



National Audit Office

An Overview of the  
**Ministry of Housing, Communities  
& Local Government**

for the new Parliament 2023-24

December 2024

OVERVIEW

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# 1 Introduction to the National Audit Office

**W**elcome to our Overview of the Ministry of Housing, Communities & Local Government, part of our series of Overviews for the new Parliament, covering government departments and cross-cutting issues.

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 enables 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. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. 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](mailto:parliament@nao.org.uk).



## Gareth Davies

COMPTROLLER & AUDITOR GENERAL  
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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# 2 How the NAO can help you as a Member of Parliament

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## How we support Parliament

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.

## What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

## Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

## Keep up to date with our work

- Sign up to our [latest report updates](#)
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## How to get in touch

- Via our Parliamentary email inbox: [parliament@nao.org.uk](mailto:parliament@nao.org.uk).



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



Sending you embargoed copies of our reports before they are available to the public



Providing briefings to you or a member of your team on our work



Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

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This Overview has been produced to provide an introduction to the Ministry of Housing, Communities & Local Government (MHCLG) and the NAO's examination of MHCLG's spending and performance. **It is intended to support the Housing, Communities and Local Government Committee and Members across the House in their examination of MHCLG.**

**It summarises the key information and insights that can be gained** from our examinations of MHCLG and related bodies in the local government sector in England, and from MHCLG's Annual Report and Accounts. In 2023-24, MHCLG spent almost **£41 billion** on housing, neighbourhoods, local government and building safety.

The Overview includes:

- MHCLG's role and remit;
- how MHCLG is structured;
- where MHCLG spends its money;
- key spending commitments;
- MHCLG's relationship with local government;
- key challenges facing MHCLG during this Parliament; and
- where to find more information about MHCLG.

This Overview updates our previous output, [The Department for Levelling Up, Housing & Communities Departmental Overview 2022-23](#), published in January 2024.

On 10 July 2024, the Department for Levelling Up, Housing & Communities (DLUHC) was renamed as the Ministry of Housing, Communities & Local Government (MHCLG). In this Overview, to avoid confusion, we use the new name throughout unless there is a clear reason to do otherwise.

## How we have prepared this report

The information in this Overview draws on the findings and recommendations from our financial audit and value for money work, and from publicly available sources, including the annual report and accounts of MHCLG and its associated bodies.

We have cited these sources throughout the Overview, 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 has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes.

## Other relevant publications

More information about our work on MHCLG, as well as information about our other recent and upcoming reports, can be found on the [NAO website](#).



# 4 Priorities and achievements

This section mainly refers to the routine business of MHCLG. We have highlighted key activities and developments relating to MHCLG's five priority outcomes for 2023-24, as stated in its annual report and accounts.

Priority outcome	MHCLG's description of its achievements in 2023-24	
<b>Level up the United Kingdom.</b>	<ul style="list-style-type: none"> <li>64% of England is now covered by devolution deals.</li> <li>Over £4 billion has been paid to places in receipt of the Towns Fund, UK Shared Prosperity Fund and the Levelling Up Fund to date.<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>The Community Ownership Fund has allocated over £100 million to 330 projects.</li> </ul>
<b>Regenerate places, ensuring everyone has access to a high-quality, secure and affordable home, and a greater say in how they are planned and built.</b>	<ul style="list-style-type: none"> <li>The Levelling Up and Regeneration Act became law, and the National Planning Policy Framework was updated in December 2023.</li> <li>The Social Housing (Regulation) Act 2023 received Royal Assent in July 2023, which enabled Awaab's Law (relating to safety and accommodation standards in social housing).</li> </ul>	<ul style="list-style-type: none"> <li>The Affordable Homes Programme delivered 14,871 completed homes in 2023-24.</li> <li>26,500 Ukrainians were provided temporary sanctuary in the UK through the Homes for Ukraine scheme, with an 18-month visa extension scheme announced in February 2024.</li> </ul>
<b>Ensure that buildings are safe, and system interventions are effective and proportionate.</b>	<ul style="list-style-type: none"> <li>19 sets of secondary legislation were laid, meaning the Building Safety Regulator has access to all their powers and will begin safety case assessments and building inspections during 2024-25.</li> <li>Launched a technical consultation and issued a response to a previous consultation on the Building Safety Levy (which would be raised on new residential developments, with the funds used to meet building safety expenditure).</li> </ul>	<ul style="list-style-type: none"> <li>By the end of 2023-24, 4,329 residential buildings were in a remediation programme. There were works underway on 992 buildings, and works had been completed on 976 buildings.</li> <li>The Grenfell Tower Memorial Commission published a report in November 2023, setting out its recommendations and next steps for a future memorial.<sup>2</sup></li> </ul>
<b>Strengthen the Union to ensure that its benefits, and the positive impact of levelling up across all parts of the UK, are clear and visible to all citizens.</b>	<ul style="list-style-type: none"> <li>Supported the restoration of the Northern Ireland Executive, including establishing the East-West Council.</li> <li>Worked across government to secure a support package for Port Talbot as the area transitions to more sustainable steel production.</li> </ul>	<ul style="list-style-type: none"> <li>The Islands Forum met twice in 2023: in May, on the Isle of Wight in England, to discuss skills and innovation; and in October, on the Isle of Lewis, in Scotland, to discuss connectivity.</li> </ul>
<b>A strong and sustainable local government sector with resilient, connected and integrated communities.</b>	<ul style="list-style-type: none"> <li>Announced the final Local Government Finance Settlement for 2024-25 in February 2024, at £64.7 billion.</li> <li>Provided over £800 million to councils and other partners for homelessness prevention, rough sleeper outreach, emergency move-on accommodation and support for substance misuse.</li> </ul>	<ul style="list-style-type: none"> <li>Delivered an £18.6 million programme through the Local Government Association, to support governance, leadership, finance, workforce and transformation. Supported commissioners and statutory panels, and appointed board members to support interventions in eight councils.</li> </ul>

## Notes

<sup>1</sup> Levelling-up funds are currently under review.

