial year for key areas including homelessness (a total investment of £1 billion) and affordable housing (receiving an additional £500 million through the Autumn Budget 2024). This was alongside a 6.8% rise in core local government funding.

As part of the 2025 Spending Review, MHCLG announced plans to cut its administration budget by 15% in real terms over five years – reducing it from £285 million in 2025-26 to £262 million by 2029-30. It plans to achieve this through digital transformation, the use of AI, insourcing services and funding simplification for local government.

Productivity

The C&AG's audit reports have highlighted the potential for errors in the modelling used to value some of MHCLG's assets, and the need to resolve persistent audit delays across the local government sector.

Our value-for-money (VFM) reports recommend a focus on prevention efforts to increase productivity, including supporting local authorities to focus more on homelessness prevention and exploring how the impact of preventative services can be evaluated and incentivised to deliver better outcomes.

Risk and resilience

The C&AG highlighted key risks in MHCLG's accounts, including the Help to Buy loan asset managed by Homes England, where strengthened financial modelling could reduce the risk of misstatement. Our VFM reports show that local authorities face growing pressures, from rising demand for services to economic uncertainty. More accurate forecasting could improve their resilience to possible financial shocks. We also set out how effective use of the new Building Safety Levy could limit the government's financial exposure around remediating dangerous cladding.

About MHCLG



MHCLG states that it is at the forefront of supporting people, places and communities. It has policy responsibility for housing and planning, building safety, communities and local growth, local government, homelessness, and democracy and elections.

Figure 1 on page 5 highlights key activities and developments relating to MHCLG's priority outcomes for 2024-25, as stated in its annual report and accounts.





Figure 1

The Ministry of Housing, Communities & Local Government's priority outcomes for 2024-25

Priority outcome	MHCLG's description of its achievements in 2024-25	
Build 1.5 million new homes	Published a new National Planning Policy Framework, restored mandatory housing targets and implemented a strategic approach to green belt policy. Announced an extra £800 million for the existing Affordable Homes Programme in 2025-26 to deliver up to 7,800 additional homes.	Introduced the Planning and Infrastructure Bill to streamline and expedite the delivery of homes and infrastructure. Established the New Homes Accelerator Scheme, supporting the rapid development of 20,000 new homes.
Remediate unsafe buildings	Published the Remediation Acceleration Plan, detailing its strategy to accelerate the remediation of unsafe buildings and how residents will be supported. Set out its response and commitment to take action on the 58 recommendations from the Grenfell Tower Inquiry.	Supported the independent Grenfell Tower Memorial Commission as the community chooses to create a fitting and lasting memorial. Confirmed that 'Awaab's Law' would be introduced on a phased basis from October 2025, setting new requirements for social landlords to address hazards.
Get back on track to end homelessness and rough sleeping	Introduced the Renters' Rights Bill in Parliament, a key step towards abolishing 'no fault' evictions. Published the Commonhold White Paper, setting out how leasehold tenures will be replaced with a fairer, commonhold model.	Gave £800 million to local authorities to help tackle homelessness and rough sleeping.
Deliver financial stability for local government	Agreed a £69 billion Local Authority Funding Settlement, representing an increase of 6.8% in cash terms from 2024-25. Introduced regulations to clear the backlog of unaudited local accounts through statutory backstops, and committed to overhaul the local audit system.	Consolidated 11 grants worth over £650 million into the Local Government Finance Settlement.
Deliver local growth and devolution	Expanded the English devolution programme, with six new mayors due to be elected in May 2026. This will increase devolution coverage to 77% of the English population.	Announced ten new Community Regeneration Partnerships, worth £480 million. Paid over £6 billion to places in receipt of local growth funds, investing in towns and infrastructure.
Strengthen community cohesion	Delivered the £15 million Community Recovery Fund to support communities impacted by violent disorder during summer 2024. Delivered the STEP (Specialised Training and Employment Programme) Ukraine programme, providing over 13,000 Ukrainians across the UK with intensive English language and employment support.	Set up the cross-government Social Cohesion Taskforce to get to the heart of the issues that threaten community cohesion. Provided a £1 million Strategic Migration Partnerships grant to boost English for Speakers of Other Languages (ESOL) teacher capacity across nine English regions, and support expanded access to language provision.
Strengthen workers' rights (alongside the Department for Business and Trade, DBT)	Supported the then Deputy Prime Minister as chair of the Future Work Cabinet Committee, covering matters related to the Make Work Pay package of reforms to employment law.	Jointly with DBT, introduced the Employment Rights Bill, which will deliver the biggest upgrade in workers' rights for a generation.

Source: Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2024-25](#), July 2025

How MHCLG is structured

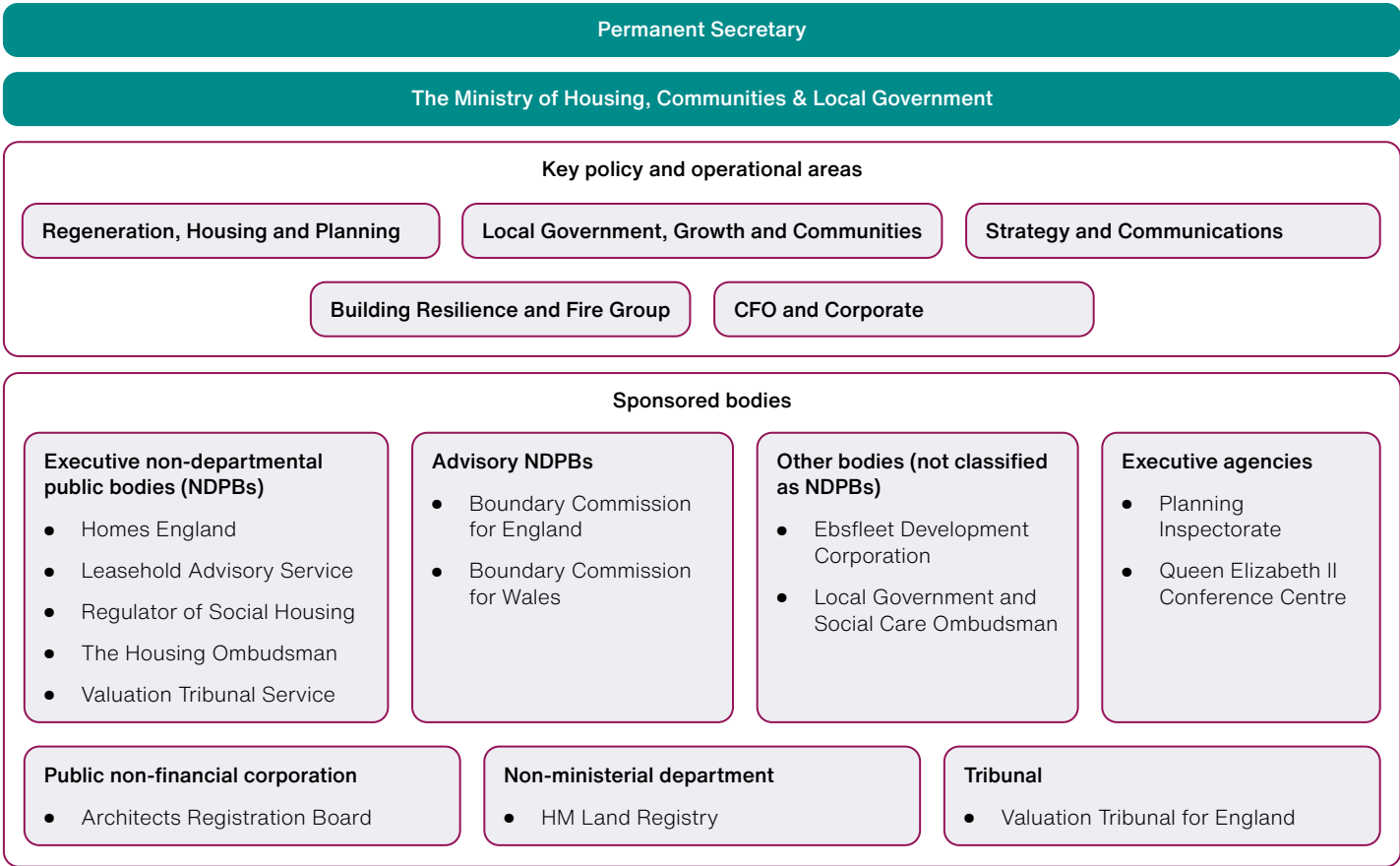


MHCLG has five Directors General, each overseeing key policy and operational areas.

