



**Department for Communities
and Local Government**

**Community,
opportunity, prosperity**
Annual Report 2007

Presented to Parliament by
The Secretary of State for Communities and Local Government
by Command of Her Majesty
May 2007

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Foreword

This Department's responsibilities go to the core of what our society holds dear – from making our towns, cities and countryside better places to live, to giving people a fair deal in their everyday lives, to ensuring opportunity and prosperity in all our diverse communities.

Our work is key to delivering this Government's commitment to social justice and economic inclusion. It affects each and every one of us.

This report reflects a successful first year for Communities and Local Government. I am proud that the policies outlined in the following chapters are making a real difference to people and communities across the country – everything from the progress that is already being made on achieving the Local Government White Paper's vision, to the fact that more new homes are being built today than at any point since 1990, to the new anti-discrimination measures set to make this country's equality legislation even stronger.

In a world experiencing rapid economic and demographic change, the issues we face are constantly evolving. But our achievements so far will stand us in good stead. I look forward to building on them, and am confident that the Department will rise to the challenges ahead.



The Rt Hon Ruth Kelly MP
Secretary of State for Communities and Local Government

Introduction

Welcome to the 2007 Communities and Local Government Annual Report, which covers the financial year 2006-07. This has been an extremely busy time for the Department and our partners. We have established ourselves as a major Department of State with a clear remit to create prosperous and cohesive communities that offers a safe, healthy and sustainable environment for all.

I believe we can be proud of what we have achieved over the past year. We are undertaking a major programme of transformation to ensure that we are better equipped to meet this remit, working towards a more streamlined and strategic department with a strong organisational focus in place, and offering greater consistency and rigour in everything we do. In this way we will serve our Ministers, Parliament and the community to best effect.

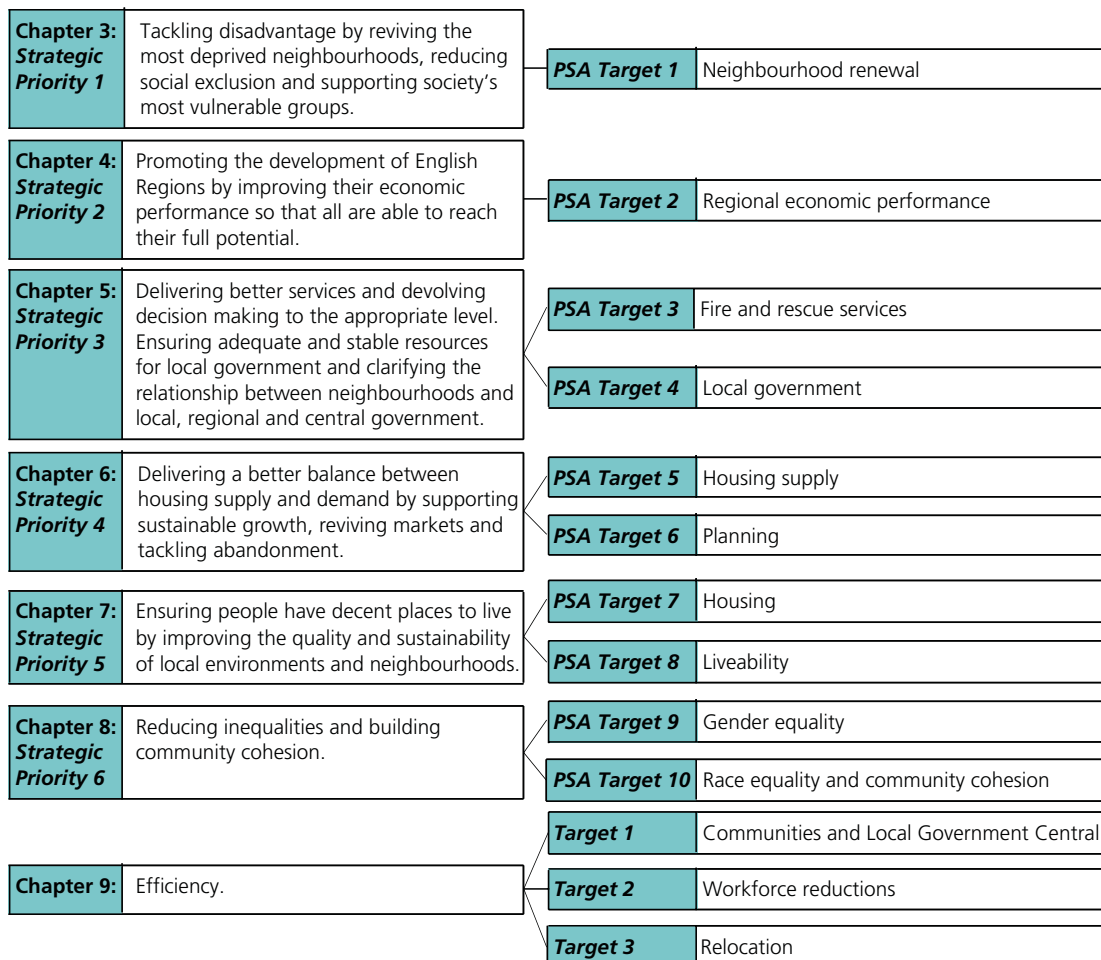


Peter Housden
Permanent Secretary
Communities and Local Government

Structure of this report

This is the first Annual Report on the work of Communities and Local Government. Its layout differs from previous reports on the work of the Office of the Deputy Prime Minister (the main predecessor department). After the opening chapter, which sets out how the Department is structured, Chapter 2 presents the strategic context within which the Department operates and outlines some of the challenges we face in 2007-08 and beyond.

Chapters 3-9 look back at our performance in 2006-07 across our existing six strategic priorities and ten Public Service Agreement (PSA) targets, as set out in the HM Treasury (HMT) spending plans for 2005-08, and across our three efficiency targets.



Each of these chapters measures progress against our targets using a standard classification (*Ahead/On course/Slippage/Not yet assessed*) and assesses the overall quality of underlying data systems (*Good/Average/Poor*). For the PSA targets, they also report estimated spend in 2005-06 and 2006-07.

Chapter 10 sets out in more detail how the Department managed its resources in 2006-07. The core expenditure tables are listed at Annex A and details of our executive agencies and public bodies are given at Annex B. Annex C summarises recommendations made by the Public Accounts Committee (PAC) in 2006-07 and the Department's responses. A glossary of acronyms and abbreviations is included at Annex D. Annex E sets out the methodology adopted for apportioning departmental spend across our 10 PSA targets.



Chapter 1: Who we are



1.1 Communities and Local Government was created on 5 May 2006, under the leadership of Ruth Kelly. The Department inherited functions previously the responsibility of the Office of the Deputy Prime Minister, the Home Office and the Department of Trade and Industry (DTI). The new Department takes a strategic lead across Government on:

- equal opportunities and social justice
- better homes and neighbourhoods
- strong and accountable local government and leadership
- better local services and environment
- regeneration and investment in our towns, cities and regions
- safe, tolerant and inclusive communities

Our Ministers



Rt Hon Ruth Kelly MP
Secretary of State for
Communities and Local Government
and Minister for Women



Yvette Cooper MP
Minister for
Housing and Planning



Phil Woolas MP
Minister for
Local Government



Angela Smith MP
Parliamentary Under
Secretary of State



Meg Munn MP
Parliamentary Under
Secretary of State
(Women and Equality)



Baroness Andrews OBE
Parliamentary Under
Secretary of State

Our Departmental Board

- 1.2** The Departmental Board leads the work of the Department by setting the overall strategic direction and providing direction on major operational and management issues. The Permanent Secretary and Board are supported by a Board Executive, which is responsible for driving and managing the day-to-day work of the Department.



Peter Housden
Permanent Secretary

Executive directors



Joe Montgomery
Director General,
Places and Communities



Richard McCarthy
Director General,
Programmes, Policy
and Innovation



Chris Wormald
Director General,
Governance and
Communications



Susan Scholefield
Director General,
Equalities



Hunada Nous
Director General,
Finance and Corporate
Service Delivery



Alun Evans
Director General,
Transformation



Christina Bienkowska
Director,
Strategy and Performance

Non-executive directors



Peter Doyle
Director of Corporate Development,
Benfield Group



Bob Kerslake
Chief Executive,
Sheffield City Council



Jane Todd
Regional Director,
Government Office
East Midlands



Sarah Weir
Executive Director,
Arts Council England

Audit and Risk Committee

- 1.3** The Audit and Risk Committee is a standing committee of the main Board with no delegated powers. It meets quarterly to assess the adequacy of the Department's risk management and audit arrangements. The Committee's remit extends across the whole of Communities and Local Government, including its agencies, non-departmental public bodies (NDPBs) and other arm's length bodies, as well as the Department's responsibilities for Government Offices.
- 1.4** In line with Treasury guidance, the Audit and Risk Committee is chaired by a non-executive director of the main Board (Peter Doyle) and supported by two independent external members (Janet Pope, Alliance Trust and Sue Nelson, North West Fine Foods).¹ The Permanent Secretary, Director General of Finance and Corporate Service Delivery, Director of Strategy and Performance, Head of Internal Audit Services and representatives of the National Audit Office (NAO) also attend in an *ex officio* capacity. Decisions made by the Audit and Risk Committee are reported back to the main Board for approval.

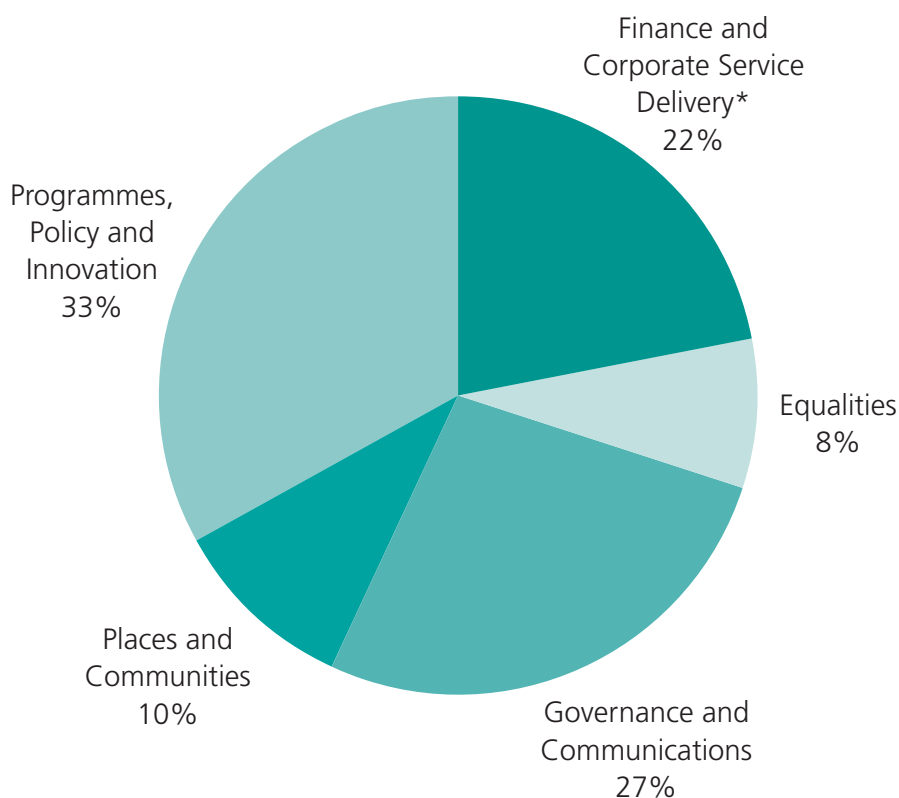
Investment Board

- 1.5** The Investment Board is a standing committee of the main Board with no delegated powers, chaired by the Director General of Finance and Corporate Service Delivery. It meets monthly to carry out value for money reviews of all new departmental programmes and major projects that (i) have a whole life cost of over £20m and/or (ii) are novel or contentious and/or (iii) carry a high level of risk and/or (iv) are mission critical. It also reviews programmes referred to it by the main Board. Decisions made by the Investment Board are reported back to the main Board for approval.

Our People

- 1.6** The Department currently employs 2,246 staff (excluding Government Offices) and is organised into Director General led Groups. Figure 1 illustrates the distribution of staff across these Groups.

¹ The Department is currently appointing a third independent external member to the Committee.

**Figure 1: Number of staff by group**

* Note: The Strategy & Performance Directorate and Transformation Group are included in the Corporate Delivery total.

1.7 Over the year, we have restructured the Department to better reflect the work we do. As well as establishing a new organisational structure we have also put in place nine cross-cutting Programme Executives to provide strategic oversight of our key delivery programmes. Each Programme Executive is chaired by a member of the Departmental Board and includes senior officials drawn from across the Department and from key partner organisations, as well as external members to bring additional perspectives and challenge.

Board member	Responsibilities
Joe Montgomery	<p>Director General, Places and Communities Group:</p> <ul style="list-style-type: none"> ■ Responsible for work on ‘place’, neighbourhood renewal, local strategic partnerships (LSPs), Local Area Agreements (LAAs) and cross-government delivery. ■ The Group leads on the delivery of PSAs 1, 4 and 8. <hr/> <p>Chair, Cities and Regions Programme Executive:</p> <ul style="list-style-type: none"> ■ Working to create economically strong cities and regions. <hr/> <p>Chair, Communities Programme Executive:</p> <ul style="list-style-type: none"> ■ Helping people and local agencies create cohesive, attractive and economically vibrant communities.
Richard McCarthy	<p>Director General, Programmes, Policy and Innovation Group:</p> <ul style="list-style-type: none"> ■ Responsible for work on regional, urban and economic policy, town and country planning, new homes, housing markets, sustainable development, housing strategy and support, Home Information Packs, the Thames Gateway, Supporting People, and analysis and research. ■ The Group leads on the delivery of PSAs 2, 5, 6 and 7. <hr/> <p>Chair, Housing and Planning Programme Executive:</p> <ul style="list-style-type: none"> ■ Working to shape and implement housing and planning policies that provide the homes and communities that people want. <hr/> <p>Chair, Thames Gateway and Olympics Programme Executive:</p> <ul style="list-style-type: none"> ■ Delivering an exemplary regeneration project, capturing the legacy benefits of hosting the Olympic Games in 2012.
Chris Wormald	<p>Director General, Governance and Communications Group:</p> <ul style="list-style-type: none"> ■ Responsible for local democracy, local government finance, fire and resilience, communication and private offices. ■ The Group leads on the delivery of PSA 3. <hr/> <p>Chair, Environment and Sustainable Buildings Programme Executive:</p> <ul style="list-style-type: none"> ■ Driving the Department’s contribution to tackling climate change and embedding sustainable development principles and respect for the environment in the Department’s work. <hr/> <p>Chair, Fire and Resilience Programme Executive:</p> <ul style="list-style-type: none"> ■ Providing strategic leadership in improving the performance of the Fire and Rescue Service and improving the country’s resilience. <hr/> <p>Chair, Local Government Futures Programme Executive:</p> <ul style="list-style-type: none"> ■ Working to deliver better local services and strong and accountable local government and leadership.