<sup>2</sup> Subsequently, the Grenfell Tower Inquiry published a report on Phase 2 of its investigations in September 2024. It can be found at: [www.grenfelltowerinquiry.org.uk](http://www.grenfelltowerinquiry.org.uk)

# 5 How MHCLG is structured

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## Regeneration, Housing and Planning

- Housing Markets and Strategy
- Planning
- Leasehold, Private Rented Sector and Digital
- Chief Planner
- New Towns, Infrastructure and Housing Delivery
- Social Housing
- Resettlement

## Safer and Greener Buildings

- Grenfell Community and Memorial
- Remediation Policy
- Remediation Funds and Interventions
- Building Management and Insights
- Building Design and Construction

## Local Growth, Communities and Devolution

- Communities and Inclusive Growth
- Local Growth and Devolution
- Local Funding and Investment
- Cities and Local Growth Unit
- Elections

## Local Government and Public Services

- Local Government Oversight and Improvement
- Local Government Finance
- Local Government Strategy and Social Cohesion
- Resilience and Recovery
- Office for Local Government
- Homelessness and Rough Sleeping (and COVID-19 Inquiry)
- Holocaust Memorial Programme

## Strategy and Communications

- Strategy and Private Office
- Central Data Unit
- Communications
- Chief Scientific Adviser
- Policy and Deputy Prime Minister Support
- Union and Devolution

## Corporate Group

- People, Capability and Change
- Finance
- Commercial
- Digital
- Analysis and Data

Source: Ministry of Housing, Communities & Local Government

# 6 Related bodies

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MHCLG is the lead department for housing, neighbourhoods, local government and building safety. It has two executive agencies and twelve designated bodies.

## Non-ministerial department

- HM Land Registry<sup>1</sup>

## Public non-financial corporation

- Architects Registration Board

## Tribunal

- Valuation Tribunal for England

## Executive non-departmental public bodies (NDPBs)

- Homes England
- Leasehold Advisory Service
- Regulator of Social Housing
- The Housing Ombudsman
- Valuation Tribunal Service

## Advisory non-departmental public bodies (NDPBs)

- Boundary Commission for England
- Boundary Commission for Wales

## Other bodies (not classified as NDPBs)

- Ebbsfleet Development Corporation
- Local Government and Social Care Ombudsman

## Executive agencies

- Planning Inspectorate
- Queen Elizabeth II Conference Centre<sup>2</sup>



### Notes

1 Sponsorship of HM Land Registry and its associated bodies moved from the Department for Business and Trade to MHCLG on 1 June 2023.

2 Previously classified as a public non-financial corporation.

Source: Ministry of Housing, Communities & Local Government, *Annual Report and Accounts 2023-24*, July 2024



# 7 Where MHCLG spends its money

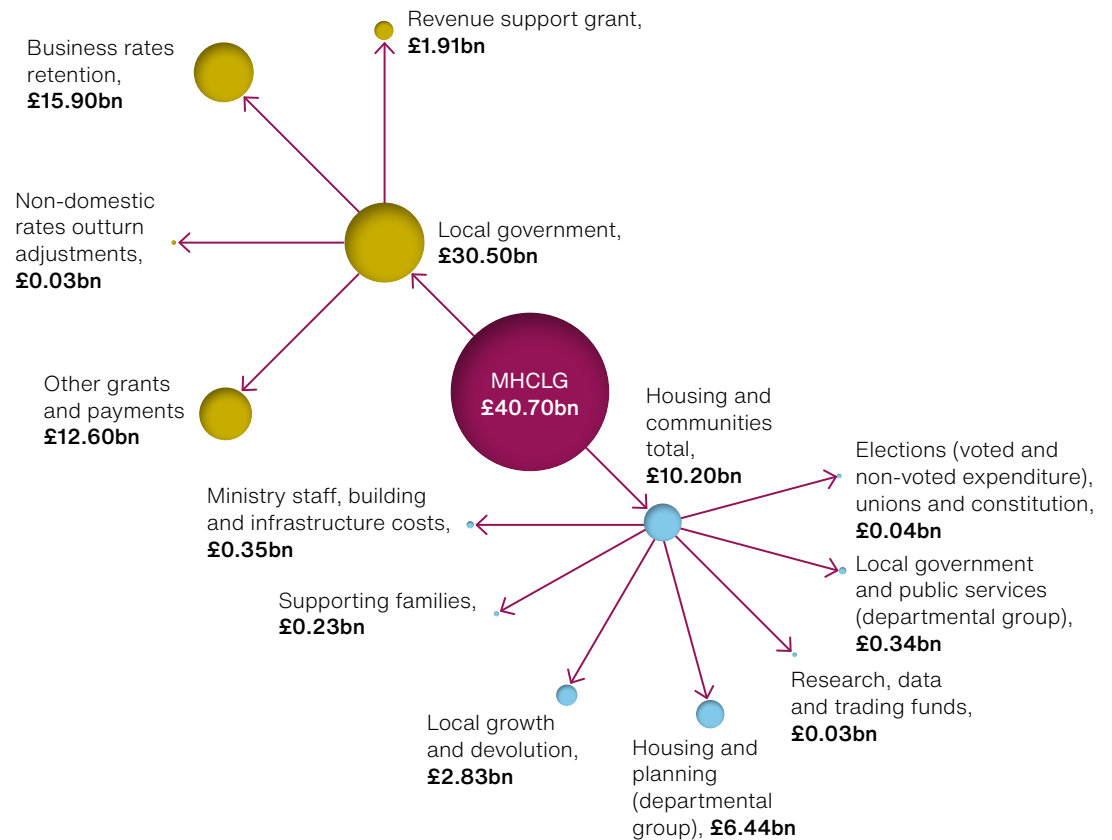
In 2023-24, MHCLG had a net spend of around £40.7 billion, of which it spent:

- £30.5 billion on local government; and
- £10.2 billion on housing and communities.

Expenditure on local government relates to MHCLG's priority outcome of supporting a strong and sustainable local government sector with resilient, connected and integrated communities, and included: £15.9 billion on business rates that it allowed local authorities to retain; £1.91 billion on the revenue support grant which central government provides to support local government services; and £26 million on non-domestic rates outturn adjustments. MHCLG spent a further £12.6 billion on other grants and payments, including £3.9 billion on social care grants for both adults' and children's social care, and business rates and council tax reliefs and support.