In addition to its internal structure, MHCLG sponsors 14 public bodies that support its mission. These include executive agencies, non-departmental public bodies, tribunals and other statutory and non-statutory organisations. Each body contributes to MHCLG’s overarching goals, whether through regulatory oversight, service delivery or advisory support.

After the July 2024 general election, MHCLG was given revised priorities, focusing on housing delivery, local government reform and community empowerment. In response to the Grenfell Tower Inquiry Phase 2 report, the government announced that responsibility for fire safety would transfer from the Home Office to MHCLG from 1 April 2025, consolidating oversight of building safety and fire functions under one department.

Figure 2
The Ministry of Housing, Communities & Local Government’s structure, as of March 2025



Source: Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2024-25](#), July 2025

Where MHCLG spends its money



Spending in 2024-25

In 2024-25, MHCLG reported net operating expenditure of £46.2 billion. This included £37.9 billion in resource expenditure, made up of Housing and Communities departmental expenditure limit (DEL) (£3.8 billion), Local Government DEL (£11.3 billion), and annually managed expenditure (AME) (£22.8 billion). Capital expenditure amounted to £8.3 billion. AME rose by £6.6 billion (41%) from the previous year, while Local Government DEL fell by £3.2 billion (22%).

Local Government expenditure: spending included £17.6 billion in retained business rates, most of which now falls under AME, and £14.7 billion in other grants and payments.

Housing and Communities expenditure (including resource and capital DEL): spending included £6.6 billion for housing and planning and £4.2 billion for local growth and devolution. This funding aims to boost housing supply, reform planning and empower local areas to drive economic growth.

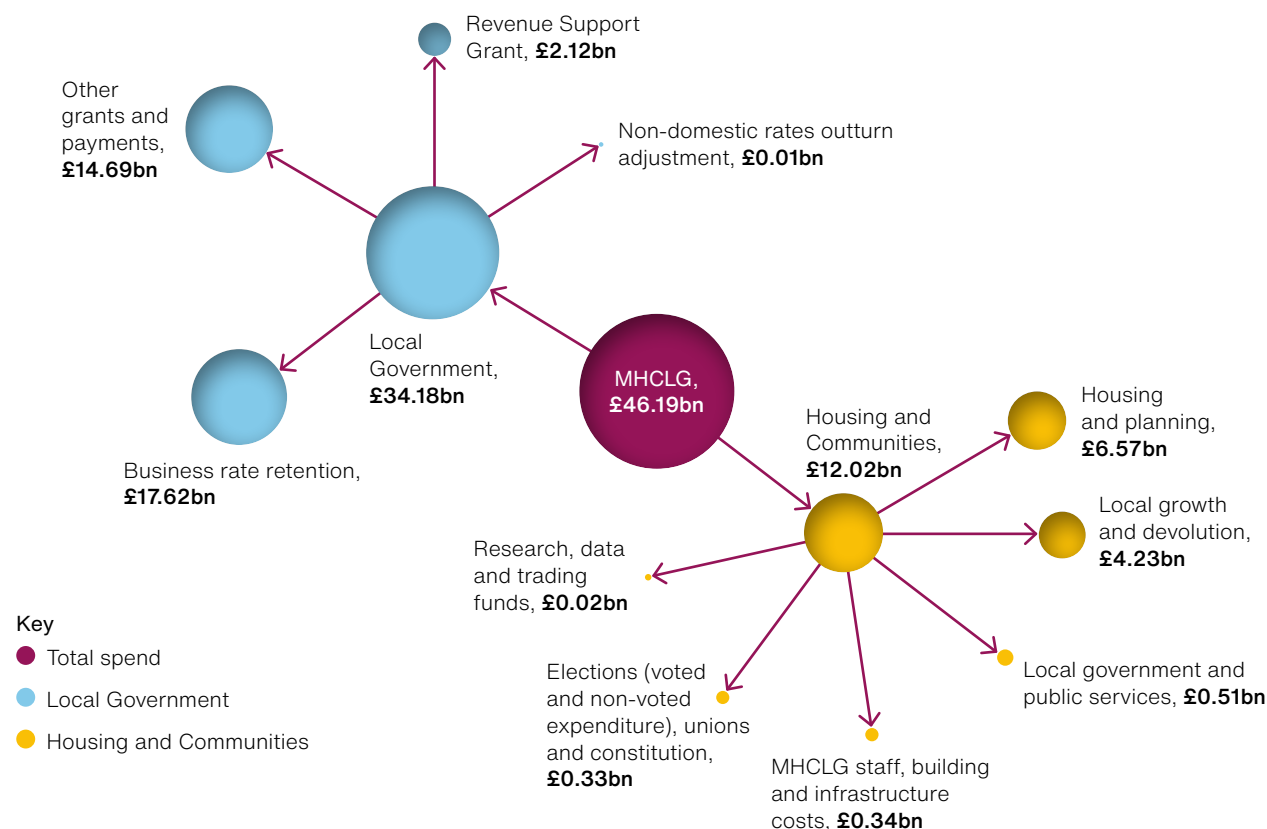
Changes in spending

Compared with 2023-24, total spending increased by £5.5 billion (14%). This was driven by a £1.9 billion uplift in adult social care funding, expanded business rate relief measures, and inflation-linked increases via the Revenue Support Grant.

Additional funding covered local election costs, IT upgrades and staffing to modernise services. Homelessness funding rose in response to increased temporary accommodation needs. MHCLG also launched the Remediation Acceleration Plan, following the Grenfell Inquiry, and reaffirmed its commitment to delivering 1.5 million homes in this Parliament.

Figure 3

Ministry of Housing, Communities & Local Government total spending, 2024-25



Notes

- Figures may not sum, due to rounding, and some small areas are not included in the chart.
- Figures include resource and capital expenditure.

Source: National Audit Office analysis of financial data underlying the Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2024-25](#), July 2025