Board member	Responsibilities
Susan Scholefield	<p>Director General, Equalities Group:</p> <ul style="list-style-type: none"> ■ Responsible for equalities, community cohesion, preventing extremism, and the Commission for Equality and Human Rights. ■ The Group leads on the delivery of PSAs 9 and 10. <hr/> <p>Chair, Equalities and Tackling Disadvantage Programme Executive:</p> <ul style="list-style-type: none"> ■ Working to mainstream equality within the Department and leading in the delivery of the Government's policies for equality across the UK.
Hunada Nours	<p>Director General, Finance & Corporate Service Delivery Group:</p> <ul style="list-style-type: none"> ■ Ensures the Department has the resources, skills and facilities it needs to deliver its objectives. <hr/> <p>Chair, Corporate Services Programme Executive:</p> <ul style="list-style-type: none"> ■ Focused on making the Department work better.
Alun Evans	<p>Director General, Transformation Group:</p> <ul style="list-style-type: none"> ■ Responsible for the transformation programme to drive improvements across all aspects of our work.
Christina Bienkowska	<p>Director, Strategy and Performance Directorate:</p> <ul style="list-style-type: none"> ■ Responsible for joining up policy and delivery across the Department and sharpening the impact of Ministerial and Board engagement in all the Department does.



Chapter 2: Our strategy

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- 2.1** The world is changing rapidly. Rising life expectancy and inward migration are driving population growth and household formation, increasing the demand for scarce resources and putting pressure on our public infrastructure. At the same time the working age population is falling as a proportion of the total population and expectations on public services continue to rise. This makes it ever more important that public policy and investment at all spatial levels are more closely integrated and that local authorities and their partners have the freedom to respond flexibly to the needs of their communities and to develop innovative solutions to tough cross-cutting issues like social exclusion, climate change and community cohesion. We must also maximise opportunities for all sections in society to participate in the labour market, breaking down the barriers faced by women, the disabled, and those from minority ethnic communities in particular.
- 2.2** We are building on firm foundations of investment and improving performance. Funding for councils overall has increased faster than inflation in every year for the last decade, and by 2007-08 the level of Government grant for local services will be 39 per cent higher in real terms than it was in 1997. Seventy-nine per cent of single tier and county councils are now in the top two comprehensive performance assessment (CPA) categories, having achieved a three or four star rating. We have reversed the decline in housing supply with new build levels at their highest since 1990. We have challenged social exclusion with homelessness acceptances now at their lowest levels since the early 1980s. And we have promoted social justice through co-ordinated cross-government action, with less crime and better employment opportunities and educational outcomes in our most deprived areas.

It matters where you live

- 20 per cent of households in deprived areas live in poor quality environments compared with 16 per cent nationally.
- Female life expectancy in Kensington and Chelsea is 86.2 years compared to 78.1 years in Liverpool; male life expectancy is 82.2 years in Kensington and Chelsea compared to 72.5 years in Manchester.
- Weavers Ward in Tower Hamlets was one of the most deprived wards in London in the 19th century; it remains the second most deprived ward in London today.
- 35.3 per cent of dwellings in Blackburn are classified as unfit compared to just 0.4 per cent in Milton Keynes.

Source: *Place Matters*

(www.communities.gov.uk/pub/947/PlaceMatters_id1505947.pdf)

Building cohesion and tackling inequalities

2.3 Britain is now a more diverse society – ethnically and culturally – than ever before. Over the centuries, and more particularly over recent decades, the contributions of those who have come to live here have enriched our country. In 2001, around one in twelve people were from minority ethnic communities and more than three million people were from minority faith groups². Between 1991 and 2001 Britain's minority ethnic population grew from 3.1 million people to 4.6 million. It also increased as a proportion of the population, from 5.6 per cent to 8.1 per cent during this time. Today, the minority ethnic population is growing at a faster rate than the national population as a whole – particularly among Mixed and Asian ethnic groups.

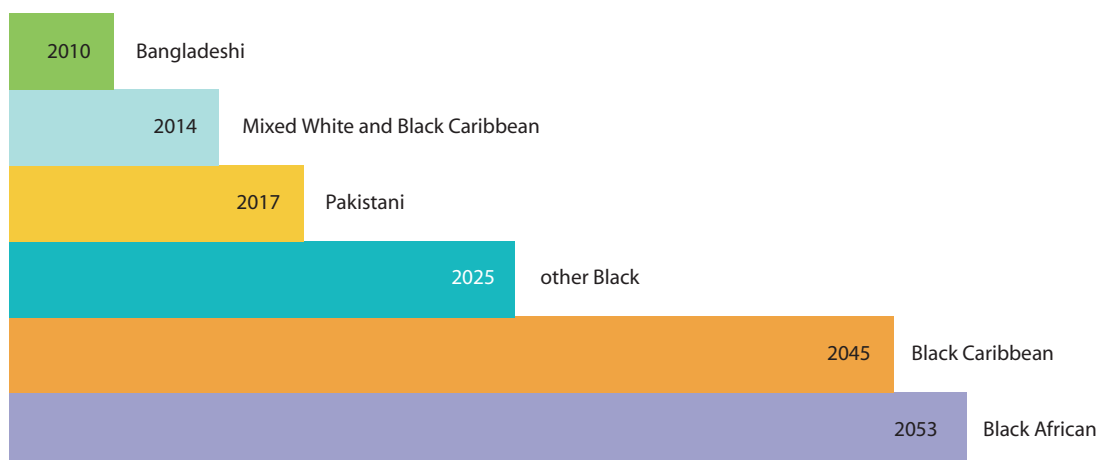
2.4 This diversity has brought real economic and social benefits. Immigration and continued open relationships with countries around the world have resulted in economic dynamism with more jobs and access to crucial skills, and new ideas, better public services and a richer cultural life. Within this context of increasing diversity, Communities and Local Government is committed to forging cohesive, self-confident and prosperous communities that are at ease with themselves. With the Machinery of Government changes that led to the creation of this Department in May 2006, we have been able to place equality of opportunity for all at the heart of the communities agenda.

2.5 Our aim now is to develop thriving places in which a fear of difference is replaced by a shared set of values and a shared sense of purpose and belonging. Our objective is to ensure that the benefits of diversity are experienced by everyone in each community, promoting similar life opportunities for all. Our challenge, however, is to build these stronger communities in times of rapid change.

2 These include: Buddhist, Hindu, Jewish, Muslim, Sikh and any other non-Christian religions.

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Figure 2: How long will it take different ethnic groups to close the Key Stage 2 attainment gap in English and Maths?



Source: *Fairness and Freedom: The Final Report of the Equalities Review*

2.6 *The Equalities Review*³, published in February 2007, provides a framework for our programmes of work, alongside our existing public duties on gender, race and disability. Key programmes include:

- the establishment of the Commission for Equality and Human Rights (CEHR), which will come into being in October 2007. The CEHR will be an integrated delivery agency responsible for setting strategic equality objectives across all equality strands, and will work with partners in the public and private sector to deliver agreed equality outcomes
- continued progress on *Improving Opportunity, Strengthening Society*⁴, the Government's strategy to increase race equality and community cohesion. We continue to work across Whitehall to deliver programmes that address inequalities such as the relative economic inactivity and unemployment rate of Black and minority ethnic (BME) groups, which will be increasingly critical to reduce the skills gap and ensure the UK is performing at maximum productivity
- publication in April 2007 of a report setting out progress across Government one year on from the Women and Work Commission's report to the Prime Minister. The report will lay out details of a comprehensive programme of work to close the gender pay gap and improve quality part-time working

2.7 Communities and Local Government continues to work closely with other Government departments to ensure that support is targeted on the most vulnerable groups to improve access to services and opportunities for all

³ www.theequalitiesreview.org.uk/upload/assets/www.theequalitiesreview.org.uk/equality_review.pdf

⁴ www.homeoffice.gov.uk/documents/improving-opportunity-strat?view=Binary

disadvantaged groups. We are working with the Home Office and Department of Health on ‘wraparound’ services for people with substance misuse problems. We are also working with the Ministry of Defence to prevent those leaving the Services becoming homeless and to provide an effective safety net for existing vulnerable and homeless ex-Service personnel. Through our Supporting People programme, the Department is investing £1.7bn annually to enable around a million people to live independently in their communities. This funding provides housing related support to a very wide range of clients – including people with drug or alcohol problems, ex-offenders, people with physical or sensory disabilities, older people and women at risk of domestic violence.

- 2.8** We have invested significant effort and resources in homelessness prevention. This has proved to be highly effective, and is reflected in the latest figures covering the period October to December 2006, which show that homelessness acceptances in England are down by 18 per cent compared to the same period in 2005 – the lowest quarterly level since the early 1980s. Most households who are accepted as homeless, but cannot immediately be allocated a settled home, are placed in temporary accommodation. We are on course to deliver our target of halving the numbers in temporary accommodation by 2010. Numbers have fallen for a fifth consecutive quarter to 89,510 at the end of December 2006. This is nine per cent lower than on the same date last year, and below 90,000 for the first time since 2003.
- 2.9** Our regeneration projects have shown us that transparency around the allocation of resources is central to building community cohesion. Alongside work at a national level, we continue to focus on local projects that build cohesion, tackle prejudice and violent extremism, and provide support to areas facing particular challenges. We also support diverse local projects – from a school twinning scheme in Kirklees to a Muslim/Jewish radio station in Bristol – that enable us to bring people together to develop shared values and to foster civic participation. The Commission for Integration and Cohesion, which will publish its final report in June, will improve our understanding of these drivers of cohesion at a local level.
- 2.10** In April 2007 we published *Preventing Violent Extremism – Winning Hearts and Minds*,⁵ which sets out a range of concrete actions that we will pursue with mainstream Muslim organisations to tackle violent extremism. Most of the actions flow directly from suggestions made to us by those working to tackle this issue in their own communities. Four key strands of work will form the foundation for a long-term response to the threat of violent extremism:
- promoting shared values
 - supporting local solutions

5 www.communities.gov.uk/index.asp?id=1509398

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- building civic capacity and leadership
- strengthening the role of faith institutions and leaders

2.11 The action plan covers our immediate priorities and the areas where we are continuing to develop our policies in consultation with Muslim communities. Our new proposals include strengthening governance in mosques, extending provision of citizenship education in mosque schools and measures to support communities in strengthening civic and theological leadership. To help local authorities tackle violent extremism, we have made £6m available for 2007-08 to fund work in around 70 local authorities in England and Wales. We will continue to build on and develop this action plan and will publish updates annually.

Housing supply and improving the existing stock

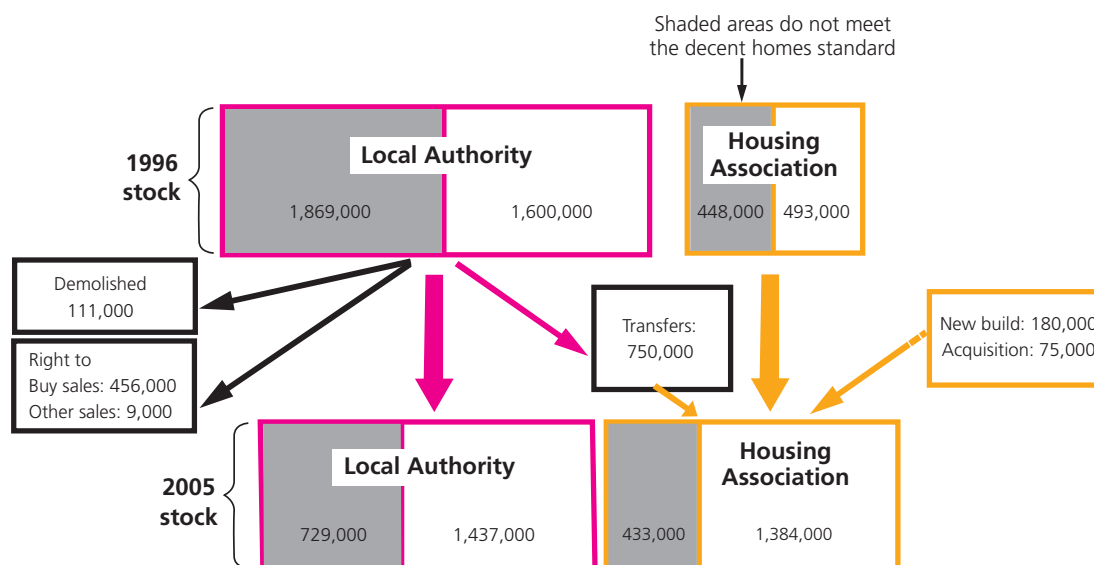
2.12 We believe that everyone should have the opportunity of a decent home, at a price they can afford, located in a clean, safe, green community – where residents are satisfied with their parks and open spaces and the quality of their neighbourhood. In December 2005, the Government set a challenging ambition to increase overall housing supply to at least 200,000 net additions per annum by 2016. Good progress has been made, with net supply reaching around 185,000 in the year to March 2006, from a low point of around 130,000 in 2001-02.

2.13 Improving the quality of the social housing stock was an early Government priority and we remain determined to make all social housing decent, particularly in more deprived areas: over 60 per cent of the reduction in non-decent homes in the social sector since 2001 has occurred within areas in receipt of Neighbourhood Renewal Fund (NRF). To build on these gains, and embed them in a more strategic approach that supports our broader regeneration objectives, in June 2006 Ruth Kelly commissioned Professor John Hills to assess the aims and role of social housing, how well we have delivered to these aims, and what alternative options are available looking forward into the twenty-first century.