Expenditure on housing and communities included: £6.44 billion on supporting MHCLG's priority outcome to regenerate places, ensuring everyone has a high quality, secure and affordable home, and a greater say in how they are planned and built; and a further £2.83 billion on its priority outcome to level up the UK, through local growth and devolution. MHCLG also spent £225 million on the Supporting Families Programme, which from 2024-25 will be transferred to the Department for Education. MHCLG spent a further £751 million to support the delivery of other housing and communities outcomes, such as on the Electoral Integrity Programme and administration expenditure.

## Where MHCLG spends its money



### Notes

- 1 Figures may not sum due to rounding.
- 2 'Non-domestic rates outturn adjustments' are payments made to local authorities where the initial forecast of business rates revenue for the year was lower than actual outturn, so a correcting payment is made by MHCLG.

Source: National Audit Office analysis of financial data underlying the Ministry of Housing, Communities & Local Government [Annual Report and Accounts 2023-24, July 2024](#)

# 8 Spending patterns

**MHCLG's net expenditure increased from £33.3 billion in 2022-23 to £40.7 billion in 2023-24 – a rise of 22%.**

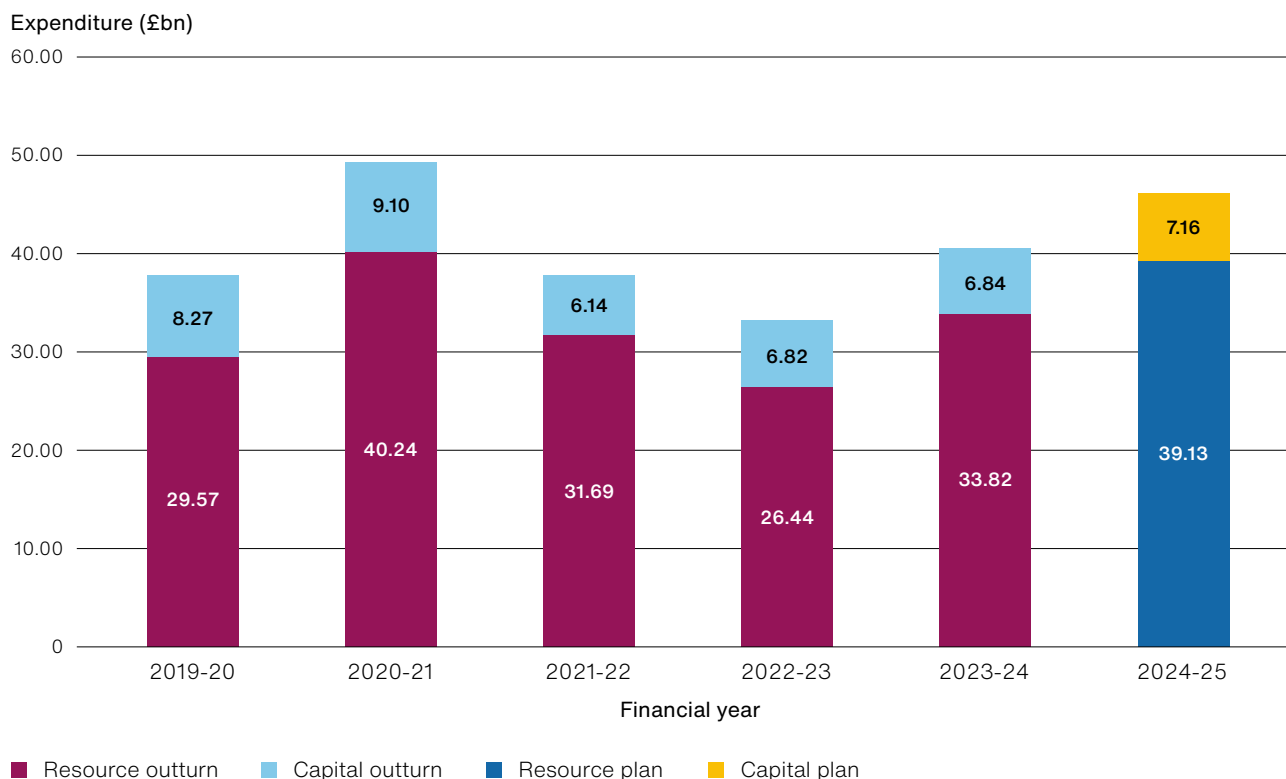
The increase was largely due to new programme funding to support the levelling-up agenda, including the Towns Fund and the Levelling Up Fund.

Key items of expenditure included an increase in spend on housing and planning, including £635 million spent collectively on the Affordable Homes Programme (2016–2023) and the Affordable Homes Programme (2021–2026). Additional funding has been included in the 2024-25 budget for Homelessness and Rough Sleeping programmes.

Due to a decrease in the number of Ukrainians entering the UK between 2022-23 and 2023-24, outturn on the Homes for Ukraine scheme fell, with around £207.5 million being spent in England in 2023-24 compared with around £1.2 billion UK-wide in 2022-23. Budget plans for 2024-25 do not yet incorporate the Homes for Ukraine scheme, which will be set at Supplementary Estimates.

Other key items of expenditure included £5.9 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 2023-24 was £14.7 billion. Expenditure for 2024-25 is forecast at a higher level than 2023-24, but continues to be a reduction from the peak in 2020-21 during the COVID-19 pandemic.

Ministry of Housing, Communities & Local Government expenditure outturn 2019-20 to 2023-24 and planned expenditure 2024-25



Source: Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2023-24](#), July 2024 and Ministry of Housing, Communities & Local Government, [Homes for Ukraine Scheme 2023-24](#)

# 9 MHCLG's relationship with local government

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## MHCLG has overall responsibility in central government for local authorities' funding. This includes:

- distributing the majority of funding to support local authorities to deliver services through the Local Government Finance Settlement, which is subject to a vote by Parliament;
- taking the cross-government lead in supporting, influencing and informing HM Treasury on decisions about local government funding at major fiscal events; and
- maintaining a system of local accountability that assures Parliament about how local authorities use their resources, including preventing and responding to financial and service failure.