Spending patterns

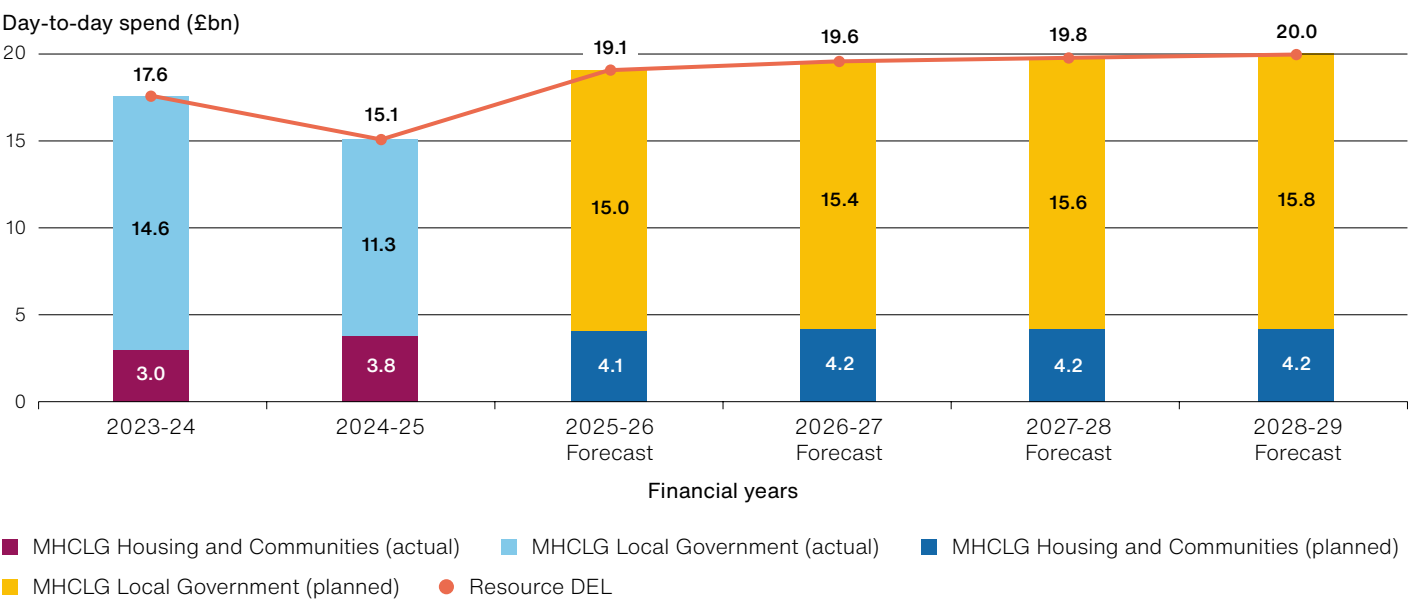


Outcome of the June 2025 Spending Review

In June 2025, the government announced departmental funding settlements for 2025-26 to 2028-29. For MHCLG, day-to-day spending is expected to increase by an average of 1.1% in real terms for Local Government, which will support local authorities to deliver the services that their communities rely on. This includes delivering children’s social care reform, transforming adult social care and supporting the care workforce.

In contrast, spending for Housing and Communities is projected to decrease by 1.4% in real terms, largely because funding is being redirected from day-to-day budgets to capital budgets, supporting the government’s plans for the delivery of its commitment to build 1.5 million homes in England. This includes a 10-year commitment to the Social and Affordable Homes Programme. (Please note that capital spending is not represented in **Figure 4**.)

Figure 4
The Ministry of Housing, Communities & Local Government’s actual and planned day-to-day spending in real terms (2025-26 prices) between 2023-24 and 2028-29



- Notes**
- 1 Numbers may not sum, due to rounding.
 - 2 The graph follows the announcement of MHCLG’s June 2025 Spending Review settlement for the period 2025-26 to 2028-29.
 - 3 The graph uses Resource DEL (RDEL) to demonstrate the expected change in MHCLG spending in this period in real terms. RDEL spending includes money that is spent on day-to-day resources and administration costs.
 - 4 Data for 2023-24 and 2024-25 show actual outturn, adjusted to 2025-26 prices.
 - 5 Using the published Spending Review settlement, the data have been adjusted to represent the value of budgets in 2025-26 prices, using GDP index data that were released on 30 June 2025. Figures have been inflated or deflated from rounded versions of original data.
 - 6 Following a reclassification of Section 31 business rates relief grants starting from April 2024, these are now in annually managed expenditure (AME) and not in Local Government DEL. This shows as a drop in Local Government DEL in 2024-25.
 - 7 Local Government spending power is set to increase over the Spending Review period. However, the rate of increase is slower than in any year since 2021-22. The projections also assume that local authorities will increase their council tax rates by the maximum amount permissible without triggering a local referendum (5% for most authorities with social care responsibilities).

Financial management within MHCLG



Timeliness and transparency

MHCLG published its accounts on 22 July 2025.

The C&AG's opinion is that the accounts present a true and fair view and, as such, he issued a clean (unqualified) audit opinion on MHCLG's 2024-25 financial statements. MHCLG met its statutory reporting deadline, but the C&AG reported ongoing sector-wide delays in local authority audits.

Significant audit risks and key observations

The C&AG's report highlighted some complex areas within the accounts, notably the areas managed by Homes England, which holds the great majority of MHCLG's group assets. The Help to Buy Loan portfolio is the largest and most complex area, valued at £15.9 billion. The valuation of this portfolio of loans to homeowners depends heavily on house prices, and involves complex calculations using internal and external data sources.

The other areas of significant audit risk include valuations relating to an expected credit loss allowance, financial assets, and pension scheme assets and liabilities. These are all accounting estimates that require a significant degree of judgement and are impacted by wider economic factors.

Source: Comptroller and Auditor General's certificate and report, within the Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2024-25](#), July 2025



Continued Financial management within MHCLG



Monitoring spend against budgets

Effective financial monitoring is critical for sustainable service delivery. Our January 2025 guidance on [Monitoring and forecasting](#) highlighted how using high-quality data and information enables better financial monitoring and more accurate forecasting, and helps decision-makers respond quickly and effectively. Difficulties with legacy systems and data from different sources can limit real-time information and delay decision-making. Finance leaders should understand the limitations of the data and how these can affect monitoring and forecasting accuracy.

Our February 2025 report on [Local government financial sustainability](#) highlighted gaps in assurance caused by shortcomings in the external audit of local government bodies. Many local authorities face growing demand and rising service costs, and despite short-term funding increases some have required exceptional financial support. The report noted MHCLG's view that stronger risk monitoring had helped it to better understand risks in the local government sector and mitigate delays in the local audit system. The report called for a cross-government approach to the local government finance system, to ensure long-term resilience and accountability.

Making risk-based financial decisions

Our December 2024 guidance on [Allocating resources](#) emphasised the need for informed resource allocations that balance immediate demands with long-term priorities. Financial leaders should collaborate with risk management teams to integrate scenario modelling into the allocation process. This would enable a better understanding of the implications of different options and key areas of uncertainty that need to be re-assessed in future.

Our November 2024 report on [Dangerous cladding: the government's remediation portfolio](#) highlighted why this approach is particularly relevant in high-risk portfolios. Following the Grenfell Tower disaster, MHCLG launched a remediation portfolio to address unsafe cladding across thousands of residential buildings in England. As of August 2024, MHCLG had committed £5.1 billion and spent £2.3 billion, with estimated total remediation costs of £16.6 billion. Significant risks remained around cost escalation, delivery timelines and regulatory enforcement. These challenges underscore the need for financial decisions that are informed by robust risk assessments, scenario planning and continuous monitoring.

Fraud and error

Our July 2024 report [Making public money work harder](#) found that reducing fraud and error was an opportunity to spend public money more efficiently and effectively. Our March 2023 report [Tackling fraud and corruption against government](#) listed types of fraud risk inherent in government activities, including grants, procurement and commercial, internal fraud and corruption, and regulatory fraud.

MHCLG's internal counter-fraud function commissions quarterly fraud and error performance data. It combines the data to provide a quarterly return to the Public Sector Fraud Authority. MHCLG reported seven instances of detected fraud losses during 2024-25, totalling £3.1 million.

Our November 2024 report on [Dangerous cladding: the government's remediation portfolio](#) highlighted a potential fraud on one of the remediation programmes – the Building Safety Fund – which external reviewers commissioned by MHCLG linked to weakened taxpayer protections on the programme. It involved the potential loss of over £500,000 paid to an applicant using the 80% up-front funding model. Reviewers observed a reliance on application information being self-certified, which limited MHCLG's ability to verify details. They also commented that levels of fraud detected were significantly lower than would be expected given the programme's size and risk.

Homes England and its performance



Homes England is the government’s housing and regeneration agency and the largest non-departmental public body sponsored by MHCLG. It supports MHCLG’s housing priorities through five strategic objectives:

- promoting regeneration with a brownfield-first approach;
- supporting delivery of homes across tenures and types;
- driving sector diversification, productivity and innovation;
- promoting high-quality, community-aligned design; and
- ensuring sustainability and design excellence in housing and places.

Homes England delivers these objectives through activities such as grant funding to public and private partners, lending to developers, and land transactions.

Performance highlights

In 2024-25, directly supported housing starts (new homes that have begun construction on site) were 16% above the central target for the year, while completions were 1% above target (**Figure 5**). However, overall new housing starts

in England declined by 28% by the end of calendar year 2024 compared with 2023, and completions by 6%. Unlocked housing capacity in 2024-25 was around three times the figure for 2023-24. While this additional land is now available, it is not necessarily yet being built on. Help to Buy and the First Homes pilot schemes have closed, and this is indicated by the nil value for ‘households supported into home ownership’ in the year.