2.14 Professor Hills' final report, *Ends and Means: The future roles of social housing in England*⁶, found that the stock condition and affordability of social housing has improved in many areas, and that some of our recent reforms (such as Choice Based Lettings, homelessness prevention and the Local Housing Allowance) have been particularly successful. However there remain significant challenges that need to be addressed, such as the 'residualisation' of social housing, housing wealth inequalities, high levels of worklessness, low tenant satisfaction, and low mobility.

6 www.sticerd.lse.ac.uk/dps/case/ct/CASEREport34.pdf

Figure 3: Accounting for change in the social rented sector, 1996 to 2005



Source: Ends and Means: The future roles of social housing in England

Note: Figures do not reconcile due to overall rounding and disparate sources; boxes not to scale.

2.15 We also recognise that improving the quality of our streets, parks and town centres is integral to creating places where people want to live. Our focus on ‘liveability’ has driven up local performance in the management and maintenance of public space, tackling issues like litter, abandoned vehicles, graffiti and anti-social behaviour that degrade the quality of local environments.

2.16 Getting planning right is fundamentally important to the quality of people’s lives. Since 1997, we have made significant progress in improving the planning system. *Planning Policy Statement 3: Housing* (PPS3)⁷ was published in November 2006 and underpins the delivery of the Government’s strategic housing policy objectives by putting in place a national policy framework for housing planning at the local and regional levels.

2.17 But the long-term challenges are increasing. To help understand how the planning system could best respond to some of the key challenges of the future, the Government commissioned Kate Barker to consider how, in the context of globalisation, and building on the reforms already put in place in England, planning policy and procedures could better deliver economic growth and prosperity alongside other sustainable development goals.

2.18 The Barker *Review of Land Use Planning*⁸ concluded that “planning is a valued and necessary activity” and welcomed the progress that had been made with reforms to date. However, she argued that the responsiveness and efficiency of the system

7 www.communities.gov.uk/index.asp?id=1504592

8 www.hm-treasury.gov.uk/media/4EB/AF/barker_finalreport051206.pdf

2

needed to be improved. She recommended further wide-ranging reforms, building on recent changes and the plan-led approach, to improve the way that planning supports our economic prosperity while maintaining or enhancing delivery of wider objectives, including ensuring community involvement, supporting local democracy and protecting and enhancing the environment.

- 2.19** The Government also asked Rod Eddington, who had been commissioned to advise on the long-term links between transport and the UK's economic productivity, growth and stability, to examine how delivery mechanisms for transport infrastructure might be improved within the context of the Government's commitment to sustainable development. His analysis of the delivery system for transport infrastructure⁹ echoed Kate Barker's concerns about the potential for the planning process to delay the development of vital new infrastructure. He recommended radical reforms to the process of planning for major transport infrastructure.
- 2.20** Eddington proposed that the primary role of ministers should be to set national policy statements for major infrastructure development, taking full account of economic, social and environmental considerations, following full consultation. He also proposed that an Infrastructure Planning Commission should be established to manage inquiries and determine individual applications for major schemes in England. Local consultation would be carried out by the applicant at the pre-application stage and inquiries and decisions would have regard to local consideration.
- 2.21** The Government's *Energy Review*¹⁰ had already highlighted the need for more streamlined planning, focusing on more efficient enquiries, and the need to explore options to ensure appropriate and predictable timings on decisions on applications for energy developments. The forthcoming Planning White Paper, announced in the 2006 *Pre-Budget Report*, will set out our proposals in response to Kate Barker's recommendations for improving the speed, responsiveness and efficiency of land use planning, and for taking forward Kate Barker's and Rod Eddington's proposals for reform of major infrastructure planning.

Supporting sustainable economic development

- 2.22** Strong regional and sub-regional economies are essential to a strong national economy. Sustainable economic development is also essential to strengthen social and environmental well-being in all localities, particularly the most deprived. Our aim is that every region, city and locality in England should perform to its

9 www.dft.gov.uk/about/strategy/eddingtontstudy/

10 www.dti.gov.uk/energy/review/page31995.html

full potential, delivering greater prosperity and economic and employment opportunities for all. Cities play a key role as the main drivers of regional and national economies. With globalisation and the shift to a knowledge economy, the role of cities will become even more relevant.

- 2.23** The devolution of decision-making to the regional and local level is an integral part of our approach, to ensure that policy design and delivery is responsive to the particular opportunities and challenges of each area. We are working with Regional Development Agencies (RDAs) and Regional Assemblies to maximise the impact of existing devolved delivery mechanisms, particularly Regional Economic and Spatial Strategies. The ongoing *Sub-national Economic Development and Regeneration Review*¹¹ will establish how powers and resources can best be devolved, with strong leadership, accountability arrangements and incentives to enable and support growth.
- 2.24** We will continue to work closely with the Northern Way on its vision to close the North's productivity gap with the rest of the United Kingdom by 2029, which will materially contribute to the Government's objectives of reducing regional disparities and growing the national economy. We support the innovative voluntary partnership between the three Northern Regional Development Agencies that make up the Northern Way, and in particular the pioneering work on putting city-regions at the heart of their Growth Strategy. We will facilitate ongoing dialogue across Government on the particular challenges facing the North.
- 2.25** The Government will also continue to address these challenges at the neighbourhood level through programmes focusing on educational, employment, health, crime, housing and cohesion outcomes for people in the most disadvantaged places. In some areas, a more transformational approach will be taken through the creation of mixed communities but in others we will need to continue to focus on improving the existing housing and the environment in which it is located. This will link regeneration schemes to broader growth strategies and complement the decent homes programme to improve housing conditions.

Strengthening local government

- 2.26** Elected local government is a fundamental part of our national infrastructure. It provides leadership for local communities, ensures democratic accountability for key public services and facilitates effective partnership working at the local level. As a department, we support local government in this role, by providing a

11 www.hm-treasury.gov.uk/media/63A/96/csr07_subnatecon_tor.pdf

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framework of incentives, freedoms, powers and resources for councils to bring together local partners to improve the services that local people receive and to shape the places where they live.

2.27 In October 2006, the Department published a radical, devolutionary Local Government White Paper, *Strong and Prosperous Communities*¹², which sets out a bold and ambitious programme to support effective local services and to create better places by:

- promoting more responsive services and empowered communities
- advocating a stronger role for local authorities as leaders and place-shapers
- promoting stronger and more stable local authority leadership
- supporting councillors in their role as democratic champions
- fundamentally rebalancing the central-local relationship
- building community cohesion
- developing the economic prosperity of our towns, cities and regions

The Local Government and Public Involvement in Health Bill, currently before Parliament, proposes legislation to implement the main elements of the White Paper.

2.28 The White Paper reforms include a new, more co-ordinated and streamlined performance framework with an increased focus on local partnership working and prioritisation, backed by a single set of national priority outcomes for local authorities working alone or in partnership, and measured through a single set of around 200 national indicators. Central and local partners are working together to implement new Local Area Agreements as the single, unified process for determining local targets to contribute to national priorities in all areas in 2008-09.

2.29 The reforms also provide for better governance, introducing three options for electing an executive to ensure stronger and more stable local authority leadership; restructuring in a small number of county areas and improved two-tier working; and proposals to strengthen the role of councillors as democratic champions. These include establishing a Commission on Local Councillors to review barriers and incentives to serving on councils, which we launched in January 2007.

2.30 *Strong and Prosperous Communities* provides for more accountable and responsive local services, through a new ‘Community Call for Action’, and revisions to the Best Value duty to secure the participation of citizens and communities in the delivery of local public services. We will bring forward proposals to facilitate the

12 www.communities.gov.uk/index.asp?id=1503999

community management and ownership of local assets on the basis of the independent review led by Barry Quirk, Chief Executive of the London Borough of Lewisham, and ensure their implementation.

2.31 On 21 March 2007, Sir Michael Lyons published the final report of his *Inquiry into Local Government*.¹³ The Government welcomed the report and in particular its core proposals which support and extend the commitments Government has already made to strengthen local government's role and help it deliver better public services and build sustainable communities. Sir Michael's individual recommendations will inform, and be taken into account within, the ongoing development of Government policy.

Transforming our capability

2.32 The creation of the Department in May last year brought together key responsibilities for local government, housing and planning, neighbourhood renewal, civil renewal, community cohesion and equalities. The restructured Department was formally launched in October 2006 and at the same time we established a transformation programme to lead and manage change within the new Department. The programme has three central themes – ensuring that those who work for us have the right skills to deliver and are well led and managed; strengthening programme and project management arrangements and central delivery structures; and getting our systems and services right to support departmental business, in particular improving our use of internal communications to ensure everyone is engaged with the change process.

2.33 In December, the Prime Minister's Delivery Unit published its *Capability Review* of the Department.¹⁴ The review team praised the Permanent Secretary and the Board Executive's "strong personal and corporate commitment to transformation" and noted that we had made an "energetic start on an ambitious reform programme" which was "positioning us well to meet an increasingly challenging and complex agenda." They said we had been using "innovative and lively methods" to engage more effectively with staff and improve Board visibility.

2.34 However the review team also identified some important areas where the Department needs to raise its performance. They recommended that we improve our work with stakeholders, develop our analytic capacity, become more consistent in delivery and manage our people more effectively. To respond to these recommendations we identified four key strands of action, which are being implemented over the next two years as part of our transformation programme.

13 www.lyonsinquiry.org.uk

14 www.civilservice.gov.uk/reform/capability_reviews/publications/pdf/Capability_Review_DCLG.pdf

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Lead and enthuse partners in creating successful communities and services

- We want to engage all our stakeholders and partners to work with us in delivering the Department's vision for places and communities. We are developing 'partnership agreements' with key Government departments which establish a shared view of the priority tasks we need to deliver together. We are agreeing departmental priorities for investment and engagement with Regional Development Agencies. We are working closely with the Office of the Third Sector in preparing a Third Sector Strategy which we will publish in July. We published *Place Matters*¹⁵ in January to explain the Department's role in the management of place.

Base policy making and delivery consistently on evidence

- We want to build our knowledge base and ensure we use evidence and analysis even more rigorously across the Department. To do this we are building our internal analytical capacity and setting up expert panels with representation from academia, relevant think tanks and delivery partners to review and challenge the data and trends across our policy areas.

Sharpen our delivery focus and ensure we have strong performance management systems and skills

- We are improving our delivery skills to ensure we are successful in delivering major complex programmes, particularly on housing and regeneration, and in neighbourhoods. We have undertaken a comprehensive streamlining of the Department's governance structure, covering the role and scope of the Board, the Board Executive, Programme Executives, the Investment Board, the Audit and Risk Committee, and departmental groups.

Manage our people effectively and ensure we have the critical skills we need.

- Our people are the key to our success. We want to ensure that every member of our staff has the skills and confidence to increase their job satisfaction and contribution to the organisation year-on-year. From February 2007, we are holding quarterly surveys of 25 per cent of our staff. Everyone in the Department will have the opportunity to take part during the course of a year.

2.35 The Department is on a journey of change and still has progress to make. As the Permanent Secretary said in his response to the Capability Review, “the Departmental Board is clear-sighted and ambitious for the kind of organisation we need to be to rise to this challenge: a department that enthuses our stakeholders and partners with our vision; has expert delivery skills; and is on the side of individuals and families who want to make a difference in their own lives and in the communities in which they live. To achieve this we need talented, flexible people, supported by robust, agile systems... But we are a young department. We have much to do and learn.” The achievements outlined in the rest of this report show the progress we are making.

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Chapter 3: Tackling disadvantage

3

Strategic Priority 1:

Tackling disadvantage by reviving the most deprived neighbourhoods, reducing social exclusion and supporting society's most vulnerable groups.

- 3.1** Despite Britain's growing prosperity, deprivation in all its forms remains a serious challenge, concentrated in a number of neighbourhoods which suffer multiple problems: poor housing, poor educational outcomes, poor health, high levels of worklessness and high levels of crime. Our aim is to tackle deprivation in these neighbourhoods.

National Strategy for Neighbourhood Renewal

- 3.2** Launched in 2001, *A New Commitment to Neighbourhood Renewal: the Government's national strategy action plan for reviving the most deprived neighbourhoods*¹⁶ sets out clear goals to improve outcomes in the most deprived areas and to reduce the gap with the rest of the country in line with our commitment that within 10 to 20 years no-one should be seriously disadvantaged by where they live.
- 3.3** The delivery of the national strategy is supported by a suite of floor targets¹⁷, which requires Government departments to make progress on six key outcome areas (health, education, crime, worklessness, housing and liveability) and encourages mainstream services to improve outcomes in deprived areas. The Department's Cross-Government Delivery Team has a unique role in supporting and challenging other Government departments to deliver floor targets. Progress has been made on all of the indicators since the launch of the national strategy in 2001, particularly those on worklessness, crime and health.
- 3.4** Local action is also essential for tackling disadvantage. Our £525m Neighbourhood Renewal Fund (NRF) supports 86 of England's most deprived local authorities, in

¹⁶ www.neighbourhood.gov.uk/publications.asp?did=85

¹⁷ A floor target sets a minimum standard for disadvantaged groups or areas, or a narrowing of the gap between them and the rest of the country.

collaboration with their Local Strategic Partnerships, to create and deliver Community Strategies which focus on improving services in their most deprived communities.

Local Strategic Partnerships

- 3.5** Local Strategic Partnerships (LSPs) – partnerships of local authorities with key service providers, local businesses and community and voluntary organisations – deliver neighbourhood renewal and put choice and power in the hands of those who live in our most disadvantaged areas. By developing Local Area Agreements (LAAs), we have given LSPs greater flexibility to address local priorities as they are now able to pool funding from different sources to deliver improved outcomes. The Local Government White Paper, *Strong and Prosperous Communities*, announced proposals to further strengthen LSPs.
- 3.6** We have also updated the Indices of Deprivation¹⁸ so that the allocation of NRF for 2006-08 is based on data which is more precise and detailed than that available previously. This means 86 local authority areas are now eligible to receive NRF instead of the 88 who were previously eligible.¹⁹ The local authority performance reviews show that LSPs are maturing and delivering greater improvements in deprived areas. LSPs that have been identified as underperforming have been supported by the Department to enable them to build their capacity and achieve better delivery of their targets. Performance improvement support packages included the appointment of Assignment Managers.²⁰
- 3.7** To enable Government Offices (GOs) to support and challenge the performance of those LSPs with the highest levels of deprivation, funding has been provided for each GO to develop its own capacity building programme. The programmes have been tailored to meet individual needs of each GO region but were primarily aimed at building capacity in analytic and challenge skills. Through this process GOs have helped bring partners together to share experiences and learning.