MHCLG is accountable to Parliament for how grant funding is allocated via the Local Government Finance Settlement. Additionally, local authorities, as democratically elected bodies, are accountable to the public.

Local authorities are made up of councillors who are voted for by the public in local elections and are supported by appointed council staff. Councillors are elected to represent people in a defined geographical area for a term of four years, unless elected at a by-election, in which case the period will be shorter. Councillors decide on the overall direction of policy, which is implemented by council officers to deliver services.

The accountability system is complex, which means it can often be difficult to identify whether local or central government is responsible on issues such as funding and spending, financial sustainability, and responding to failures. Each government department publishes an Accounting Officer System Statement, setting out its accountability relationships and processes, as part of the Accounting Officer's personal responsibility to Parliament. MHCLG's [Accounting Officer system statement](#) was last updated in June 2023, and covers the overall local government accountability system as well as the accountability system for local growth funding.

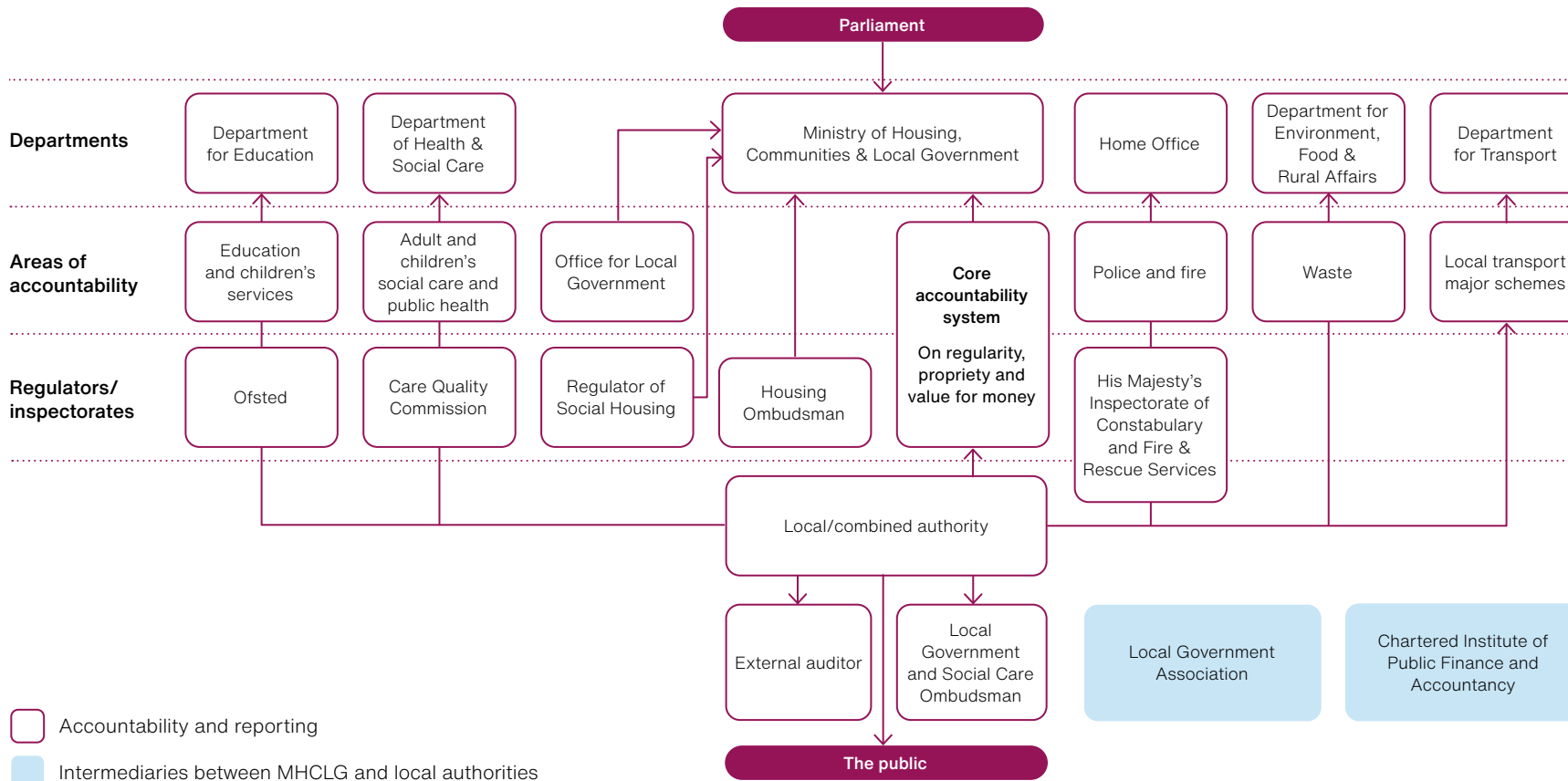
The diagram on the next page shows how accountability flows between local authorities and MHCLG, and lists some of the other bodies involved in holding local authorities to account.

MHCLG oversees the core accountability system for local authorities, but other organisations also play important roles. Ofsted inspects services providing education and skills for learners of all ages, and also inspects and regulates services that care for children and young people. The Care Quality Commission regulates and inspects health and adult social care providers. The Regulator of Social Housing sets standards and carries out regulation focusing on social landlords. The Housing Ombudsman and Local Government and Social Care Ombudsman impartially consider service users' complaints. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services independently inspects or reviews police, and fire and rescue services. The external auditor that the local authority appoints is from the private sector. The Local Government Association (LGA) provides peer challenge and support to local authorities, but local authorities are not accountable to it. The Chartered Institute of Public Finance and Accountancy (CIPFA) produces statutory codes, provides a mentoring role for finance professionals, and carries out finance reviews of local authorities. The Office for Local Government was launched in July 2023 as part of MHCLG, with the aim to increase understanding about the performance of local authorities, warn when authorities are at risk of serious failure, and support local government to improve itself.