Governance and strategic direction

Since the 2023 Public Bodies Review, Homes England has progressed several reforms aimed at improving its impact and accountability. Key actions include:

- strengthening outcome measurement frameworks;
- prioritising schemes;
- enhancing risk appetite to support innovation; and
- improving transparency and stakeholder engagement.

Figure 5
Homes England performance figures, 2022-23 to 2024-25

Performance in delivering homes	2022-23	2023-24	2024-25 outturn	2024-25 central target
Starts	37,175	35,676	38,308	33,095
Completions	33,713	32,320	36,872	36,484
Unlocked housing capacity	12,248	26,273	79,011	59,956
Households supported into home ownership	27,534	622	0	–

Source: Homes England, [Annual Report and Accounts 2024/25](#), July 2025; Department for Levelling Up, Housing & Communities, [Homes England Public Bodies Review 2023](#), April 2024

Tackling financial pressures in local government



Our January 2025 report [Financial management in government: monitoring and forecasting](#) highlighted how, for public services to be efficient and productive, the effective management of finances is essential. MHCLG has policy responsibility for ensuring financial stability and accountability across local government. It is responsible for the accountability framework, and distributes core funding to local authorities. It leads on oversight of financial risk in individual authorities and the system overall, while responsibility for the services that local authorities deliver is spread across government departments. Local authorities in England deliver essential services, including services available to all residents (such as waste collection) and targeted services for those most in need of support (such as adult social care). Local authorities fund their day-to-day services from a range of sources, including council tax, government grants, sales, fees and charges, locally retained business rates and use of their own reserves.

Our February 2025 report [Local government financial sustainability](#) found the following.

- Between 2015-16 and 2023-24, local authority revenue expenditure increased in real terms from £60.0 billion to £72.8 billion. This reflects both cost pressures and a rise in demand for services, particularly adult and children's social care, special educational needs and disabilities services, and temporary accommodation, with most expenditure going on adult and children's social care.
- Demand for local authority services and the complexity of people's needs have grown for many services. The population of England grew by 5% between 2015-16 and 2023-24. At the same time, demand increased over and above population growth for temporary accommodation (84% increase); education, health and care plans for 0- to 25-year-olds (140% increase); state school pupils with special educational needs (14% increase); children looked after (19% increase); and new requests for publicly funded adult social care support (15% increase). Local authorities told us they are seeing a rise in complex cases in services such as adult social care and homelessness.
- Immediate financial pressures are limiting local authorities' ability to invest in prevention. MHCLG recognises the

importance of prevention but also notes the challenge of funding it when finances are constrained. Local authorities are spending more on some late intervention services and less on early intervention or preventative services that will help manage demand, as shown in the following examples.

- Spending on immediate homelessness services increased in real terms by 105% from £1.49 billion to £3.06 billion between 2015-16 and 2023-24. Over the same period, spending on other housing services, which includes some preventative services, fell by £642 million.
- The Public Health Grant, which funds preventative health services, is expected to fall in real terms by £846 million (20.1%) between 2015-16 and 2024-25 (2022-23 prices).
- In real terms, spending on late intervention services for children's social care increased from £8.5 billion in 2015-16 to £12.1 billion in 2023-24, while spending on early intervention fell from £3.2 billion to £2.8 billion over the same period. However, to help shift spending towards prevention, in February 2025 the government confirmed £270 million of new funding for the Children's Social Care Prevention Grant.

Continued Tackling financial pressures in local government

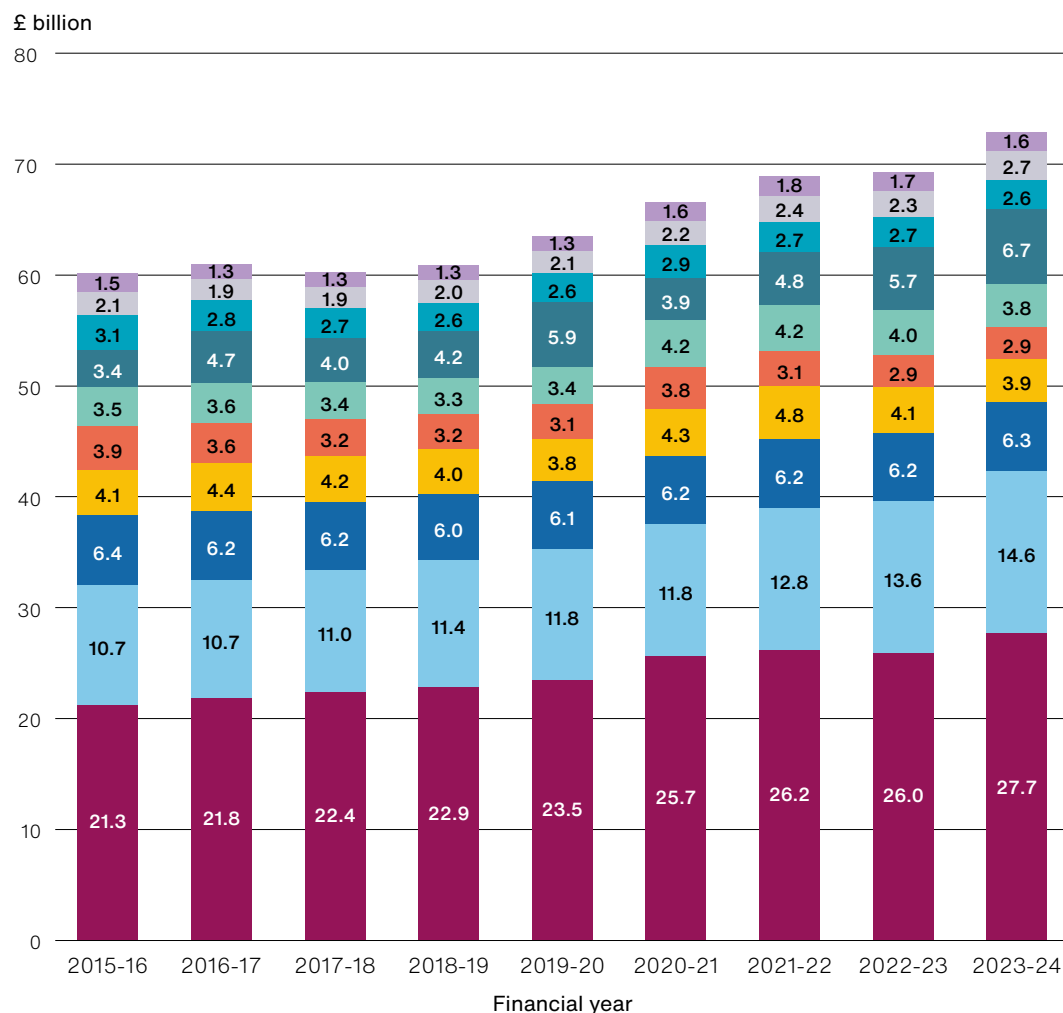


In its Annual Report and Accounts 2024-25, MHCLG noted that financial instability threatens local government's ability to support communities and deliver essential services. It stated that it is committed to introducing significant funding reforms – as well as wider reforms to local government organisation and devolution – to fix the foundations of the sector and support its financial sustainability.

Figure 6

Real-terms revenue service expenditure by English local authorities, net of sales, fees and charges, 2015-16 to 2023-24 (2023-24 prices)

Social care expenditure accounted for 58% of local authority revenue spending in 2023-24



Notes

- Figures from the revenue outturn are net of sales, fees and charges. We have included spending by London boroughs, metropolitan district councils, county councils, district councils and unitary authorities.
- Figures presented here may differ from the revenue service expenditure presented in the Ministry of Housing, Communities & Local Government's revenue outturn data. These figures do not include funding that passes through local authorities but is ringfenced for particular spending (see Note 6 for education services as an example).
- We have not included police services, fire and rescue services, and revenue spending on council-owned housing stock (where local authorities have such holdings, they account for them separately in a ringfenced Housing Revenue Account).
- Net current expenditure for adult social care includes income from the NHS reported in the Adult Social Care Activity and Finance Report from NHS England, which includes some Better Care Funding spent by local authorities as well as local arrangements with the NHS.
- For highways and transport services and environment and regulatory services, we have added in the integrated transport levy and waste disposal levy, respectively.
- For education spend, we have excluded the dedicated schools grant and other front-line grants to separate out ringfenced money that passes through local authorities to schools and to support adult education.
- Data have been adjusted to 2023-24 values using GDP deflator data published by HM Treasury in December 2024.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government data



MHCLG is largely responsible for delivering the government's ambition to build 1.5 million new homes over this Parliament, and the planning system is key to delivering new housing.