18 The Indices of Deprivation combine a number of indicators, chosen to cover a range of economic, social and housing issues into a single deprivation score for each Lower Super Output Area in England. There are also six district level summary scores for each local authority district. The scores allow areas to be ranked relative to one another according to their level of deprivation.

19 Three LSPs (Barnet, North East Lincolnshire and Norwich) became newly eligible and five (Southampton, Portsmouth, Kensington & Chelsea, Wandsworth and Luton) are no longer eligible.

20 Neighbourhood renewal advisers with particular strategic planning and influencing skills are appointed as Assignment Managers for under-performing LSPs. Their role is to work with the Government Office and the partnership to facilitate the identification and implementation of an appropriate package of support which will: develop leadership, vision and commitment of partners to agreed priorities; drive the delivery of these priorities; develop their analytic capacity to collate and analyse data and turn it into evidence-based management information; and develop ways of communicating with all sectors to ensure their involvement and agreement.

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Safer and Stronger Communities Fund

3.8 Over the last two years we have replaced all our specific small programmes for neighbourhood renewal with the £265m Safer and Stronger Communities Fund (SSCF). This fund provides additional, flexible funding for neighbourhood initiatives in the ten per cent most deprived neighbourhoods in the country. The initiatives supported by this fund – for example providing neighbourhood wardens or a neighbourhood manager to foster a local residents’ committee – are building essential capacity in deprived communities that will enable them to take on devolved power.

New Deal for Communities

3.9 New Deal for Communities (NDC) is a key programme in the Government’s strategy to tackle multiple deprivation in the most deprived neighbourhoods in the country, giving some of our poorest communities the resources to tackle their problems in an intensive and co-ordinated way. Between 1999 and 2006 NDC areas have demonstrated progress on many of the key indicators. Across the NDC programme residents are much more positive about changes occurring to their local environment: 71 per cent are now happy with their area as a place to live, compared to 60 per cent in 2002; and 57 per cent of residents think the NDC has improved the area. The proportion of residents perceiving serious problems with vandalism and graffiti has fallen from 33 per cent in 2002 to 18 per cent in 2006.

3.10 NDCs have 3-4 years of Government funding remaining. Key priorities are therefore to ensure delivery of outcomes is effective for the remainder of NDC funding and that the improvement is sustained beyond the end of the programme. We continue to support NDCs in the development of their local sustainability plans, through the provision of guidance and sharing good practice. We provide additional support to all NDCs identified at risk of slow delivery.

Testing new approaches to neighbourhood renewal – mixed communities

3.11 The mixed communities approach brings together social, economic and physical regeneration, alongside essential improvements in public services, in order to transform failing communities into ones able to attract and retain households on a wide range of incomes.

3.12 We continue to support and work with a number of locally led and managed projects in order to develop mixed communities in some of our most disadvantaged areas, while also testing approaches to encourage mixed communities more widely. We have engaged with our stakeholders across Government to influence policies to provide us with a framework that would support the delivery of mixed communities.

Supporting People

- 3.13** In 2006-07, we allocated over £1,685m to the 150 top-tier authorities to fund housing related support through the Supporting People programme. At the mid-point of the year, this funding was providing support to more than a million socially excluded or disadvantaged people. The majority of those supported are older people with support needs (over 800,000 households) but the majority of funding is targeted at a wide range of socially excluded or disadvantaged clients, including women at risk of domestic violence (over 8,000 households), homeless families (around 16,000 households), people with learning disabilities (over 30,000 households) and young people at risk (around 15,700 households).
- 3.14** This support has helped older or disabled people to live independently in their own home, avoiding the need to move to residential accommodation or make unnecessary use of expensive crisis provision such as hospital services. It has helped provide a stable housing basis for people to move on from crisis – such as drug problems or homelessness. It has helped young people to develop the life skills they need, such as understanding their tenancy agreement, budgeting and cooking, which will enable them to be able to live by themselves. It has also saved money to the public purse, through avoiding or delaying more costly and intensive residential support and through preventing crisis intervention paid from social care, criminal justice and health budgets.

PSA Target 1: Neighbourhood Renewal

Definition:

To tackle social exclusion and deliver neighbourhood renewal, working with departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvement by 2010.

Performance Indicators:

PSA 1 relies upon the delivery of floor targets by relevant Government departments in six key outcome areas. These are summarised below with a headline indication of progress.

Health: On course

- In deprived areas²¹, to substantially reduce mortality rates from heart disease and stroke and related diseases so that the absolute gap between the national rate and the average rate for deprived areas is reduced by 40 per cent by 2010.

Education: Slippage

- Raise standards in English, maths and science in secondary education so that, by 2008, in all schools located in local authority districts in receipt of NRF, at least 50 per cent of 14-year-olds achieve level 5 or above in each of English, maths and science (referred to as Key Stage 3 target).

Crime: On course

- In local authority districts in receipt of NRF which are also high crime areas, reduce aggregated crime by a greater percentage than the aggregated reduction in the non high crime areas.

Worklessness: Not yet assessed

- For those living in the local authority wards with the worst labour market position that are also located within local authority districts in receipt of NRF, significantly improve their overall employment rate, and reduce the difference between their employment rate and the overall employment rate for England.

Housing: Slippage

- By 2010, bring all social housing into decent condition, with most of this improvement taking place in deprived areas.

Liveability: On course

- Reduce the proportion of local authorities nationally judged to have unacceptable levels of litter and detritus by 13 percentage points and by 16 percentage points for the group of local authorities in receipt of NRF.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£2,351m	£2,354 m	On course	Average

21 'Deprived areas' for this indicator are the group of Local Authority Districts in receipt of NRF which are also identified as being part of the Department of Health Spearhead Group. Of the 70 local authority districts in the Spearhead Group, 61 currently receive NRF.

Progress

Health

3.15 2003-05 data indicates further good progress on the cardio-vascular disease target in terms of the gap between the NRF/Spearhead Group²² cross-over and the England average. It now stands at 27.1 deaths per 100,000 populations, compared to 37.5 in the baseline year 1995-97. This shows a gap reduction of 27.7 per cent since the baseline year which continues the trend of progress.

Education

3.16 Overall progress has slowed down compared to last year, when the number of schools below target fell by 32 per cent in England and 30 per cent in NRF areas, compared with 22 per cent and 25.6 per cent in 2006.²³ However, the rate of improvement in the number of schools below target between 2005 and 2006 is higher in NRF areas.

3.17 The Department for Education and Skills (DfES) has an extensive programme of challenge and support in place through the Secondary National Strategy which is delivered by its regional teams and alongside Government Offices. We intend to build on previous joint work with DfES to provide additional support for those schools that are facing the greatest challenges at Key Stage 3. This will include helping LSPs to build their capacity to improve performance through a combination of school and non-school based interventions.

Crime

3.18 Good progress has been made and it is likely that this floor target will be met. Crime rates have reduced more quickly in the NRF/High Crime areas compared with the rest of the country since the baseline year, 2003-04 – as at 2005-06 overall crime has fallen by 13 per cent in the NRF/High Crime areas compared with a reduction of 7 per cent in the rest.

Worklessness

3.19 The worklessness floor target applies to 446 local authority wards within Neighbourhood Renewal areas, which were identified as having the worst labour market position in the Spending Review 2004. Over the reporting period there has been a positive trend demonstrated by a 1 per cent improvement in the

²² The Spearhead Group comprises those areas that had the worst health and deprivation indicators in 1995-97.

²³ At a national level, the number of schools below target fell from 410 in 2005 to 320 in 2006; at NRF level, the number of schools below target fell from 285 in 2005 to 212 in 2006.

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employment target wards during the 12 months up to Quarter 3 2006. Quarter 4 2006 data also reflects this trend, with a 0.1 per cent increase in employment rate and a 0.2 per cent narrowing of the gap with England over the 12 month period.

- 3.20** Due to seasonal variations in employment rates it is only appropriate to compare like for like quarters when assessing changes to the employment rate within the target wards, for example comparing Quarter 3 of 2006 with Quarter 3 of 2005. So far, therefore, there are only three data comparison points for the assessment period (Quarter 2 of 2005 against Quarter 2 of 2006, to Quarter 4 of 2005 against Quarter 4 of 2006) and, although each demonstrates that the employment rates of our deprived wards are improving and the gap between them and England is reducing, we are not yet able to provide a robust assessment of whether the employment rate floor target will be met.

Housing and Liveability

- 3.21** Progress on these targets is covered in Chapter 7 (PSA targets 7 and 8).

Progress on other Government targets

- 3.22** We continue to take a strong interest in the delivery of a number of other government targets, given their importance to the tackling disadvantage agenda.

Employment Rates for Disadvantaged Groups

- 3.23** Comparing Quarter 4 2005 with Quarter 4 2006 indicates that the gap between NRF and non-NRF areas for employment rates for people over 50 has narrowed. For BME groups and the lowest-qualified, however, the gap has widened over the same period.

GCSE Attainment

- 3.24** Revised 2005-06 data show that the gap in pupil attainment of 5+ GCSEs at grades A*-C has narrowed from 10.0 to 5.4 percentage points between NRF areas and England since 1997-98.
- 3.25** Latest revised data for 2005-06 indicates that 53.1 per cent of pupils in NRF areas achieved 5+ GCSEs at grades A*-C, compared to 50.1 per cent in 2004-05. This represents an increase of 3 percentage points (and an increase of 16.8 percentage points from 1997-98).

Teenage Conception

3.26 Teenage conception rates have been falling steadily in both England and in the NRF areas. The average rate in England has fallen more quickly than in the NRF areas. Provisional 2003-05²⁴ data indicate that the gap is now 11.6, representing a decrease of 1.7 per cent since 1998-2000.

Life Expectancy

3.27 On life expectancy the most recent figures (for 2003-05) confirm that the relative gap for males between the national average and the Spearhead Group is still widening (by 2.1 per cent since the baseline year 1995-97). This data also show that the gap for females between the national average and the Spearhead Group has also been widening (by 5.3 per cent since the baseline).

Quality of data systems

3.28 We rely on published data sets from the Office for National Statistics (ONS) and other Government departments to track progress on floor targets. These data sets are then used to provide individual NRF area analysis on Floor Targets Interactive (FTI).²⁵ FTI enables users to examine performance at the national, regional and local authority levels. It also allows users to interrogate the data to produce a range of analyses and illustrative maps.

3.29 We have worked in partnership with ONS and other Government departments since 2001 to deliver Neighbourhood Statistics (NeSS).²⁶ NeSS provides a wealth of small area data which can be used to help understand and track progress on floor targets at a sub district or neighbourhood level. NRF-funded regeneration partnerships and organisations such as LSPs, NDCs and Neighbourhood Managers are among the most frequent users of the NeSS website.

3.30 The neighbourhood renewal research programme aims to build an evidence base that informs the work of the Department through providing a sound basis for future work. An important project in building the evidence base for neighbourhood renewal is the independent evaluation of the national strategy.

²⁴ 2003-05 teenage conceptions data is provisional until September 2007, when final data is released.

²⁵ www.fti.neighbourhood.gov.uk

²⁶ www.neighbourhood.statistics.gov.uk

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3.31 The evaluation was commissioned in 2004 and will report fully in 2009. The main findings from the study will first appear in late 2008 when issues around the attribution of change to the national strategy will emerge. Prior to this date, a series of working papers and interim reports will be produced addressing issues such as: whether and/or how the gap narrows; the extent and ways in which mainstreaming is taking place; and the role and contribution of LSPs and LAAs in delivering the national strategy including the use of NRF.



Chapter 4: Regional economic performance

4

Strategic Priority 2:

Promoting the development of English Regions by improving their economic performance so that all are able to reach their full potential.

- 4.1** Communities and Local Government aims to create vibrant, diverse and attractive places with strong local economies where people want to live and work. Vital to achieving this aim are economically strong cities and regions which drive forward national prosperity and provide opportunity and social justice for all. We are working to maximise the economic performance of all regions and to narrow disparities in growth rates across regions. We are providing the tools and powers to enable regions and cities to compete better on the international stage.
- 4.2** We are working across Government to tackle market and co-ordination failures in employment and in the five drivers of productivity – skills, investment, innovation, enterprise, and competition. In particular, we are working with HM Treasury and DTI to unlock the economic potential of England’s regions, sub-regions, cities and localities, and to tackle persistent pockets of deprivation as part of the review of *Sub-national Economic Development and Regeneration* (SNR). Work is well underway in developing new European Regional Development Fund (ERDF) programmes for 2007–13 which will support delivery of the Government’s regional economic growth objectives, by ensuring that funds are targeted on the poorest performing regions, and focused on actions which will support the drivers of growth.
- 4.3** We recognise that the key role of cities as drivers of regional growth will intensify with the transition to the knowledge economy. We have strengthened the urban dimension of our policies in response to the *State of the English Cities* report published in March 2006.²⁷ The direction of travel is clearly set out in the Local Government White Paper, *Strong and Prosperous Communities*, and subsequent policy initiatives including the Department for Transport (DfT) led reform of Passenger Transport Authorities, work with groups of local authorities on multi-area agreements, and consultation on City Development Companies. The SNR will build further on this progress.

27 www.communities.gov.uk/index.asp?id=1163940

- 4.4** London provides other cities with one example of what strong and visible leadership can achieve. In July 2006 we proposed a package of measures which included a new lead role for the Mayor of London in housing and a strengthened role over planning in the capital. It also gave the Mayor a stronger strategic role on waste, culture and sport, health, energy and climate change. These additional mayoral powers will be complemented by an enhanced role for the London Assembly. Most of these changes are being implemented through the Greater London Authority Bill whose progress through Parliament is being co-ordinated by Communities and Local Government.
- 4.5** Our cities and regions objectives also include our contribution to meeting our climate change targets. We are working closely with the eight core cities, through the Core Cities Group to develop a programme of action aimed at mitigating climate change and adapting to its effects. We are also working closely with the Department for Environment, Food and Rural Affairs (DEFRA) in exploring the potential for establishing Energy Service Companies²⁸ in each of our core cities.

PSA Target 2: Regional Economic Performance

Definition:

To make sustainable improvements in the economic performance of all the English regions by 2008, and over the long-term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. (This target is shared with the Department of Trade and Industry and HM Treasury.)