## Section 9:

### MHCLG's relationship with local government *continued*

#### Local government accountability



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

# 10 Homes England and its activities

Homes England is the government’s housing and regeneration agency, and the largest non-departmental body sponsored by MHCLG. Its role is to help MHCLG deliver its housing priorities, and it 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.
- Facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure.
- Build a housing and regeneration sector that works for everyone, driving diversification, productivity, partnership working and innovation.
- Promote the creation of high-quality homes in well-designed places that reflect community priorities.
- Ensure high standards of sustainability and design quality are delivered in homes and places.

Homes England delivers its objectives through a range of market activities, included giving grants to public and private partners, lending to developers, and buying and selling land. Its performance on key measures in recent years is as follows.

Performance in delivering homes	2021-22	2022-23	2023-24 outturn	2023-24 central target
Starts	38,562	37,175	35,676	33,033
Completions	37,632	33,713	32,320	29,651
Unlocked housing capacity	58,993	12,248	26,273	25,758
Households supported into home ownership	42,044	27,534	622	635

Source: Homes England, *Annual Report and Financial Statements 2023/24*, July 2024; Department for Levelling Up, Housing & Communities, *Homes England Public Bodies Review 2023*, April 2024

**Key points arising from the table above are as follows:**

- There were around 4% fewer housing starts and completions in 2023-24 than in 2022-23. However, this performance should be seen in the context of the wider housing market, which saw a fall of more than 15% in the number of housing starts, and a 10% fall in completions, in England from 2022 to 2023.
- The units of housing capacity unlocked more than doubled in 2023-24 compared with 2022-23.
- The number of households supported into home ownership fell by 97.7% compared with 2022-23, reflecting the closure of the Help to Buy programme on 31 May 2023 and the conclusion of the First Homes pilot in October 2023.

- While it exceeded three of its central targets in 2023-24 (starts, completions and unlocked housing capacity), the targets were lower than in the previous year.

In 2023, Homes England was subject to a Public Bodies Review, which found that it has the right powers and form, and most of the capability and tools to deliver better housing and better places. The review also provided recommendations for both Homes England and MHCLG, covering themes such as objectives and outcome measures, prioritisation, taking risks to deliver more impact, and committing to large and long-term schemes.

# 11 Local auditor reporting

Timely and accurate auditing of a local authority's accounts is important. Delays in issuing an audit opinion can:

- reduce accountability, hamper the effectiveness of value for money work, and increase the risk that recommendations come too late to have their desired impact; and
- affect the wider public audit system – for example, by delaying the audit of central government accounts that draw on local government information such as pension scheme data.

Unaudited accounts reduce confidence in the financial position of the local authority, and may even affect the delivery of frontline services.

We examined local auditor reporting in our January 2023 progress update report, [Timeliness of local auditor reporting on local government in England](#). The report found that, since 2017-18, there had been a significant decline in the number of local government body accounts that included an audit opinion published in accordance with deadlines set by government.

## Action to tackle problems with the timeliness of local audit

- In July 2023, the then DLUHC published a cross-system statement to help tackle delays to local audit completions.
- In July 2024, the government laid a written ministerial [statement](#) in Parliament setting out proposals, which were supported by all key local audit organisations, and included setting a series of statutory backstop dates to deal with the local audit backlog.
- In September 2024, the government laid in Parliament a piece of legislation to give effect to the backlog proposals: the [Accounts and Audit \(Amendment\) Regulations 2024](#). The amendment regulations came into force on 30 September. In mid-November, the Comptroller and Auditor General published an updated [Code of Audit Practice](#).
- The government laid legislation to set a statutory backstop date of 13 December 2024, to clear the backlog of unaudited accounts up to and including financial year 2022-23. The legislation includes five further backstop dates for financial years up to and including 2027-28. These backstop dates are intended to achieve a balance between restoring timely audit and returning to unmodified audit opinions. These are important, because they represent the auditor's conclusion that financial statements are accurate and comply with financial reporting standards.

Source: Comptroller and Auditor General, [Progress report: Timeliness of local auditor reporting on local government in England](#), Session 2022-23, HC 1026, National Audit Office, January 2023; Comptroller and Auditor General, [Draft Code of Audit Practice 2024: Consultation response](#), National Audit Office, September 2024



## Homelessness

MHCLG has policy responsibility for tackling homelessness, and leads on implementing homelessness policies across government. It also distributes homelessness funding to local authorities, who have statutory duties to assist people who are homeless or threatened with homelessness. One of the statutory duties of local authorities is to provide temporary accommodation to those who are homeless and in priority need. Our July 2024 report, [The effectiveness of government in tackling homelessness](#), found the following.

- Homelessness has increased in recent years, due to a range of economic factors and the limited availability of housing, especially housing for social rent. It is now 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%.

- Local authority spending on homelessness services has more than doubled since 2010-11, and is 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 now makes up 60% of total gross expenditure on housing services, up from 25% in 2010-11.<sup>1</sup>
- MHCLG has significantly improved its understanding of the nature and causes of homelessness, although some gaps remain that make it harder to direct resources effectively. However, it still does not have a strategy or published target for statutory homelessness, which makes it more difficult to coordinate the government's response.

- A shortage of available housing, and the relatively high cost of the housing that is available, make it expensive for local authorities to house people in temporary accommodation, and harder for people to find a home. Additionally, new housing supply in England was falling below the then government's ambition, announced in 2017, of building 300,000 new homes a year by the mid-2020s.