Our June 2025 report [Improving local areas through developer funding](#) examined the developer contributions system. We found that MHCLG had updated the National Planning Policy Framework (NPPF), creating a new method for assessing housing need, and introducing mandatory housing targets and new 'Golden Rules' for developing housing on land within or released from the green belt. The NPPF states that local planning authorities (LPAs) should set out the contributions expected from development in their local plans. However, as at February 2025, only 86 LPAs – less than a third of the total of 308 – had adopted a local plan in the previous five years (**Figure 7**).

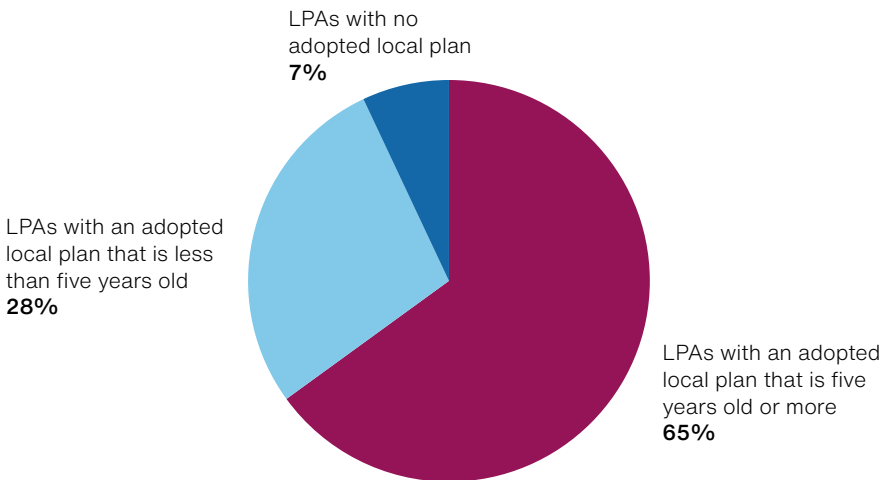
Without an up-to-date local plan, LPAs may be unable to coordinate the appropriate amount of developer contributions, and risk not delivering the new homes needed in the right location to meet local demand. Some LPAs told us that producing a local plan is time-consuming, resource-intensive and complex.

MHCLG – through the Secretary of State – has infrequently challenged LPAs that do not have an up-to-date plan. However, in February 2025, it published new criteria under which it will intervene to ensure that local plan intervention action is “targeted, swift and proportionate.”

If LPAs do not have an up-to-date local plan, this adds to the risk of MHCLG being unable to achieve its ambition to deliver 1.5 million new homes.

Figure 7
Local planning authorities' (LPAs') performance in producing local plans

As at February 2025, less than a third of LPAs had an up-to-date local plan



Notes

- 1 There are 308 LPAs that could be covered by a local plan.
- 2 Local authority reorganisation between 2019 and 2023 led to some new LPAs being established, covering different geographic boundaries from previous ones. In our analysis, only local plans that cover the geographic boundary for current LPAs have been included. Of the LPAs that have been superseded (not included in our analysis), six have adopted local plans that are less than five years old and 35 have plans that are five years old or more. Newly created LPAs are required to adopt a new local plan covering the entire area of the reorganised authority within five years. Legislation gives allowances for plan-making to continue in the superseded areas for five years after reorganisation.
- 3 LPAs that have reviewed their local plans in the last five years, and whose review has been adopted, are counted as having an adopted local plan less than five years old.
- 4 The Ministry of Housing, Communities & Local Government uses a different methodology to measure local plan coverage.

Source: National Audit Office analysis of Planning Inspectorate data

Managing homelessness

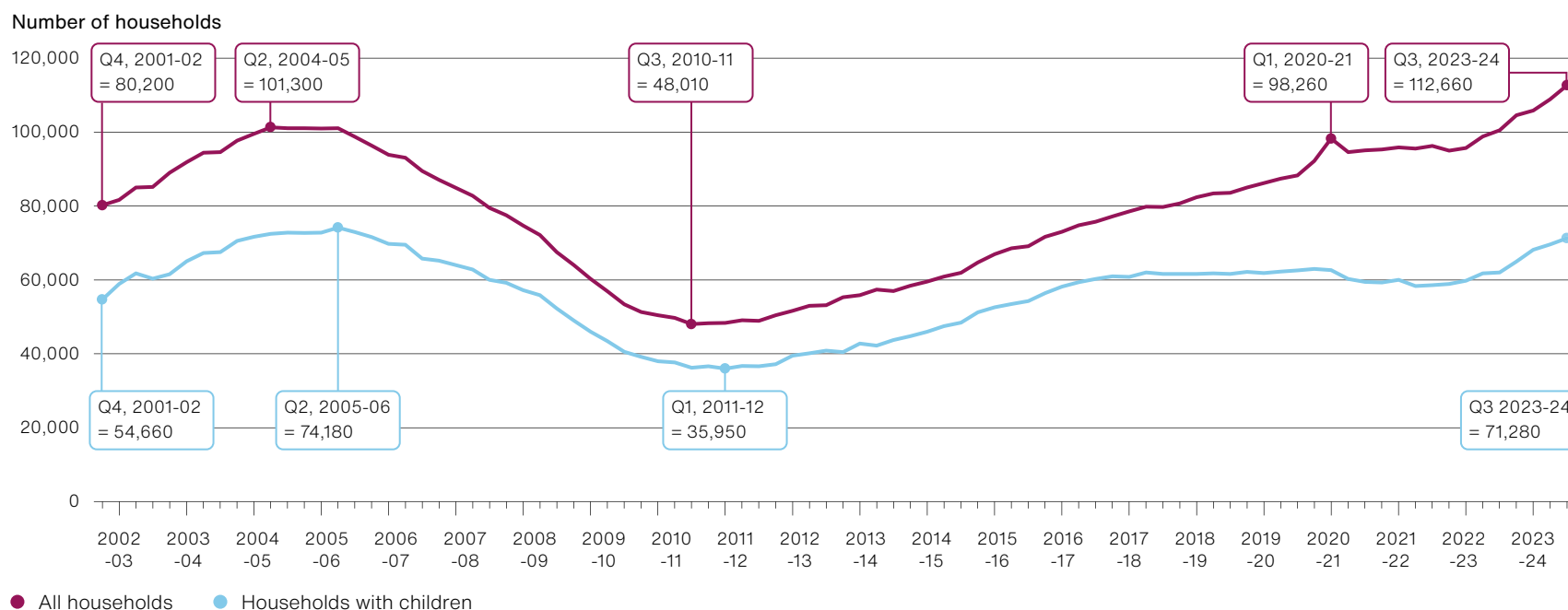


MHCLG has policy responsibility for tackling homelessness, and distributes funding to local authorities, which have statutory duties to assist people who are homeless or threatened with homelessness.

Figure 8

The number of households in temporary accommodation, Quarter 4, 2001-02 to Quarter 3, 2023-24

In Quarter 3, 2023-24, there were 112,660 households in temporary accommodation, which is the highest total across the whole period



Notes

- 1 This graphic includes data labels at local maximum and minimum points of the lines.
- 2 Households in temporary accommodation are as reported at the end of each quarter – 30 June, 30 September, 31 December and 31 March.
- 3 Data are taken from the Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 4 Quarter 1, 2018-19 was the first to utilise H-CLIC. Previous quarters were based on the P1E collection. The Department for Levelling Up, Housing & Communities (DLUHC) has processed the data so that Quarter 1, 2018-19 can be compared with previous quarters.
- 5 Data are rounded to the nearest 10 households.
- 6 Data for Quarter 3, 2023-24 are provisional, and are then revised in the next quarter.
- 7 Data for all quarters in 2023-24 may be revised when DLUHC releases homelessness statistics for the entire financial year 2023-24.
- 8 Data available for each quarter between 31 March 2002 and 31 December 2023.