Performance Indicators:

Improving trend rate of GVA growth in all regions: On course

- To make sustainable improvements in economic performance as measured by the trend rate of growth for Gross Value Added (GVA)²⁹ per head for all regions, measured over the period 2003-08, compared with the average growth between 1990 and 2002.

Closing the gap between regions: On course

- To reduce the persistent gap in growth rates between regions as measured by a reduction over the period 2003-12, compared with the baseline (1990–2002) in the absolute gap between the average trend growth rate in the three regions that currently have above average GVA per head (London, the South East and East) and the average trend rate for the other six regions.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£1,280m*	£1,313m*	On course	Average

*Further information on how these figures are calculated can be found at paragraph 10.3 and Annex E.

28 Energy Service Companies take a variety of forms but are increasingly seen as a vehicle for delivering more sustainable energy solutions, whether through incentivising energy efficiency and energy savings or particular forms of supply.

29 Gross Value Added is the difference between output and intermediate consumption for any given sector/industry, ie the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

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Progress

- 4.6** Alongside the 2006 *Pre-Budget Report*, the Government published a progress report on the Regional Economic Performance (REP) target³⁰, thus fulfilling the PSA commitment to demonstrate progress by 2006. The report set out some encouraging early evidence suggesting limited signs of progress, although a full assessment of trends in regional economic activity and disparities cannot be fully determined until the current economic cycle is complete.
- 4.7** The main indicator for this target is Gross Value Added (GVA) per head growth rates in each region. The regional GVA data for 2005 was released by ONS on 15 December 2006, after the progress report had been published. In 2002-05, the three Northern Regions, the East Midlands, South West and London improved on baseline performance. The West Midlands maintained baseline performance. Over the same period, the South East and East regions did not improve on their individual baseline trends.
- 4.8** Hence between 2002 and 2005, GVA per head growth in the North, Midlands and South West collectively was 2.1 per cent per annum, the same rate of growth as the Greater South East (GSE).³¹ This is in contrast to 1990-2002 (PSA baseline) when GVA per head trend growth per annum in the GSE was 2.4 per cent, and in the North, Midlands and South West, 1.8 per cent.³²
- 4.9** Progress on narrowing the gap has been partly due to strong employment growth in the North. By December 2006, the average employment rate for the bottom six regions was broadly equal to the average employment rate for the top three regions. This compares with a gap of over 2 percentage points in 2001. Similarly, the skills gap between the top three regions and the bottom six regions – as measured by the percentage of the economically active population trained to National Vocational Qualification (NVQ) Level 2 or above – has also narrowed from 3.4 percentage points to 1.1 percentage points between 1998 and 2006.
- 4.10** With only three years data it is too early to say if these results reflect changes in underlying trends. There is evidence of differential timing in regional economic cycles, with greater volatility in the GSE cycle. A significant challenge remains on both parts of the target: that is, increasing the economic performance of all the regions and reducing the gap in growth rates.

30 www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_odregionalprogress.cfm

31 All GVA growth rates presented here have been adjusted by a national deflator.

32 This has been revised down from the 0.75 provisional percentage point gap in growth rates set out in the Spending Review 2004 technical note of the PSA target due to revisions in ONS data after publication.

4.11 This is a long-term, complex and challenging target, which cuts across departmental boundaries. Success will require all the key economic departments to co-ordinate action. In addition to facilitating investment to ensure that towns and cities are economically vibrant and inclusive, we have a crucial co-ordinating role to play to ensure an effective policy-making partnership across central government, and between central government and key regional bodies. We are working to strengthen these arrangements going forward in the forthcoming Comprehensive Spending Review period (CSR 2007).

4.12 Important measures in 2006-07 which will contribute to delivering the target include:

- the national roll-out of Pathways to Work, an initiative to support incapacity benefit claimants to find work
- the national roll out of Train to Gain, a service to help businesses get the trained staff they need to succeed, with fully subsidised training for the low skilled up to a first full level 2 qualification, and support for progression to level 3
- the Regional Funding Allocation process which has strengthened regional prioritisation for transport, housing, planning and economic development
- investment by Regional Development Agencies (RDAs) in business innovation, encouraging enterprise, building the skills base and regenerating town centres and communities. Examples include:
 - Yorkshire Forward has invested £6.5m in the first airport and aviation employment and training academy in the UK at Robin Hood International Airport near Doncaster. Directions Finningley caters for budding airline and airport staff, offering training courses and specialised aviation equipment to enable students to train on real aircraft. In its first year of operation, Directions Finningley has arranged training for 2,300 people and helped some 600 people, about 80 per cent of them locals, gain employment at the airport.
 - South West Regional Development Agency created Beacon South West, an innovative scheme that brings together some of the region's most forward thinking and ambitious companies to promote success and spearhead regional economic growth.
 - East Midlands Development Agency launched the new East Midlands Early Growth Fund, which aims to invest in start-up and early-stage businesses based in the region.

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- The London Development Agency (LDA) launched Business London in October 2006, offering support across London to new businesses and micro-businesses, including social enterprises, and learning opportunities for new and potential entrepreneurs.
- One North East has been instrumental in the redevelopment of Seaham Town Centre, enabling the port to relocate and other strategic sites to be redeveloped for use as shops, apartments and town houses, with the first shops programmed to open in late 2007.
- further steps on implementing the Northern Way Growth Strategy, including five new virtual science and research centres, skills and worklessness pilots, projects to strengthen enterprise capacity in the North and transport interventions such as Yorkshire Forward's investment in Barnsley's Transport Interchange
- ERDF (Objective 1 and Objective 2) which provided grants for economic development and regeneration activity across England worth over £400m in the calendar year 2006. These grants contributed to supporting 180,000 small and medium sized enterprises, 160,000 jobs, and providing over 300,000 square metres of business floor space

Quality of data systems

- 4.13** Performance against this target is measured through estimates of the trend rate of growth in GVA per head in each region. The gap in growth rates is measured by comparing the average growth rate of regions that had above average GVA per head with the average growth rate of regions that had below average GVA per head in the base period.
- 4.14** The key to measuring this PSA target accurately is to capture as wide a range of economic activities occurring within the regions as possible. GVA, by definition, encapsulates a very diverse range of outputs.
- 4.15** To improve and develop regional estimates, the ONS is involved in an ongoing quality assurance process of the input data used to calculate estimates of regional GVA. In line with the *Allsopp Review*³³ recommendations, an ONS presence, funded by the RDAs, was established in April 2007 in each of the nine English regions. This will ensure that increased knowledge about regional economic activity will be factored into the process of disaggregating national GVA figures regionally, and therefore, over time, improve the robustness of regional GVA figures. This will help us to measure the PSA target more accurately.

33 www.hm-treasury.gov.uk/consultations_and_legislation/allsopp_review/consult_allsopp_index.cfm

4.16 A current criticism of regional GVA comparisons is the lack of account given to differences in price levels between regions and therefore the lack of real regional GVA series. The *Regional Economic Performance Progress Report*, published in December 2006, acknowledged this, but because of the time and resources required to develop this series the report presented regional GVA adjusted by a national deflator as the most appropriate interim measure.³⁴ Work is proceeding to strengthen the regional GVA data, including production of a real regional GVA series by December 2009.

34 www.hm-treasury.gov.uk/media/7B7/0F/pbr06_regionaleconomicprogress_365.pdf

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Chapter 5: Better local services

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Strategic Priority 3:

Delivering better services and devolving decision making to the appropriate level. Ensuring adequate and stable resources for local government and clarifying the relationship between neighbourhoods and local, regional and central government.

- 5.1** Councils across the country continued to significantly improve their overall performance in 2006-07 – the second year in which councils faced the ‘harder test’ of the new Comprehensive Performance Assessment (CPA) framework. For the first time since CPA began in 2002, no single tier or county council received a 0 star rating. Thirty two improved upon their performance last year by at least one star rating. Seventy nine per cent of councils are now in the highest CPA categories, having achieved a 3 or 4 star rating, which represents a nine per cent improvement upon performance in 2005. More than three-quarters of single tier and county councils were assessed as improving well or improving strongly.
- 5.2** Councils also demonstrated clearly their ability to identify and exploit opportunities for efficiency gains. By the end of 2006-07, they expect to have exceeded their overall efficiency target of £3bn – a year ahead of target. This represents a significant amount of resources freed up to help further improve services. Central and local government have worked together to help local authorities achieve these improvements in performance and efficiency, especially by jointly supporting regional partnerships and centres of excellence.
- 5.3** Fire authorities secured significant further reductions in both the number of fire-related deaths and the number of deliberate fires during 2005-06. 64,300 deliberate primary fires were recorded, down 12 per cent on the previous year; and there were just 227 accidental fire-related deaths compared with an average of 349 per annum over the five years to 1998-99. These reductions were achieved with the support of our preventative programmes, which are designed to raise public awareness of, and action to reduce, fire risk. They include the Fire Kills national media campaign aimed at promoting smoke alarm ownership and maintenance, and the Home Fire Risk Check (HFRC) Initiative. In total, over 800,000 HFRCs

have been carried out and over one million new smoke alarms fitted in homes since the initiative was launched in October 2004. Our focus now is on maintaining momentum in driving down fire deaths, particularly in the small number of areas where the rate of deaths from accidental fires is still more than 1.25 times the national average.

- 5.4** The Department has also provided tailored support to local authorities to improve the specific services that fall within its remit. For instance, in 2006, authorities completed a three-year evaluation of the overall value for money (in terms of cost, quality, outcomes and local strategic relevance) of their Supporting People services. We are helping authorities to build on the findings of their reviews to commission services more effectively and strategically. Following the completion of eleven value improvement projects that identified scope to improve quality, outcomes and service design, while also releasing savings for new investment, we have set up a national Supporting People Value Improvement Programme to help ensure that authorities are maximising value for money, to stimulate local projects, and to provide critical challenge and support.
- 5.5** The Local Government White Paper, *Strong and Prosperous Communities*, emphasised the pivotal role local authorities can play in helping their communities to tackle, and adapt to the impacts of, climate change. During 2006-07, the Department introduced a draft Planning Policy Statement, *Planning and Climate Change*³⁵, which sets out a clear and challenging role for regional and local planning. At the local level, plan making and development control are expected, in providing for the new homes, jobs and infrastructure needed by local communities, to help shape places with lower carbon emissions and which are resilient to climate change.
- 5.6** To help drive further improvements in performance in priority areas within each locality, the Department completed the roll out of Local Area Agreements (LAAs) to all areas during 2006-07. LAAs will be at the heart of the simplified new performance framework proposed in the Local Government White Paper, which will provide freedom and space for local authorities and their partners to work flexibly to further improve outcomes in their area.

Local Government Finance

- 5.7** The Department is responsible for managing the Local Government Departmental Expenditure Limit (LG DEL). This is separate from the Communities and Local Government Main Programmes Departmental

35 www.communities.gov.uk/index.asp?id=1505140

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Expenditure Limit (Main DEL), which is reported on in Chapter 10. The main revenue programmes within LG DEL are revenue support grant and national non-domestic rates. Together with police grant, these programmes make up formula grant, and comprise the main funding for local authorities which is not hypothecated to a particular service.

- 5.8** In addition to the funding provided to local government through LG DEL, a number of specific grants are provided by this and other departments to support local authorities to deliver particular policy priorities. For example, DfES provides funding for schools and the Sure Start programme through its DEL.
- 5.9** Over the course of the financial year 2006-07, the Department paid some £20.9bn of Revenue Support Grant and Redistributed National Non-Domestic Rates to local authorities accurately, safely and on time, and incurred no financial penalties. It also managed LG DEL effectively: we anticipate that expenditure will be close to budget, with a forecast variance of 0.3 per cent (the same as in 2005-06). The accounts for 2005-06, including the national non-domestic rates (NNDR) White Paper Account, were signed off with a ‘clean’ audit certificate.
- 5.10** The tables below set out expenditure on local government programmes from 2004-05 to 2006-07, and planned expenditure for 2007-08, in greater detail.

Ch 5 Table 1: Local Government DEL 2005-06 (£m)

Budget	Outturn	Difference	Variance
46,681	46,560	121	0.3%

Ch 5 Table 2: NNDR White Paper Account 2005-06 (£m)

Collected	Distributed
17,458	18,409

Of the £18,409m distributed in 2005-06, £18,000m related to 2005-06 and scored in DEL. £409m related to prior year adjustments and scored in AME.

Ch 5 Table 3: Resource DEL Budget (£m)

Programme	2004-05 Outturn	2005-06 Outturn	2006-07 Provisional Outturn	2007-08 Plans
Revenue Support Grant	27,006	26,726	3,443* ¹	3,163
Redistributed National Non-Domestic Rates	15,000	18,000	17,500	18,500
Neighbourhood Renewal Fund (NRF)	450	525	525	0* ²
Private Finance Initiative Revenue Support	427	416	514	563
Service Transformation * ³	89	207* ⁴	210	238
Other LG Programmes* ⁵	344	370	339	349
Total Resource Budget	43,316	46,244	22,531	22,813

Notes:

- *1 The reduction between 2005-06 and 2006-07 occurred because funding for schools was transferred out of Formula Grant in 2006-07, to a separate specific grant entitled 'the Dedicated Schools Grant'. This specific grant is contained within the Department for Education and Skills' DEL and is not part of LG DEL.
- *2 NRF transferred from LG DEL to Main DEL in 2007-08.
- *3 Includes Best Value Intervention, Capacity Building, Local Government Efficiency and Local Government Public Service Agreements Performance Fund (LPSA).
- *4 LPSA introduced in 2005-06.
- *5 Includes Emergency Financial Assistance to Local Authorities, Best Value Inspection, Mapping Consequences of Boundary Reviews, Local Government Research, Local Government Publicity, NNDR Collection Costs, Invest to Save Budget, Standards Board for England and Valuation Tribunal Service.

Ch 5 Table 4: Capital DEL Budget (£m)

Programme	2004-05 Outturn	2005-06 Outturn	2006-07 Provisional Outturn	2007-08 Plans
Local Government On Line	217	139	24	7
Local Government Public Service Agreements	38	176	188	127
Other LG Programmes* ¹	2	1	2	9
Total Capital Budget	257	316	214	143

Notes:

- *1 Includes Valuation Tribunal Service, Invest to Save Budget, and Standards Board for England.

5.11 During 2006-07, the Department introduced the first multi-year funding settlement for local government – a major milestone in further strengthening stability and certainty of funding for local government. Some 90 per cent of Government funding was allocated on a two year basis, providing a stable foundation for local budget planning.