Source: Comptroller and Auditor General, [The effectiveness of government in tackling homelessness](#), Session 2024-25, HC 119, National Audit Office, July 2024

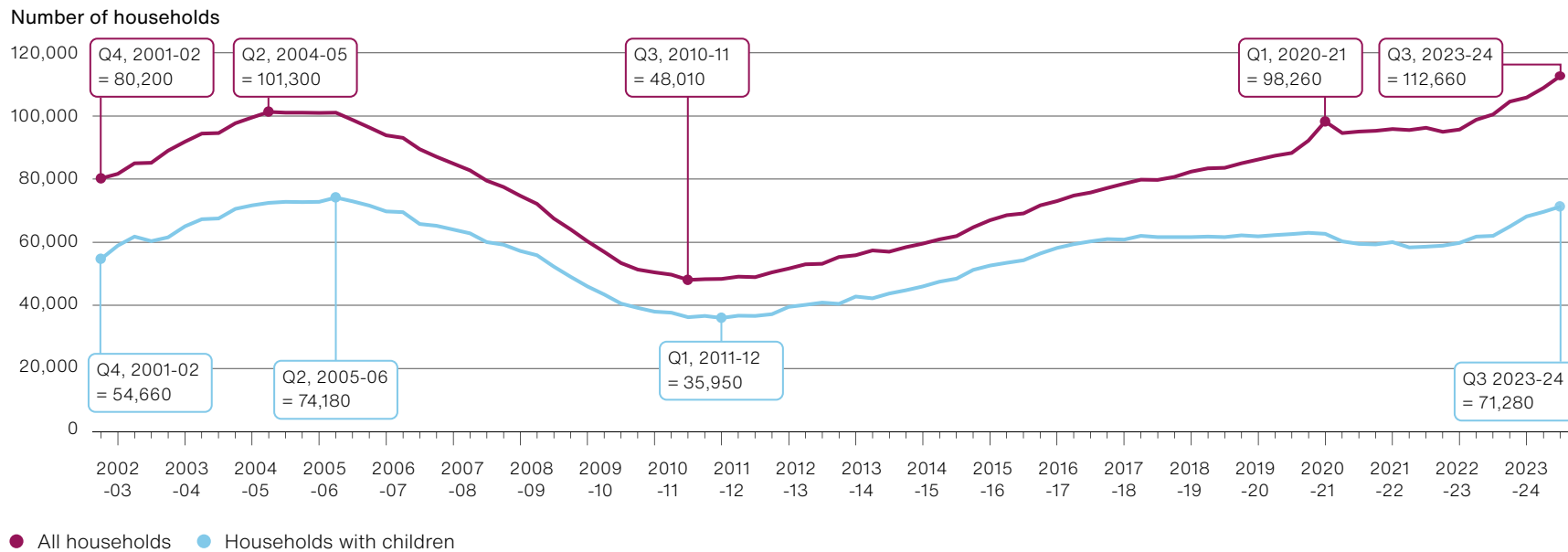
<sup>1</sup> Housing services spending excludes the Housing Revenue Account, which is a ring-fenced account intended to record expenditure and income on running a council's own housing and closely related services or facilities.



## Section 12: Housing *continued*

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



## Section 12: Housing *continued*

### Dangerous cladding: the government's remediation portfolio

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

- The use of ACM and other flammable cladding in multi-occupancy residential buildings was widespread, and 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.
- 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. It had established programmes to address dangerous cladding in all the 9,000 to 12,000 buildings over 11 metres that it considered needed remediating.
- It is taking longer than MHCLG expected to identify buildings with dangerous cladding and bring them into the portfolio. In August 2024, of the 9,000 to 12,000 buildings that MHCLG estimates will need remediating, 4,771 (39% to 54%) were in a remediation programme. While there had been a substantial increase in remediation activity since we last reported on the subject in June 2020, many people still did not know when their buildings would be made safe, and remediation of buildings within the portfolio is 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.
- MHCLG's current best estimate of total remediation costs are £16.6 billion (ranging from £12.6 billion to £22.4 billion). MHCLG will provide funding for qualifying buildings at a current forecast cost of £9.1 billion (ranging from £6.5 billion to £13.4 billion), with the remainder funded by developers, private owners or social housing providers. To remain within its £5.1 billion cap in the long run, MHCLG intends to recoup £700 million from developers refunding costs for remediating buildings for which they have now accepted responsibility, and the balance (currently forecast at £3.4 billion) through the new Building Safety Levy. The levy will be paid by developers on new residential developments.

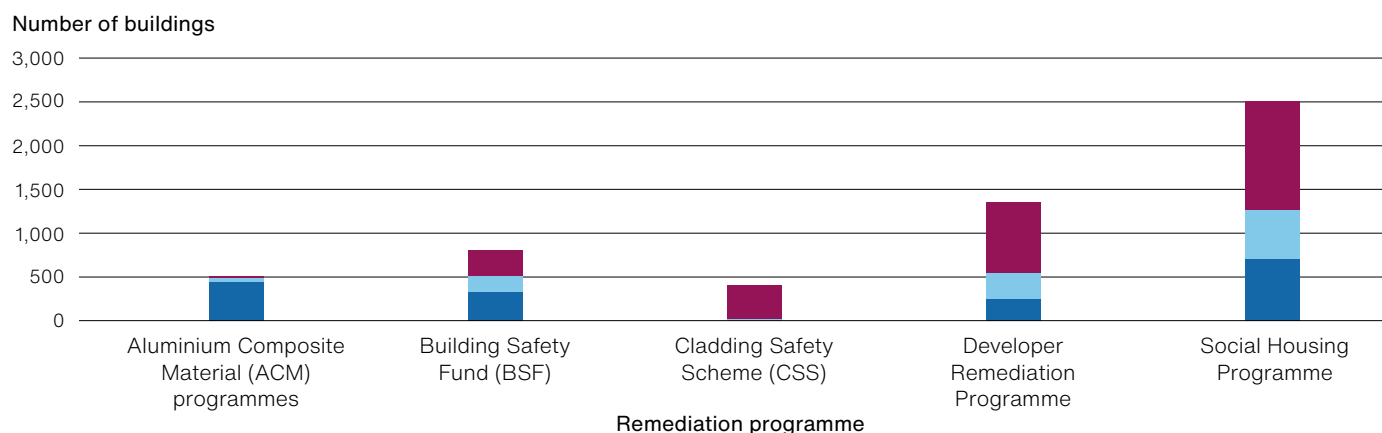
Source: Comptroller and Auditor General, [Dangerous cladding: the government's remediation portfolio](#), Session 2024-25, HC 303, National Audit Office, November 2024



## Section 12: Housing *continued*

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



	Aluminium Composite Material (ACM) programmes	Building Safety Fund (BSF)	Cladding Safety Scheme (CSS)	Developer Remediation Programme	Social Housing Programme
■ Not started	13	288	395	804	1,239
■ Remediation started	48	191	10	306	565
■ Remediation complete	442	326	0	247	703
<b>Total</b>	<b>503</b>	<b>805</b>	<b>405</b>	<b>1,357</b>	<b>2,507</b>

### Notes

- The total number of buildings within the five programmes do 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 which 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 which 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.