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

Continued Managing homelessness



Our July 2024 report [The effectiveness of government in tackling homelessness](#) found the following.

- Homelessness had increased in previous years, due to economic factors and the limited availability of housing, especially housing for social rent. It was at the highest level since comparable data collection began in the early 2000s. The number of households in temporary accommodation rose from 83,540 in Quarter 3, 2018-19 to 112,660 in Quarter 3, 2023-24, an increase of 35% (Figure 8).
- Local authority spending on homelessness services had more than doubled since 2010-11, putting a strain on some authorities' overall finances. Spending on homelessness services increased in real terms from £1.14 billion in 2010-11 to £2.44 billion in 2022-23, an increase of 113%. It made up 60% of total gross expenditure on housing services, up from 25% in 2010-11.
- MHCLG had significantly improved its understanding of the nature and causes of homelessness, although some gaps remained that made it harder to direct resources effectively. However, MHCLG still did not have a strategy or published target for statutory homelessness.

- Local authorities told us that the short-term nature of funding made it difficult to plan services strategically. In practice, a significant portion of the Homelessness Prevention Grant was used to fund the provision of temporary accommodation, particularly in areas of poor affordability, rather than being spent on prevention work.

Since we published our report, MHCLG has put a number of measures in place to try to tackle increasing rates of homelessness, including introducing the Renters' Rights Act, which will abolish 'no fault' evictions for tenants and aims to improve practices in the rental sector. In 2024-25, MHCLG gave over £800 million to local authorities and other partners to provide support to homeless people, rough sleepers and those in need of temporary accommodation.

In its Annual Report and Accounts, MHCLG noted a risk to the delivery of the government's manifesto commitment to "get back on track with ending homelessness." To mitigate this, MHCLG:

- announced an allocation of over £1 billion to local authorities for 2025-26 to tackle the causes of homelessness;
- secured an additional £204 million in 2025-26 for the Homelessness Prevention Grant, bringing the total to £644 million. Local authorities will be required to spend

49% of their Homelessness Prevention Grant allocation on prevention, relief and staffing, and supporting people to be able to live in safe housing; and

- increased emergency winter funding in 2024-25 from £10 million to £60 million, for local authorities to keep people in their homes before they are served eviction notices, or to support people off the streets into accommodation.

Despite these measures, homelessness and temporary accommodation rates continue to rise, and the number of people living in temporary accommodation is at an all-time high. As at 30 June 2025, there were 132,410 households living in temporary accommodation. Additionally, between July 2024 and June 2025, some 11,400 households were repossessed through the accelerated process for Section 21 claims, an 8% increase on the previous year. MHCLG is still to publish a homelessness strategy or targets for reducing statutory homelessness.

Remediating dangerous cladding



On 14 June 2017, a fire broke out at Grenfell Tower, a 24-storey residential block in London, resulting in the deaths of 72 people. The subsequent inquiry found that the presence of aluminium composite material (ACM) cladding had played a significant role in the spread of the fire. Tests also revealed the widespread use of other types of flammable cladding in tower blocks across England. The impacts of dangerous cladding extended far beyond the immediate victims of the Grenfell fire, with many people in affected buildings suffering significant financial and emotional distress.

MCHLG is responsible for leading government activity to support the remediation of unsafe buildings. It introduced a series of programmes to help fund, oversee and monitor cladding remediation by building owners and developers. It later brought these programmes into a single portfolio. On 1 April 2025, in response to a recommendation in the Grenfell Inquiry Phase 2 report, MHCLG took over responsibility for all fire functions, including allocating funding to and oversight of the different fire services across the country, previously held by the Home Office.

Our November 2024 report [Dangerous cladding: the government's remediation portfolio](#) found the following.

- While the Building Safety Act 2022 now protects most leaseholders from paying for remediation costs, many experienced significant increases in insurance premiums.
- As the scale and impact of the cladding problem became clearer, MHCLG changed its approach to remediation and the types of buildings within scope for its programmes, and introduced measures to make industry responsible for bearing costs. It established programmes to address dangerous cladding in all the 9,000 to 12,000 buildings over 11 metres in height that it considered needed remediating.
- It was taking longer than MHCLG expected to identify buildings with dangerous cladding and bring them into its remediation portfolio. In August 2024, of the 9,000 to 12,000 buildings that MHCLG estimated would need remediating, 4,771 (39% to 54%) were in a remediation programme. Many people still did not know when their buildings would be made safe, and remediation of buildings within the portfolio was taking longer than expected.
- MHCLG chose approaches to funding that prioritised speed but increased the risks of poor value for money and fraud. After a slow start, it was increasing its counter-fraud activity.
- The government planned to cap taxpayer contributions towards cladding remediation at £5.1 billion over the lifetime of its remediation programmes, but its best estimate was that total remediation could cost around £16.6 billion. To remain within its £5.1 billion cap in the long run, MHCLG intended to recoup £700 million through developers refunding costs for remediating buildings for which they had accepted responsibility, and the balance (forecast at £3.4 billion) through the new Building Safety Levy, which will come into effect on 1 October 2026. The levy will be paid by developers on new residential developments.

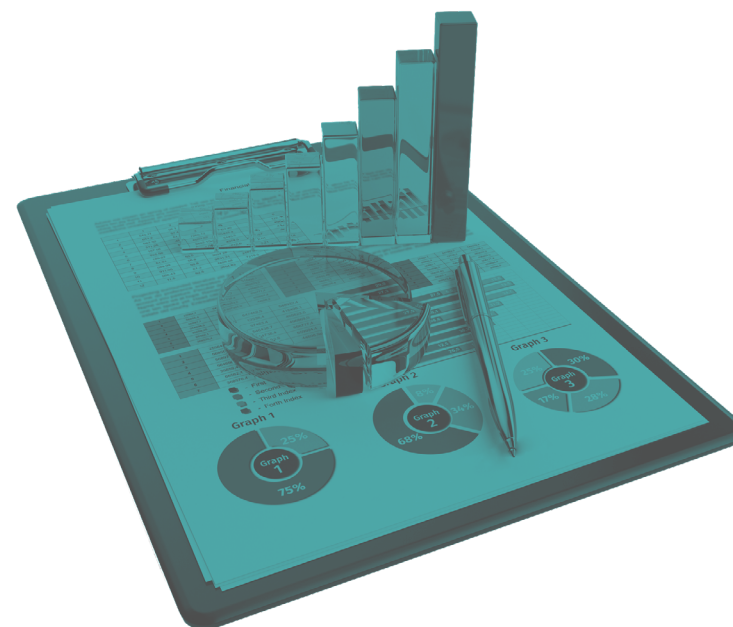
Continued Remediating dangerous cladding



Our report found that MHCLG had overseen a substantial increase in remediation activity since we previously reported in 2020. In April 2020, it had identified 456 buildings with ACM cladding. Of these, remediation was complete on 163, in progress on 126 and yet to start on 167. By August 2024, remediation was complete for 442 out of 503 buildings in the ACM programme (88%). As scope expanded, more buildings came into the portfolio. Of the 4,771 buildings that MHCLG was monitoring in August 2024, remediation was complete on 1,392 (29%), in progress on 985 (21%) and yet to start on 2,394 (50%) – equivalent to around 116,000 homes. Compared to its central estimate of the total number of buildings, remediation was complete on 13% of affected buildings. Individual programmes were at different levels

of maturity, and remediation progress differed considerably between them. For example, whereas the ACM programme (launched in 2018-19) was nearing completion, the Cladding Safety Scheme (launched in July 2023), had started remediation on only ten buildings in August 2024, and had yet to see its first building fully complete remediation.

MHCLG produces a monthly data release on its remediation progress. As at the end of September 2025, it was monitoring 5,558 buildings in total (compared with 4,771 buildings in August 2024). Of these, remediation was complete on 1,935 (35%), in progress on 759 (13%) and yet to start on 2,864 (52%).