5.12 In addition, the Government's objective of ensuring that the average overall council tax increase in England is lower than five per cent was achieved, with an average increase of 4.5 per cent in 2006-07. This followed successful work with councils to identify ways in which they could manage financial pressures, and the provision of an additional £305m funding. The Government had already

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demonstrated that it was prepared to use its reserve capping powers to deal with excessive council tax increases and took capping action against two authorities in 2006-07. It has made clear that it will have no hesitation in using these powers in future, if the circumstances require it.

- 5.13** A stable, effectively managed local government finance system supports the delivery of our PSA targets relating to the fire and rescue services and local government, progress against which is reported below. As formula grant is unhypothecated and authorities are free to make their own decisions on its use, it is not possible to identify what proportion of funding provided through LG DEL is spent on PSA-related activity. The expenditure on PSA targets set out below therefore relates solely to Main Programmes DEL.

PSA Target 3: Fire and Rescue Services

Definition:

By 2010, reduce the number of accidental fire-related deaths in the home by 20 per cent and the number of deliberate fires by 10 per cent.

Performance Indicators:

The headline target covers one main and two sub-targets:

Main target: Ahead

- To reduce by 20 per cent the average number of accidental fire-related deaths in the home per annum over the eleven year period to 31 March 2010, compared with an average of 349 per annum over the five year period to 31 March 1999. This is equivalent to an average of no more than 279 accidental fire-related deaths in the home per annum over the eleven year period.

Sub-target 1: Slippage

- To ensure that no local fire and rescue authority has an average annual fatality rate from accidental fires in the home that is more than 1.25 times the national annual average over the five years from April 2005 to March 2010.

Sub-target 2: Ahead

- By 31 March 2010, to reduce the number of deliberate primary fires by 10 per cent (equivalent to no more than 94,050 deliberate primary fires in England during 2009-10, compared with 104,500 during 2001-02).

The headline target will be fully met if all of the component targets are achieved; partly met if the main target and sub-target 2 are achieved; and not met if either the main target or sub-target 2 is not achieved.

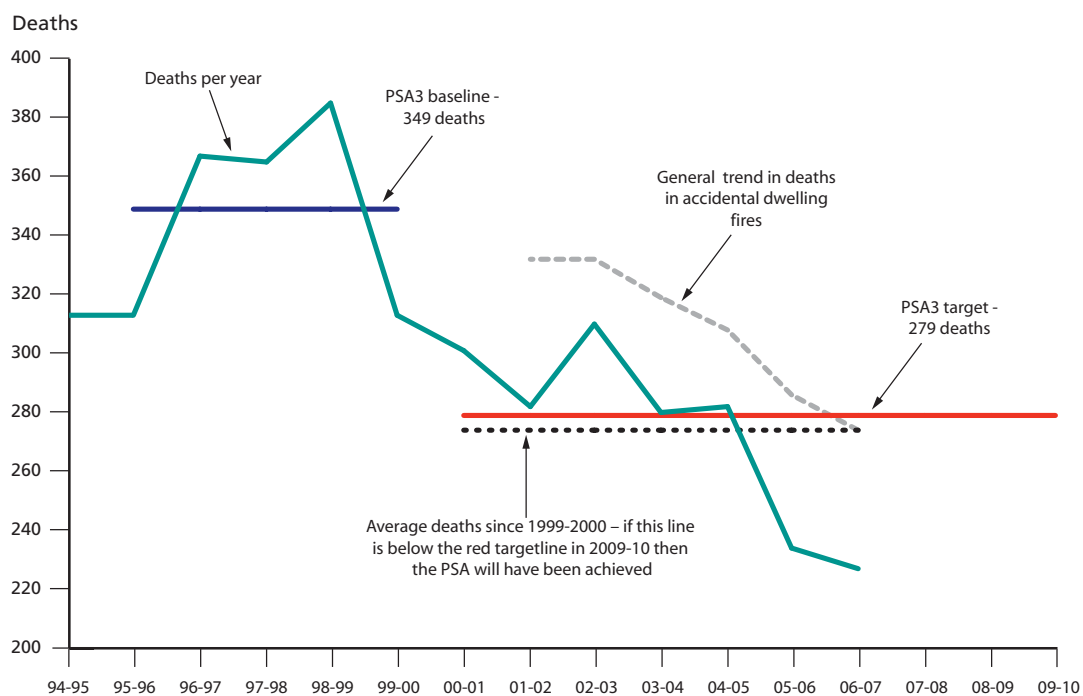
2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£178m	£185m	On course to partly meet the headline target	Good

Progress

Main target

5.14 During 2005-06, 227 accidental fire-related deaths in the home were recorded. This brings the annual average for the period since April 1999 to 274, five fewer than the 2010 target 11-year average of no more than 279, as illustrated by Figure 4 below. Data for the number of accidental fire-related deaths in the home during 2006-07 will be available in December 2007.

Figure 4: Accidental fire-related deaths in the home



Sub-target 1

5.15 Over the five years from April 2001 to March 2006, 4 out of 47 local fire and rescue authorities had an average annual fatality rate from accidental fires in the home over 1.25 times the national annual average. In 2005-06 – the first year of the five-year period to which the target applies – 10 out of 47 local fire and rescue authorities had an average fatality rate from accidental fires in the home over 1.25 times the national average. We are taking action to support these authorities to reduce the fatality rate in their area, including by targeting Home Fire Risk Check and Fire Prevention Grant funding and promoting good practice.

Sub-target 2

5.16 64,300 deliberate primary fires were recorded during 2005-06, 32 per cent fewer than the 2010 target of 94,050. This represents a reduction of 12 per cent on the number recorded in the previous year, primarily due to a 13 per cent fall in deliberate road vehicle fires (which make up around three-fifths of all deliberate primary fires). A number of factors have contributed to this decrease, including: an improved vehicle licensing scheme; recent increases in the price of scrap metal; and the success of vehicle removal schemes, many of which have been funded by the Arson Control Forum.

Quality of data systems

- 5.17** Data on fires and fire-related deaths are sourced from fire report forms (FDR1 (94)) completed by local fire and rescue authorities. The official statistics on fires and fire deaths are recognised as national statistics by the ONS.
- 5.18** Following a review to further improve the entire incident collection system, which records information about fires and other incidents attended by the Fire and Rescue Services, an electronic Incident Reporting System (IRS) will be introduced in July 2007. The IRS will improve the quality of data systems and reduce the data processing time, enabling statistics to be provided more quickly (at present it can take up to 13 months before a complete and fully finalised data set is available). Data on all special service incidents will be collected centrally, enabling fuller analysis of the work of fire authorities to be carried out, which will help to inform improved local planning to further decrease the risk to the public and businesses from fire and other hazards.
- 5.19** The IRS will also contain detailed information on Fires of Special Interest (FOSIs), which include fires with fatalities. Since April 2004, fire and rescue authorities have completed additional reports on FOSIs to provide more ‘real-time’ information on fire deaths. From July 2007, IRS will mainstream these reporting arrangements.

PSA Target 4: Local Government

Definition:

By 2008, to improve the effectiveness and efficiency of local government in leading and delivering services to all communities.

Performance Indicators:

The headline target has six component targets:

Overall performance: On course (targets a. and b.) / Not yet assessed (target c.)

- a No authorities, including districts, rated poor in December 2004 to remain in the lowest CPA category on 31 March 2008.
- b By 31 March 2008, to achieve a 50 per cent decrease in the number of single tier and county councils in the lowest CPA categories (0* and 1*) and a 25 per cent increase in the number in the top CPA categories (3* and 4*) compared with performance in 2005. This is equivalent to no more than five single tier or county councils in the lowest CPA categories and at least 130 in the top categories.
- c Improvement in district council performance as measured by CPA. Setting overall CPA category targets for district councils was deferred until after the Audit Commission published its framework for them in 2006.

Direction of Travel: On course

- d No single tier or county council to have a 'Not improving adequately/not improving' Direction of Travel Statement for two consecutive years.

Use of Resources/Efficiency: Ahead

- e Annual improvement in the aggregate Use of Resources score for authorities from 385 in 2005 (while the target relates solely to an absolute year-on-year improvement, our estimated trajectory was for an annual increase of 10 in the aggregate score – ie to 405 by 2008).
- f Leading and co-ordinating delivery of £6.45bn efficiency gains by 2007-08 from local services as a whole, (including £3bn from councils) and directly securing £1.38bn of that total. The trajectory for this target is to achieve £2.15bn in 2005-06, £4.30bn in 2006-07 and £6.45bn in 2007-08.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£0m*	£0m*	On course	Average

* Main Programmes DEL only – see paragraph 5.13

Progress

Overall performance

5.20 The latest CPA results for single tier and county councils were published by the Audit Commission on 22 February 2007, and continued to show improved performance by local authorities across all CPA categories. In terms of component target a), no single tier or county council rated as 'poor' in 2004 remains in the lowest CPA category (0*). Indeed, no single tier or county councils received a 0 star rating and only five received a 1 star rating (down from 9 in 2005).

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- 5.21** Nine out of 238 district councils were rated ‘poor’ in 2004 and we are currently working with these councils to improve their performance. Following the introduction of a new assessment framework in 2006, the Audit Commission will re-categorise district councils where they request re-categorisation and can demonstrate significant evidence of improvement – or where the Audit Commission identifies evidence of significant deterioration. It aims to complete the first tranche of district re-categorisations and publish them in Summer 2007.
- 5.22** In terms of component target b), five single tier and county councils are now in the lowest CPA categories (0* and 1*), compared with 10 in 2005. The element of the target requiring a 50 per cent reduction in the number in the lowest categories has therefore been achieved a year early. 118 single tier and county councils are now in the highest CPA categories (3* and 4*) compared with 104 in 2005. This is an increase of 13 per cent, on trajectory to achieve the element of the target requiring a 25 per cent increase in the number in the highest categories by 2008.
- 5.23** Component target c) is also affected by the new arrangements for district councils described at paragraph 5.21. Progress will not be known until district re-categorisations are available.

Direction of travel

- 5.24** In the latest CPA results, only one single tier or county council received a ‘not improving/not improving adequately’ direction of travel statement (Stoke-on-Trent City Council). It had not received this rating previously. In line with the Local Government White Paper expectations of more sector-led challenge and support for poor performers, the Regional Improvement Partnership together with the Improvement and Development Agency are working with the council on recovery planning.

Use of resources/Efficiency

- 5.25** Each single-tier and county council receives an annual use of resources score from 1 (inadequate performance) to 4 (performing strongly). The aggregate of all 150 use of resources scores in 2005 was 385. The target requires an annual improvement on that aggregate score. We estimated a trajectory of an improvement of 10 each year (ie. 395 in 2006 and 405 in 2007).
- 5.26** In 2006, none of the 150 upper tier authorities councils performed below minimum requirements (scoring 1). Ninety per cent delivered at or above minimum requirements (scoring 2 or 3) and 10 per cent performed well above minimum requirements (scoring 4). The aggregate score for use of resources is 429, which is ahead of the trajectory estimate for 2008.

5.27 By the end of December 2006, local government (councils, schools, police, and fire authorities) had reported as achieved (since 1 April 2004) ongoing efficiency gains totalling £4.543bn, of which £2.373bn had been achieved by councils and £1.222bn had been achieved within the Department's areas of responsibility. Due to time lags in collecting information on schools' performance (undertaken by the Department for Education and Skills), this figure does not represent the full achievement of local government, yet it is still significantly ahead of the £4.3bn target for the full financial year.

5.28 The figures reported above represent actual data as at the end of December 2006. The table below sets out the value of ongoing efficiency gains achieved or forecast to be achieved by the end of each financial year (since 1 April 2004), alongside the targets for each year.

Ch 5 Table 5: Local Government Efficiency Gains (£bn)

	2004-05**		2005-06		2006-07***		2007-08
	Actual	Target	Actual	Target	Forecast	Target	
1. Whole of Local Government*	1.145	2.150	3.375	4.300	N/A	6.450	
2. Element of (1) secured by councils	0.760	1.000	1.931	2.000	3.087	3.000	
3. Element of (1) in Department's areas of responsibility	0.416	0.198	1.009	0.714	1.565	1.379	

Notes:

* Due to lags in reporting schools efficiency gains, the figures in this row do not represent the full achievement of local government in each year.

** No targets were set for the amount of gains to be achieved in 2004-05.

*** The 2006-07 forecasts are estimates based on expectations reported by councils and fire authorities; final data will not be available until the Autumn, but half-year actual data are described above.

Quality of data systems

Overall performance

5.29 The Audit Commission introduced Comprehensive Performance Assessments (CPAs) in 2002. CPAs measure how well councils are delivering services for local people and communities. They distil a complex set of judgements – including judgements relating to councils' services, corporate effectiveness, overall direction of travel and their use of resources – into a single performance rating.

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5.30 National reports summarising the CPA categories of all councils are published annually on the Audit Commission website, together with individual score cards for each council which set out the various elements that contribute to its overall category. In October 2005, the Audit Commission revised its assessment methodology for single tier and county councils to make CPA a harder test, with more emphasis on outcomes for local people and value for money. CPA scores and data relating to the 2005 framework are therefore not directly comparable with previous analysis.

Efficiency data

- 5.31** Data on efficiency gains is drawn from three sources: Annual Efficiency Statements submitted by councils and fire authorities to the Department; annual plans submitted by police authorities to the Home Office; and analysis of returns submitted by schools to the DfES.
- 5.32** To provide assurance that local authorities' efficiency statements are robust, they must be signed off by the Leader of the Council, the Chief Executive and the Chief Finance Officer and they must report at least one quality crosscheck for every service sector or workstream making an efficiency gain to provide evidence that the actions taken have not led to a cut in services.
- 5.33** Local authorities' efficiency statements are subject to review – first by Government departments, after which councils may make revisions in the light of feedback, and then by auditors appointed by the Audit Commission. If the auditors report concerns about a council's processes for producing its efficiency statement – or inconsistencies between its statement and information obtained through other audit work – the council would be required to prepare a new statement for review by independent consultants. Any council whose statement was still found to be unsatisfactory would be treated as having made zero efficiency gains.
- 5.34** The process for assuring the data on fire authorities' efficiency gains is similar to that for councils. The processes for assuring data on efficiency gains made by schools and police authorities are described in the annual reports published by the DfES and the Home Office respectively.