# 13 Levelling up funding to local government

In February 2022, the then Department for Levelling Up, Housing & Communities (DLUHC) published the Levelling Up white paper which set out the government’s ambition to ‘level up’ the country and spread opportunity more equally across the UK.<sup>2</sup> DLUHC led on three significant funds – the Towns Fund, the Levelling Up Fund, and the UK Shared Prosperity Fund – that supported the levelling up agenda by providing investment into local places. Between them, these funds were worth up to £10.6 billion and aimed to allocate £9.5 billion to local places, to be spent by 31 March 2026.

Our November 2023 report, [Levelling up funding to local government](#), found the following.

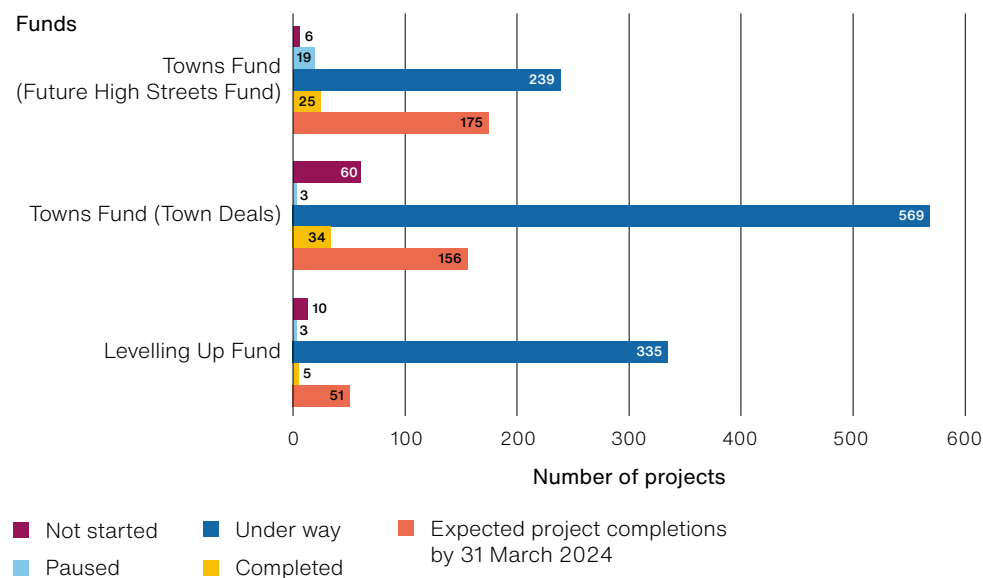
- The three funds had overlapping objectives but were designed and announced at different times, such that local authorities could not align their plans to secure most value.
- Delivery of projects across the three funds was behind schedule.
- Local authorities’ projects were held up due to delayed funding announcements to local authorities.

Following the July 2024 election and change in government, MHCLG dropped ‘levelling up’ from its name. It has explained that the government will set out its long-term vision for local growth at the multi-year spending review in Spring 2025, looking to end the approach of local authorities and mayoral combined authorities bidding against each other for growth funds, with the aim of targeting funding where it is needed most and empowering local leaders. MHCLG has stated that it will work closely with the devolved governments and territorial offices on this renewed approach, in line with manifesto commitments.

Source: Comptroller and Auditor General, [Levelling up funding to local government](#), Session 2023-24, HC 191, National Audit Office, November 2023; Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2023-24](#), July 2024; Labour Party, [Labour Party Manifesto 2024](#), June 2024

## 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

<sup>2</sup> On 10 July 2024, the Department for Levelling Up, Housing & Communities (DLUHC) was renamed as the Ministry of Housing, Communities & Local Government (MHCLG).

# 14 Net zero and sustainability

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MHCLG has responsibility for leading government's work on energy standards for new buildings and improving the energy efficiency and carbon emissions of existing homes and buildings. MHCLG's Climate Change Board provides cross-cutting strategic oversight and direction on climate-related issues across the department, including work on net zero, government commitments to its carbon emissions targets (including carbon budgets) and adapting to a changing climate.

## Decarbonising home heating

Our March 2024 report, [Decarbonising home heating](#) found that the Department for Energy Security & Net Zero (DESNZ), along with MHCLG, had developed plans for further measures aimed at increasing heat pump uptake. From 2025, MHCLG intends to introduce new standards to require all new homes in England to be built to a higher standard of energy efficiency and to have low-carbon heating. MHCLG launched a consultation on these future standards (called the Future Homes Standard consultation) in December 2023. The consultation closed in March 2024 and MHCLG is now considering the feedback in advance of publishing the government response.

## Progress in reducing emissions

The Climate Change Committee's [Progress in reducing emissions: 2024 Report to Parliament](#) states the progress made against priority recommendations to the UK government from 2023. "No progress" was made on reviewing and updating the National Planning Policy Framework to ensure that net zero outcomes are consistently prioritised through the planning system. There had been "some but insufficient progress" on ensuring that planning frameworks and guidance across the UK support a clear presumption against new consents for coal production.

## Priority recommendations for MHCLG from the Climate Change Committee

Originating year	Sector	Detail
2023	Cross-cutting	Make overall planning consistent with net zero. Review and update the National Planning Policy Framework to ensure that net zero outcomes are consistently prioritised throughout the planning system (MHCLG has primary responsibility).
2024	Surface transport	Remove planning barriers for electric vehicle chargers (MHCLG has primary responsibility).
2024	Buildings	Remove planning barriers for heat pumps (MHCLG has primary responsibility).
2022	Cross-cutting	Publish an action plan for net zero skills. Publish an evidence-based green jobs plan that includes a comprehensive assessment of when, where and in which sectors there will be skills gaps specific to net zero (MHCLG is a supporting actor).
2023	Cross-cutting	Publish a strategy for workers and communities affected by the transition (MHCLG is a supporting actor).
2023	Surface transport	Publish local transport plan guidance (MHCLG is a supporting actor).
2024	Fuel supply	Limit expansion of fossil fuel production (MHCLG is a supporting actor).