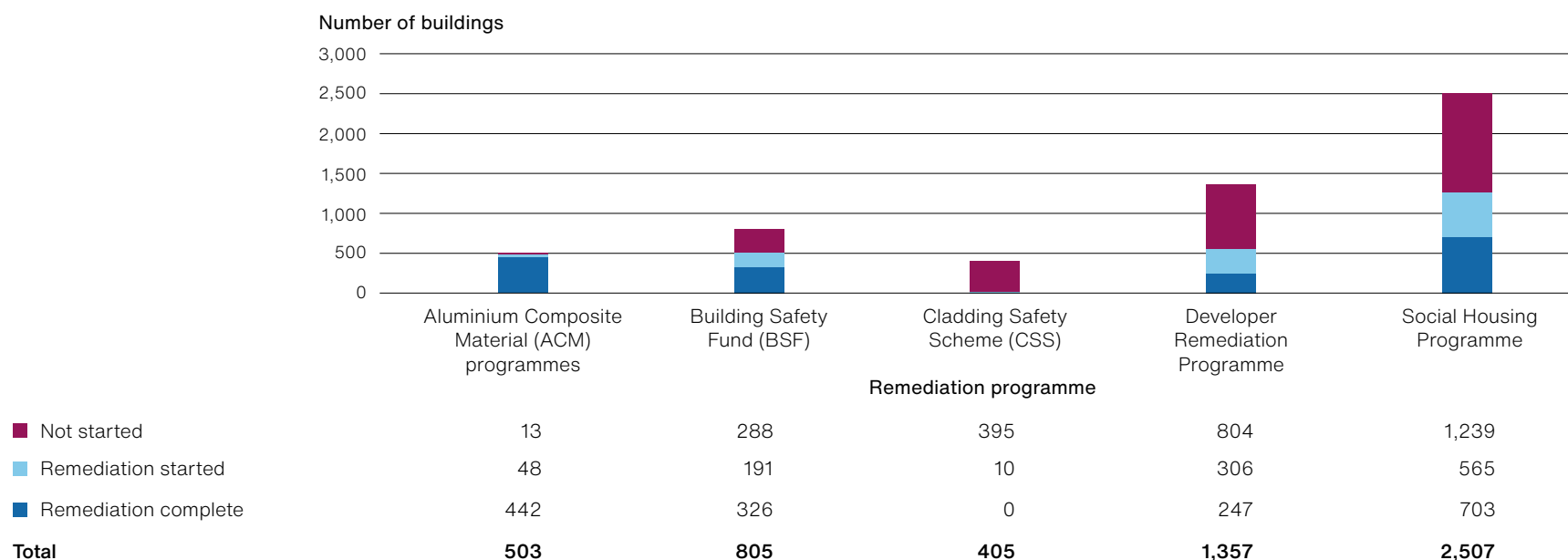
Continued Remediating dangerous cladding



Figure 9

Progress remediating buildings across the programmes in the Ministry of Housing, Communities & Local Government's remediation portfolio as at August 2024

Remediation progress within each of the five programmes varies, with the oldest – the Aluminium Composite Material programmes – having the highest proportion of completions



Notes

- The total number of buildings within the five programmes does not sum to the total number of buildings reported in the portfolio. This is because some buildings are included in the data for multiple programmes. For example, all social housing buildings are included in the social housing programme data but some are also included in the ACM, BSF, CSS and developer remediation data.
- The social sector ACM programme opened for applications in July 2018, the private sector ACM programme opened for applications in September 2019, tranche 1 of the BSF programme opened for registrations in June 2020, tranche 2 of the BSF programme opened for registrations in July 2022, the CSS opened for applications in July 2023 and the first developers to sign the remediation contract did so between January and March 2023.
- Data for the ACM programmes include buildings remediated with government funding and those that are privately funded. The data also includes hotels, student accommodation and publicly-owned buildings.
- Data for the Developer Remediation Programme cover those buildings being directly remediated by the developer and exclude those which are being remediated in a government-funded scheme where the developer will reimburse government. This data is self-reported by the developer.
- Data for the CSS only include buildings that have been assessed as eligible for funding. Three of the buildings in the CSS, for which remediation work has not started, are in Northern Ireland.

MHCLG's overall approach to risk management



Risk management in MHCLG

Resilient public services require a conscious balancing of current and future needs, and improved prevention and preparedness for a range of risks. MHCLG's teams, projects and programmes manage the risks for their respective areas. Portfolio Boards manage cross-cutting risks within each portfolio, including key risks escalated from a tier below. Each principal risk is sponsored by a member of the Executive Team, with a lead director responsible for managing appropriate controls and mitigating actions. All principal risks and associated controls and mitigations are regularly reviewed by the Risk Sub-Committee and Audit and Risk Assurance Committee.

Each of MHCLG's arm's-length bodies has a framework agreement or equivalent setting out its priorities and strategic aims, lines of accountability and governance arrangements. These are reviewed and revised periodically by MHCLG and HM Treasury. Arm's-length bodies' boards ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. There are regular assurance meetings between the arm's-length body Accounting Officer and the MHCLG sponsor, in which key performance indicators and risks are scrutinised to enable effective assessments and risk management. The NAO provides an [assessment template](#) to assist organisations in assessing the strength of their risk management practices.

Figure 10
MHCLG's risk governance structure



Source: Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2024-25](#), July 2025

Risks and resilience across MHCLG



MHCLG reports 13 principal risks at a departmental level; the top six are listed below, ordered by their overall risk rating at the end of 2024-25. The list indicates relevant NAO reports on each topic.

Figure 11

MHCLG's most significant principal risks, and relevant NAO reports on each topic

Principal risk	Sub-categories	Relevant NAO reports
1 Local government delivery risk	- Local government capability - Local tier funding and capacity	<i>Local government financial sustainability</i> <i>Improving local areas through developer funding</i>
2 Project delivery risk	- Project delivery capability - Project delivery improvement	<i>The effectiveness of government in tackling homelessness</i> <i>Dangerous cladding: the government's remediation portfolio</i>
3 People risk	- Capacity - Capability - Employee experience - Agility and ability to manage change	<i>Civil service workforce: Recruitment, pay and performance management</i> <i>How to improve operational services – NAO insight</i> <i>Lessons learned: Smarter delivery – improving operational capability to provide better public services</i>
4 Financial risk	- Budget management - Value for money - Investment and credit risk	<i>Good practice guide – Financial management in government: enablers of success</i> <i>Good practice guide – Financial management in government: strategic planning and budgeting</i> <i>Good practice guide – Financial management in government: monitoring and forecasting</i> <i>Good practice guide – Financial management in government: allocating resources</i> <i>Good practice guide – Financial management in government: reporting for decision-making</i>
5 Commercial risk	- Process for contract management - Short-notice procurements - Conflicts of interest - Non-compliance with procurement regulations or functional standards - Supplier incident - Counter-fraud, bribery and corruption	<i>Managing the commercial lifecycle – NAO insight</i> <i>Lessons learned: competition in public procurement</i> <i>An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24</i> <i>Dangerous cladding: the government's remediation portfolio</i>
6 Arm's-length body governance risk	- Oversight arrangements - Internal system failures - Alignment with departmental objectives and strategy - Delays in public appointments	<i>Overcoming challenges to managing risks in government – NAO insight</i> <i>Good practice guidance: Principles of effective regulation</i>

Source: National Audit Office

Managing delivery risks in practice



Our December 2023 good practice guide [Overcoming challenges to managing risks in government](#) highlighted the need for departments to balance immediate and competing demands with long-term value for money. Our November 2024 report [Dangerous cladding: the government's remediation portfolio](#) explained that MHCLG recognises several key delivery risks associated with remediating unsafe buildings. In its 2024-25 Annual Report and Accounts, MHCLG highlighted the following risks.