Chapter 6: Balancing supply and demand for housing

6

Strategic Priority 4:

Delivering a better balance between housing supply and demand by supporting sustainable growth, reviving markets and tackling abandonment.

- 6.1** We want to build strong, cohesive communities with vibrant civic cultures and strong local economies. Communities in which people want to live and in which they feel proud to live. Nine out of ten households would prefer to own their own home. We want to help them do so. At the same time we have a duty to protect and enhance the environment and tackle climate change.
- 6.2** There are now over one million more homeowners than in 1997. But as Kate Barker made clear in her *Review of Housing Supply*³⁶, the supply of housing over several decades has not kept up with demand, meaning that many families have not been able to get a foot on the housing ladder. In the Government's response to the Barker Review³⁷ we set out an ambition to increase the supply of new homes to at least 200,000 a year by 2016 (measured as net additional dwellings).
- 6.3** Good progress has been made through 2006-07, with key milestones being met including the publication of *Planning Policy Statement 3*, creation of a National Housing and Planning Advice Unit and consultations on a Planning-gain supplement and a Housing and Planning Delivery Grant (PDG). Latest figures (2005-06) show overall housing supply in England has risen to around 185,000. In the high demand area of London and the wider South East, supply increased to 71,000 in 2005-06. Supporting indicators are on track – eg an encouraging fall in the numbers of families with children in temporary accommodation. The year ahead will be a key one, with important issues surrounding funding for infrastructure and social housing to be resolved in CSR 2007.
- 6.4** In addition to responding to the affordability pressures we face by increasing the supply of housing overall, Communities and Local Government is working to

36 www.hm-treasury.gov.uk/media/053/C7/barker_review_execsum_91.pdf

37 www.hm-treasury.gov.uk/media/F59/0D/prb05_barker_553.pdf

ensure people who cannot afford to buy outright have stepping stones into home ownership by providing targeted help for first time buyers and key workers and enabling more young families to realise their dream of owning a home.

- 6.5** In 2006-07 we have helped around 19,000 low income households into home ownership. These included the first sales through our new Social HomeBuy scheme – giving some social tenants the opportunity to buy a share in their own home – and the first sales through expanded Open Market HomeBuy, which reduces the need for grant funding through an innovative partnership with lenders.
- 6.6** In December 2006 we published the report of the *Shared Equity Task Force*³⁸ which set out a vision for the future of shared equity, and set ourselves a more ambitious target of helping 120,000 households into home ownership by 2010. In March 2007 we took forward one of the recommendations of the Task Force report by launching the pre-prospectus for a competition to bring new lenders into Open Market HomeBuy.
- 6.7** We recognise that many households cannot afford to rent, let alone buy a home of their own, and for these families that would otherwise struggle, social housing plays a valuable role in providing decent, affordable accommodation. We are on track to deliver 30,000 additional social homes per year by 2007-08.
- 6.8** In June 2006, Ruth Kelly commissioned Professor John Hills to assess the aims and role of social housing, how well we have delivered to these aims and what options are available looking forward. The four main conclusions of the Hills Review are (i) to pay more attention to the existing social housing stock, (ii) the need to support mixed-income communities, (iii) to undertake reforms to help improve the livelihoods and incomes of tenants and (iv) to consider providing a more ‘varied menu’ of housing options than a standard social housing tenancy.
- 6.9** The Review’s findings have been welcomed across the social housing sector. Building on the report’s findings Ruth Kelly has called for an open debate on the future of social housing and has put in place a programme of reforms to address the issues raised. We will bring forward proposals on our response to the Review in due course.

38 www.hm-treasury.gov.uk/media/53E/0C/pbr06_sharedequitytaskforce_442.pdf

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- 6.10** Combined with London, the four Growth Areas³⁹ – of which the Thames Gateway is both the largest and the home to the London 2012 Olympic Park – have the potential to deliver over 665,000 new homes by 2016 (200,000 higher than previously planned levels). The Growth Areas have been working to put in place the foundations for significant additional growth in sustainable locations and, to date, the Thames Gateway has delivered in excess of 24,000 new homes, while the three newer Growth Areas have delivered over 100,000 new homes.
- 6.11** Development in the four Growth Areas is not just about additional housing; we are committed to creating sustainable communities. The Thames Gateway Programme fund is supporting delivery in strategically important locations across the sub-region, with £670m to be allocated by 2008 (since 2003-04). The Growth Areas Fund is doing the same in the three newer Growth Areas with £400m to be allocated over the same period for capacity building, site infrastructure projects and wider community and public realm facilities. The Community Infrastructure Fund which is administered jointly with DfT has provided a further £200m to create additional transport infrastructure in support of housing growth between 2006-08. Growth Area funding is also supporting Local Delivery Vehicles in most of the major locations of growth to help with the delivery of new homes and infrastructure. These range from informal local authority-led partnerships to Urban Development Corporations.
- 6.12** In addition to the Growth Areas, in October 2006, 29 local authorities and partnerships were named as New Growth Points⁴⁰, commencing a long-term partnership for growth with Government. The New Growth Points have a wide regional spread from Truro to Lincoln and include major cities like Derby, Leicester, Nottingham, Birmingham and Bristol as well as large and small towns like Swindon, Reading, Ipswich, Grantham, Thetford and Maidstone. They have been allocated start up funding totalling around £40m for 2007-08 to support capacity building, early site infrastructure projects and essential growth-related studies into, for example, flood risk and water supply.
- 6.13** As part of the scheme we intend to support proposals for small new settlements as eco-towns using low and zero carbon and high quality design. All the proposed growth for the Growth Areas and New Growth Points is subject to consultation, testing and examination of the relevant proposals through the regional planning process and local development frameworks.

39 The 2003 Sustainable Communities Plan set out the Government's aim of achieving a step change to deliver successful, thriving and inclusive communities. As part of the Plan, four Growth Areas (Thames Gateway, Ashford, Milton Keynes/South Midlands and London-Stansted-Cambridge-Peterborough) were identified as the focus for policy-led growth with additional support from Government.

40 New Growth Points are designed to provide support to local communities who wish to pursue large scale and sustainable growth, including new housing, through a partnership with Government.

6.14 The Department has also continued to lend important assistance to the planning and delivery of the 2012 Olympic and Paralympic Games. This includes:

- taking the Olympic Planning Functions Order through Parliament to establish the Olympic Delivery Authority as the statutory planning authority for the Olympic Park
- membership of the Olympic Steering Group, the Olympic Projects Review Group and the Legacy Forum
- provision of capital funding to carry out the early infrastructure programme for the Olympic Park
- drafting the National Delivery Plans for two Olympic objectives: promotion of sustainable communities, and promotion of diversity and equalities

6.15 Planning too has a key role to play in supporting and driving development, protecting the environment and meeting our social goals. We have continued to introduce significant improvements to the system to ensure a faster and more certain planning system. We have delivered:

- improved efficiency in the planning system:
 - 76 per cent of all local planning authorities were meeting all three development control targets compared to six per cent four years ago. Currently four out of five local authorities are meeting the 13 week target for major planning applications, compared to less than 20 per cent four years ago. This has been achieved despite a 37 per cent increase in the number of major applications decided over the same period
 - we have also cut the time taken to decide cases determined by the Secretary of State with 89 per cent of cases decided within 16 weeks in 2006-07
- customer centred e-planning: all local authorities are linked to the Planning Portal which deals with electronic planning applications and planning content.⁴¹ It has more than 200,000 users and processes more than 7,000 online planning applications each month
- more efficient land use: over three-quarters of new dwellings are being built on brownfield land compared to 56 per cent in 1997, exceeding the 60 per cent target set by the Government
- revitalised town centres: since the mid-1990s there has been an upward trend in the proportion of new development in and around town centres. In 1994 about 23 per cent of development was built in and around town centres – by 2004 this was up to 41 per cent

41 www.planningportal.gov.uk/

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- 6.16** As set out in Chapter 2, the forthcoming Planning White Paper will set out our proposals in response to Kate Barker’s recommendations for further improving the speed, responsiveness and efficiency of land use planning, and for taking forward Kate Barker’s and Rod Eddington’s proposals for reform of major infrastructure planning.

PSA Target 5: Housing Supply

Definition:

To achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions whilst protecting valuable countryside around our towns, cities and in the green belt, and the sustainability of towns and cities.

Performance Indicators:

Low Demand: Slippage

- Reduction in the long-term rate of vacant dwellings to 1.65 per cent in the North West and North East regions and 1.35 per cent in the Yorkshire and Humber region by 2016.
- Reduction in the number of local authorities with 15th percentile prices that are less than 70 per cent of the national level to 47 by 2008.

High Demand: On course

- Annual levels of new housing in London and the East of England and South East regions to reach Regional Planning Guidance for the South East (RPG9) levels by 2006-07 and shortfalls from previous years to be recouped by 2011-12.
- Long term trends in the ratio of lower quartile house prices to lower quartile earnings in all English regions.

Homelessness: Ahead

- To reduce the number of statutory homeless households with children in temporary accommodation.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£2,904m	£3,030m	On course	Average

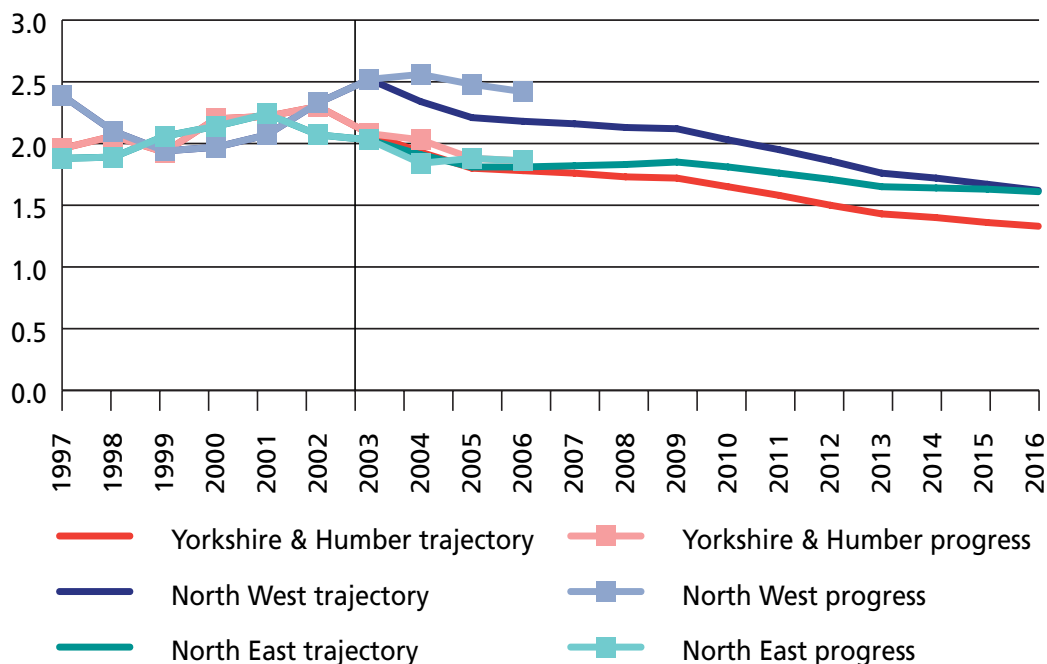
Progress

Long-Term Vacancies

- 6.17** The North East, North West and Yorkshire and the Humber regions are the most affected by long-term vacancies. This indicator reflects the expectation that, taken with wider economic changes, the housing market renewal programme should have some impact on long-term vacancies in these regions.
- 6.18** Overall, since 2003 there has been a reduction in long-term vacancy rates in Yorkshire and the Humber and the North East, and they are broadly on trajectory. For a number of years up to 2003 vacancy rates in the North West were increasing. However, since 2004 there has been a marked downturn in the vacancy rate trend for the North West, although it remains above the trajectory. We expect

long-term vacancy rates in pathfinder areas⁴² to fall as they move into the next phase of their interventions. We will also be looking to focus future housing market renewal resources in areas of greatest need, which tend to have the highest vacancy rates.

Figure 5: Numbers of regional long-term vacant dwellings as a percentage of the overall regional stock for the North West, North East and Yorkshire and Humber



Local authorities where house prices are substantially less than average

6.19 This indicator measures the extent of relatively weak housing markets at local authority level. The target is to reduce the number of local authorities with 15th percentile prices that are less than 70 per cent of the national level to 47 by 2008. Although the pace of progress has slowed in the last year, the target is currently being exceeded by a significant margin.

6.20 We are seeing some impact from the housing market renewal projects that are active in 18 of the 60 authorities that had very low house prices in 2002, as demonstrated by the fact that nine of these 18 authorities are now above the threshold.

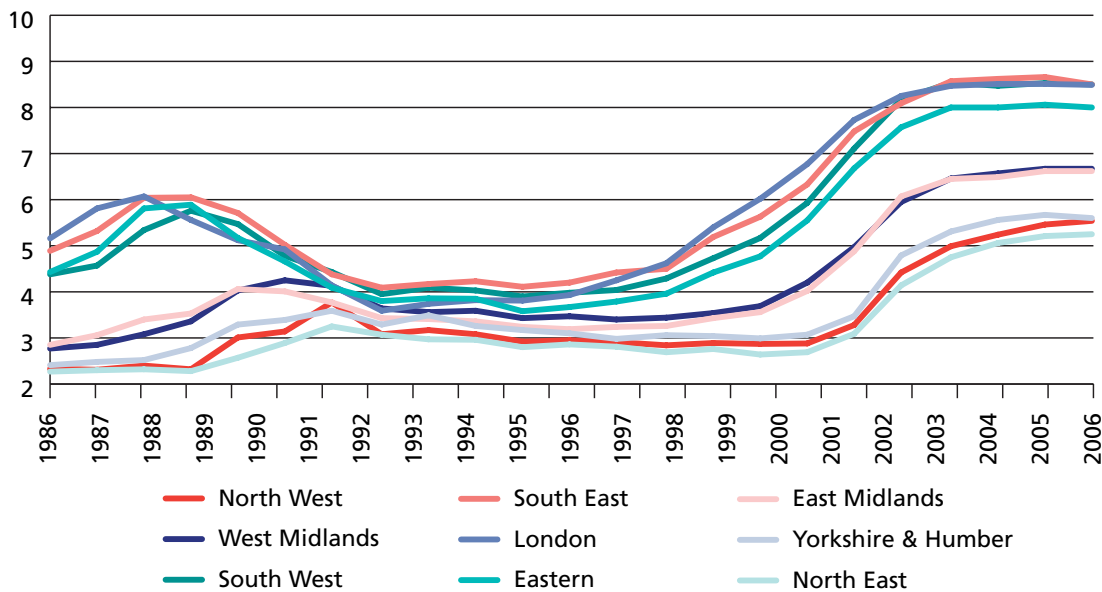
⁴² The Housing Market Renewal pathfinders were identified in 2002 as nine areas with significant problems of weak housing markets. The nine pathfinders are: Birmingham/Sandwell; East Lancashire; Hull and East Riding; Manchester/Salford; Merseyside; Newcastle/Gateshead; North Staffordshire; Oldham/Rochdale; South Yorkshire.