### Note

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 July 2024 report, as per the source below.

Source: Ministry of Housing, Communities & Local Government, [Annual Report and Accounts 2023-24](#), July 2024; Comptroller and Auditor General, [Decarbonising home heating](#), Session 2023-24, HC 581, National Audit Office, March 2024; and Climate Change Committee, [Progress in reducing emissions: 2024 Report to Parliament](#), July 2024

# 15 What to look out for

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## Planning reform

The Planning and Infrastructure Bill is intended to accelerate housebuilding and infrastructure delivery by: streamlining the delivery process for critical infrastructure, including to facilitate the delivery of net zero obligations; further reforming compulsory purchase compensation rules; improving local planning decision-making; and increasing local planning authorities' capacity.

The National Planning Policy Framework (NPPF) was subject to an eight-week consultation ending on 24 September 2024.

**Look out for:** The introduction of the Planning and Infrastructure Bill and anticipated changes to the NPPF.

## Devolution

Although 64% of England is now covered by devolution deals, the government believes that greater devolution of decision-making is at the heart of a modern and dynamic economy and is a key driver of economic growth. As a result, the English Devolution Bill is intended to: put a more ambitious standardised devolution framework into legislation; make devolution the default setting; improve and unblock local decision-making; empower local communities; and make it easier to provide devolved powers quickly to more areas.

**Look out for:** The introduction of the English Devolution Bill.

## Changes to housing programmes

It is anticipated that there will be changes to the NPPF and reform of the planning system. The Autumn Budget 2024 announced £500 million of additional funding for the Affordable Homes Programme in 2025-26. Details of future funding to succeed the 2021-26 Affordable Homes Programme will be announced in the Spending Review 2025.

**Look out for:** The Help to Buy Equity Loan scheme ended in March 2023 and the current iteration of the Affordable Homes Programme is due to end in 2026.

## Local government finance reform

The Autumn Budget 2024 set out a commitment to return the local government sector to sustainability through a comprehensive set of measures to support local authorities in England. This includes reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up-to-date assessment of need and local revenues.

**Look out for:** Reform in funding allocations.

## Grenfell Tower Inquiry

The final Grenfell Tower Inquiry report found that the regime for assessing the performance of external walls in fire was inadequate, and that the system of regulating the construction and refurbishment of high-rise residential buildings that existed at the time of the Grenfell Tower fire was seriously defective in a number of respects. The inquiry also found that successive governments knew of the risks of serious fires in tower blocks for years but failed to heed warnings.

The NAO published its report, [\*Dangerous cladding: the government's remediation portfolio\*](#) in November 2024.

**Look out for:** Responses to the final Grenfell Tower Inquiry report, which was published on 4 September 2024.

## Audit and corporate governance

The draft Audit Reform and Corporate Governance Bill is intended to replace the Financial Reporting Council with a new regulator – the Audit, Reporting and Governance Authority (ARGA). This statutory regulator will form a platform for other important changes, such as: a wider remit; a regime to oversee the audit market; powers to investigate and sanction company directors for serious failures; and removing unnecessary rules on smaller public interest entities.

**Look out for:** The introduction of the draft Audit Reform and Corporate Governance Bill (whose sponsor is the Department for Business and Trade).

# 16 More information about our work on MHCLG and local government matters

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## Reforming adult social care in England

November 2024

This report examined how the Department of Health & Social Care (DHSC) was responding to the challenges facing adult social care in England, and its progress in delivering reforms set out in a 2021 white paper.

We found that, two years into its 10-year plan, DHSC had delayed charging reforms and scaled back system reform, and was behind on some aspects of its revised plan. Despite some signs of improvements,

the care system remained challenged by chronic workforce shortages, long waiting lists for care, and fragile provider and local authority finances.

We concluded that DHSC did not have a long-term funded plan for transforming adult social care.

Delivering charging reform by October 2025 would require significant work by DHSC and local authorities, which would need to begin soon to remain on track.

## Investigation into asylum accommodation

March 2024

This report set out the facts about the Home Office's plans to reduce the use of hotels for asylum seekers, and the associated costs to the taxpayer.

We found that the Home Office had made progress in reducing the use of hotels accommodating asylum seekers. But, in rapidly progressing its plans to establish large sites as an alternative to hotels, it incurred losses and increased risk. It now expected these large sites to cost more than hotels.

We concluded that the Home Office's plans to develop a longer-term accommodation strategy would need to build in flexibility, because of the difficulty of predicting the number of asylum seekers and uncertainties regarding the implementation of the Illegal Migration Act.

## The condition and maintenance of local roads in England

July 2024

This report examined whether the Department for Transport (DfT) was ensuring value for money through its funding provision for local road maintenance, and whether it was effectively supporting local authorities to deliver local road maintenance.

We concluded that the condition of local roads was declining, and the backlog to return them to a good state of repair was increasing. DfT had provided between £1.1 billion and £1.6 billion of capital funding each year, and set out plans for additional funding through to 2034. However, it did not understand the condition of local roads well enough, and did not use its limited data to allocate funding as effectively as possible.

## Support for children and young people with special educational needs

October 2024

This report assessed how well the system was delivering for children and young people (from birth to 25 years) in England identified as having special educational needs. It also looked at the Department for Education's (DfE's) progress in addressing the underlying challenges to providing a sustainable system that achieves positive outcomes for children.

We concluded that, although DfE had increased high-needs funding, with a 58% real-terms increase between 2014-15 and 2024-25, the system was still not delivering better outcomes for children and young people or preventing local authorities from facing significant financial risks. As such, the system was not achieving value for money and was unsustainable.