- A further building safety incident occurs, resulting in loss of life. MHCLG states that it is mitigating this risk through the implementation of the Building Safety Act regime and remediation and enforcement work.
- A linked risk that building safety regulations fail to address critical safety issues, leading to structural building failure, heightened risk of fire and/or harm to building occupants.
- Insufficient capacity in the system to deliver remediation of unsafe cladding. MHCLG is implementing targeted actions through its Remediation Acceleration Plan (which it launched in December 2024 and updated in July 2025).
- The capacity of the Building Safety Regulator is insufficient to clear the decision backlog and/or reduce processing times in respect of gateway applications. This could lead to further delays to new housing developments and impact market confidence in the regulatory regime.



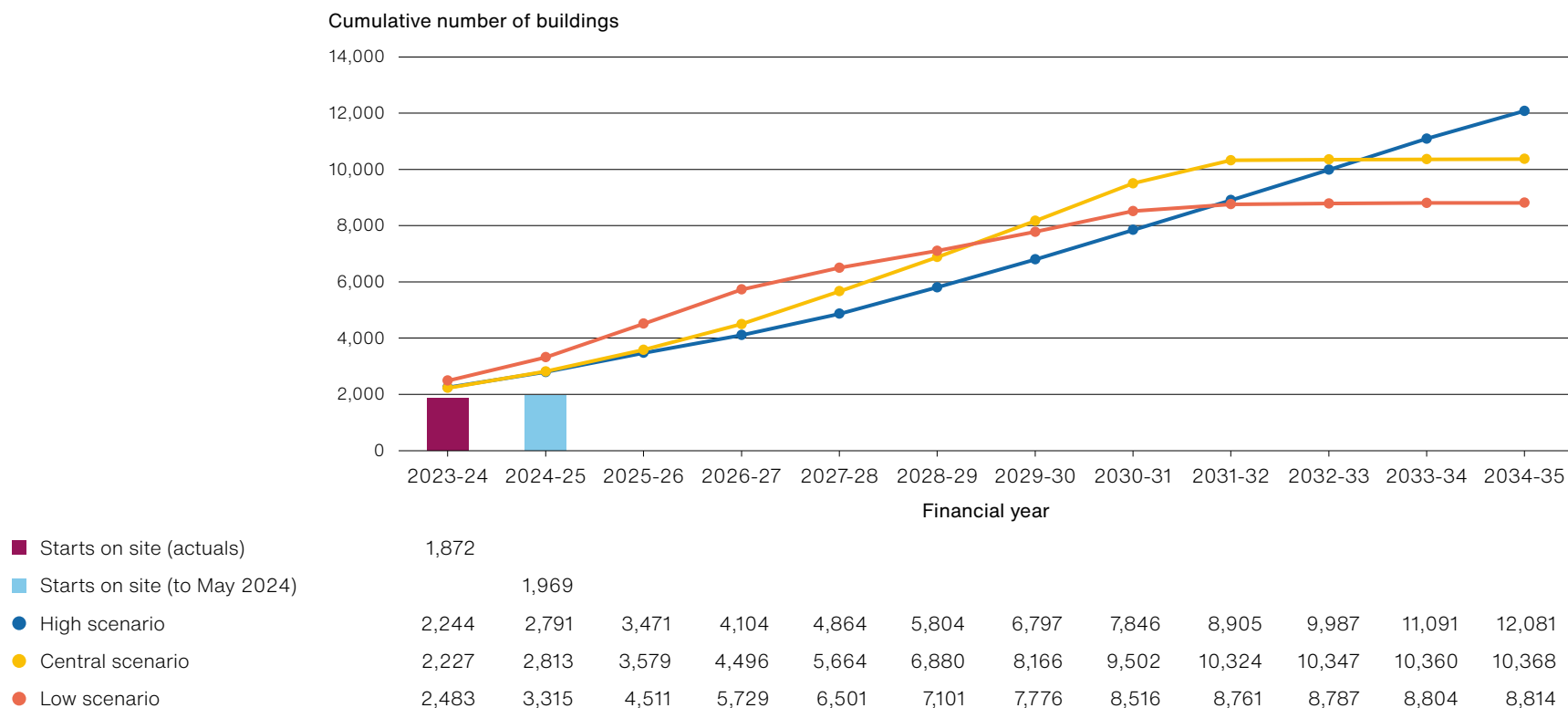
Continued Managing delivery risks in practice



Figure 12

Cumulative total number of buildings that have started remediation work each year compared to the Ministry of Housing, Communities & Local Government's (MHCLG's) three planning scenarios

Fewer buildings have started remediation work on site than MHCLG expected, compared to all of its scenarios



Notes

- 1 This figure presents 'starts on site' data for the buildings that MHCLG monitors in its portfolio. These include buildings receiving government funding through its grant programmes, and those captured in the Developer Remediation and Social Housing Programmes. Except for some buildings with Aluminium Composite Material cladding, the portfolio does not include buildings being remediated privately. This means that the figure compares starts on data, which exclude most privately-remediated buildings, to planning scenarios which include some buildings that may be remediated privately.
- 2 The data for the number of actual starts on site for 2024-25 shows data to May 2024.
- 3 MHCLG's planning scenarios are based on its low, central and high estimates of the total number of buildings that need remediation work, along with various other assumptions which account for the different shapes of the lines.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government data

What to look out for



The new Affordable Homes Programme

In March 2025, the government announced £2 billion in grant funding as a 'down payment' on a future Affordable Homes Programme to support the delivery of new social and affordable homes. At the June 2025 Spending Review, the government then announced £39 billion in funding for the next Affordable Homes Programme, which will be titled the 'Social and Affordable Homes Programme'. This funding will be spread across ten years from 2026 to 2036, and the government intends that hundreds of thousands of social and affordable homes will be built, including 60% for social rent.

Look out for: bids opening early in 2026.

The National Housing Bank

In June 2025, a new government-backed 'housing bank' was announced, with the aim of unlocking billions of pounds in private sector investment to accelerate housebuilding in England. The National Housing Bank will be established as a subsidiary of Homes England, backed with £16 billion of financial capacity to provide development finance, equity investment and housing guarantees to the housing market, and will have greater freedoms and flexibilities to make long-term investments.

The £16 billion financial capacity is additional to MHCLG's existing £6 billion financial guarantee programme. The National Housing Bank plans to leverage in £53 billion of additional private investment, creating jobs and delivering over 500,000 new homes.

Look out for: more details about how the National Housing Bank will function, including the issuing of government guarantees and a focus on longer-term investments.

Devolution and local government reorganisation

The government introduced the English Devolution and Community Empowerment Bill on 10 July 2025, following the publication of the English Devolution White Paper on 16 December 2024. The Bill aims to establish a new framework for devolution of powers, duties and functions, reforming local government and empowering communities. The purposes of the Bill are:

- introducing a consistent model of devolution across England, ending 'one-off' devolution deals with areas;
- establishing a new devolution framework in statute, with new powers for mayors over planning, transport and local growth;

- improving local government structures and accountability, including streamlining the current local government reorganisation process;
- establishing the Local Audit Office, to address problems in the local audit system; and
- empowering communities to have a voice in local decision-making via a new community right to buy assets of community value and through introducing neighbourhood governance structures.

Look out for: the Bill's progress through Parliament, and future devolution and local government reorganisation plans in local areas.

Fair Funding Review 2.0

The government held a consultation from 20 June to 15 August 2025 on local government funding. The response to the consultation is yet to be published, but the government states that it will use the responses to introduce a system that targets money where it is most needed, in partnership with local government.

Look out for: the consultation response and changes to be implemented in 2026-27 through the first multi-year settlement in a decade, with a provisional settlement expected by the end of 2025.

About the NAO



The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enable us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account, and we use our insights to help those who manage and govern public bodies to improve public services.

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

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- request advice on understanding and scrutinising departments' annual reports and accounts.

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About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the Ministry of Housing, Communities & Local Government (MHCLG).

It is intended to support the Housing, Communities and Local Government Committee and members across the House in their examination of MHCLG.

This report updates our previous report, [An Overview of the Ministry of Housing, Communities & Local Government for the new Parliament 2023-24](#) published on 12 December 2024.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value-for-money work, including the annual report and accounts of MHCLG and its partner organisations. In some cases, to provide the most up-to-date information, we have drawn on information from publicly available documents. 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 any 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.