6

Lower-Quartile House Prices vs. Lower-Quartile Earnings in High Demand Areas

6.21 Our main lever for reducing and stabilising the price/income ratio at the lower quartile in high-demand areas is the provision of increased numbers of new homes. The ratio has been rising steadily for a number of years with more modest increases being seen since 2005, especially in the South. This is likely to be due to the slowing of the housing market in 2005.

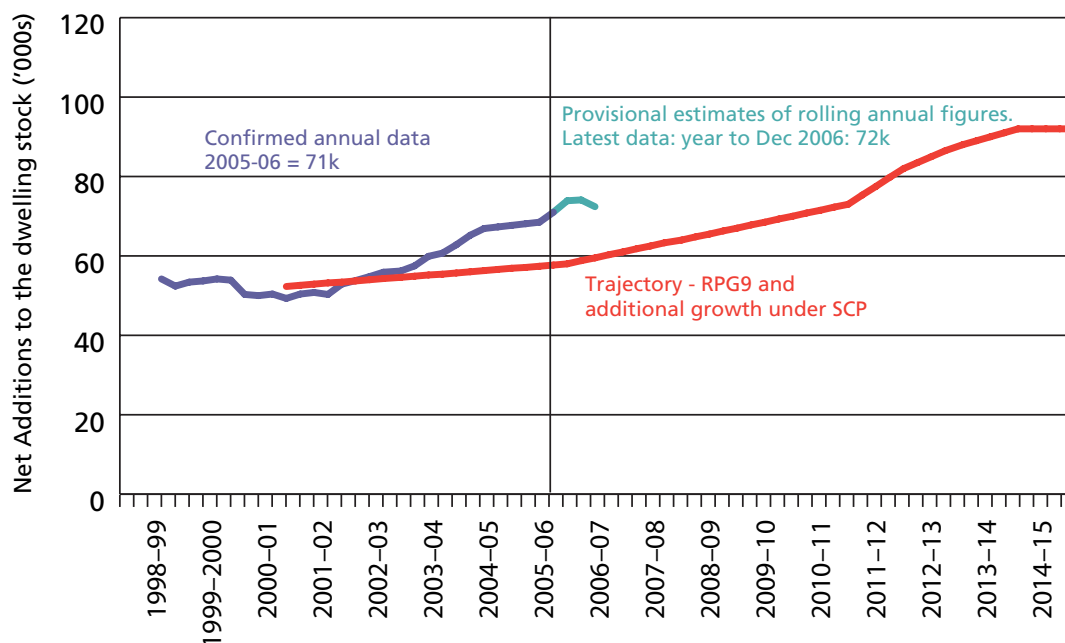
Figure 6: Ratio of lower quartile house prices to earnings



6.22 As the additional homes now planned start to enter the market there should be some improvement in the ratio. However the ability to reduce this ratio will be heavily influenced by wider economic and housing market conditions.

Net additions to the dwelling stock in the South East, London and the East (wider South East)

6.23 The 2003 *Sustainable Communities Plan* set a target to provide about 1.1m new homes within the wider South East. The trajectory assumes that we will reach Regional Planning Guidance for the South East (RPG9) delivery levels by 2007-08 and have recouped previous shortfalls by 2011-12. Housing delivery in the RPG9 area has steadily increased since 2001-02, and remains well above the trajectory. The fall in the last quarter of 2006 is likely to be representative of market ebb and flow – housing starts for the quarter are higher than for the corresponding quarter in 2005.

Figure 7: Housing Delivery in the RPG9 Area: Trajectory and Achieved Rate

Statutory homeless families with children in temporary accommodation

6.24 This indicator measures the number of families with children in temporary accommodation, provided under the homelessness legislation. We have set a target to halve the number of households in temporary accommodation by 2010 (from a total of just over 100,000 at the end of 2004). After several years of continuing rises in the number of households placed in temporary accommodation, the numbers (both total households and families with children) have begun to decrease and have fallen for five consecutive quarters. The number of households now in temporary accommodation has fallen to below 90,000 for the first time in nearly four years, of which 66,000 were families with children. This reflects the impact of the new requirement on local authorities to have a homelessness strategy and increased emphasis on homelessness prevention.

6.25 The use of temporary accommodation for households accepted as statutorily homeless is heavily concentrated in the higher-demand regions. In particular, while London accounts for less than a quarter of all homelessness acceptances in England, over two-thirds of all households in temporary accommodation are in London.

Quality of data systems

6.26 Data for the above indicators are drawn from a wide range of sources. All are subject to quality assessments carried out by the Department's team of analysts.

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Where possible, data are also validated against that provided by other sources. The key data sources are listed against each indicator:

Long-Term Vacancies

6.27 Annual statistical return from local authorities: Housing Strategy Statistical Appendix and Business Plan Statistical Appendix. From April 2007 an indication of the level of quality assurance undertaken by local authorities on the data contained in the Housing Strategy Statistical Appendix will form part of the return.

Local authorities where house prices are substantially less than average

6.28 Land Registry for 15th percentile property price of transactions. Prices below £1,000 and above £20m are not included in the calculation of the 15th percentile.

Net additions to the dwelling stock in the South East, London and the East (wider South East)

6.29 Annual returns from local authorities on net supply and quarterly returns on new housebuilding. Since 2004-05 the annual returns have been jointly collected with the Greater London Authority and the South East and East Regional Assemblies. The quarterly new build figures are adjusted to provide provisional estimates of net supply. From April 2007, an indication of the level of quality assurance undertaken by local authorities on housebuilding and net additions statistics will be part of both the new housebuilding (P2) and net additional dwelling (HFR) returns.

Lower-Quartile House Prices vs. Lower-Quartile Earnings

6.30 Land Registry for lower quartile property price transactions. Annual Survey of Hours and Earnings (ASHE) for lower quartile work based average earnings. As average earnings data are available once a year a quarterly series is calculated using the movement in the average earnings index to enable the indicator to be monitored on a quarterly basis.

Statutory homeless families with children in temporary accommodation

6.31 Data are provided through the quarterly local authority statistical return – P1E Households dealt with under the provisions of the 1996 Housing Act. Specific data on the number of households with children in temporary accommodation have been collected since January 2002 only. From April 2007 an indication of the level of quality assurance undertaken by local authorities on the data contained in the P1E will form part of the return.

PSA Target 6: Planning

Definition:

That the planning system should deliver sustainable development outcomes at national, regional and local levels through efficient and high-quality planning and development management processes, including through achievement of best value standards for planning by 2008.

Performance Indicators:

This PSA target is underpinned by a set of nine indicators covering a range of planning issues:

Housing Delivery: Now falls within PSA5

- That the number of net additional dwellings provided, as required in Regional Spatial Strategies and Local Development Frameworks, balances supply and demand.

Percentage of housing development on previously-developed land or created through conversions: On course

- That 60 per cent of new housing development is built on previously-developed ('brownfield') land, or created through the conversion of existing buildings.

Average density of new housing development in each region: Ahead

- That new housing development in each region should avoid developments of less than 30 dwellings per hectare and encourage those between 30-50 dwellings per hectare.

Net change in area of green belt in each region: On course

- That there should be an increase or no net change in the area of designated green belt land in each region over the period 2003-07.

Town Centre Regeneration: On course

- That there should be a year-on-year increase in the proportion of retail development in town centres over the period 2004-08.

Development Control: Slippage

- That all Local Planning Authorities achieve the relevant Best Value targets for handling planning applications.

Ministerial planning casework: On course

- That 100 per cent of Ministerial planning casework are decided within their statutory timetables.

Local Development Frameworks: Slippage

- That Local Planning Authorities achieve the milestones set out in their local development schemes for preparation of Local Development Documents.

E-planning: Ahead

- That 80 per cent of local authorities have 'good' or 'excellent' e-planning services in place by March 2006.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£233m	£202m	On course	Average

6

Progress

Housing Delivery

6.32 Following the *Barker Review of Housing Supply*⁴³, monitoring of net additional dwellings in England in order to balance supply and demand now falls within PSA5.

Percentage of housing development on previously-developed land or created through conversions

6.33 The target of 60 per cent of all new housing development to be built on previously-developed land, or provided through conversion of existing building, has been achieved or exceeded for the last five years. In 2005, on a provisional estimate, 77 per cent of new dwellings were built on previously-developed land, including conversions.

Average density of new housing development in each region

6.34 PPG3 policy was that local planning authorities should avoid developments that make inefficient use of land (those of less than 30 dwellings per hectare) and should encourage developments between 30-50 dwellings per hectare. In 2005, on a provisional estimate, new dwellings were built at an average density of 40 dwellings per hectare; all regions are exceeding their density minima.

6.35 In November last year the new *Planning Policy Statement 3: Housing* (PPS3) introduced a revised approach to density policies, retaining the overall objective of making an efficient use of land, but giving local planning authorities more flexibility and the option of setting out a range or ranges of densities across the plan area. PPS3 retains 30 dwellings per hectare as an indicative national minimum, until local density policies are in place.

Net change in area of green belt in each region

6.36 The target is that there should be an increase or no net change in the area of designated green belt land in each region over the period 2003-07. Taking into account the amount of green belt in New Forest District Council that became part of the New Forest National Park and the removal of green belt in Test Valley Borough Council due to the designation of the National Park, there has been a net increase of 900 hectares in green belt in England when compared with the 2004 green belt figures.

43 www.hm-treasury.gov.uk/consultations_and_legislation/barker/consult_barker_index.cfm

Ch 6 Table 1: Green belt by Region: Hectares (000's)

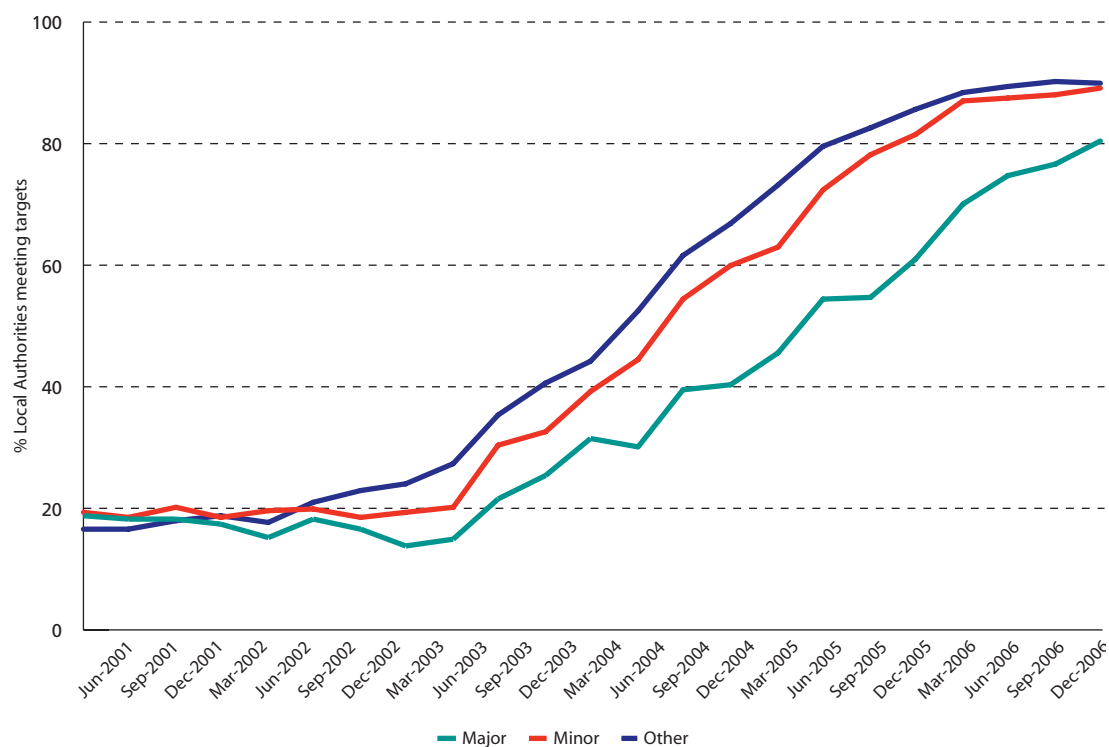
	2003	2004	2006
North East	66.2	71.9	71.9
North West	260.6	260.6	260.3
Yorkshire and the Humber	262.6	262.6	264.9
East Midlands	79.5	79.5	78.9
West Midlands	269.5	269.5	269.3
East Anglia	26.7	26.8	26.3
London/wider South East	600.4	601.4	553.9 ⁴⁴
South West	106.0	106.0	106.3

Town Centre Regeneration

6.37 The target is that there should be a year-on-year increase in the proportion of retail development in town centres over the period 2004-08. Analysis of national statistics up to 2005 data shows that although the year-on-year changes fluctuate, there has been a general upward trend in the proportion of development in town centres and edge-of-centre locations between the mid 1990s and 2005. Updated analysis using revised town centre boundaries will be available later in the year.

Development Control

Figure 8: Development Control Performance



⁴⁴ In 2005 47,300 hectares of green belt land was designated as National Park following the creation of the New Forest National Park. This area is not included in the green belt statistics for 2006.

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6.38 In the year ending December 2006:

- 80 per cent of English local planning authorities were meeting the Best Value target that 60 per cent of major planning applications are to be determined within 13 weeks
- 89 per cent of local planning authorities were meeting the Best Value target that 65 per cent of minor planning applications are to be determined within 8 weeks
- 90 per cent of local planning authorities were meeting the Best Value target that 80 per cent of other planning applications are to be determined within 8 weeks

6.39 These figures represent a significant increase from 2003 when only 20 per cent of local authorities were meeting the Best Value targets. However, while performance continues to improve, the rate of improvement has slowed down recently. We will engage with all those authorities that have not met the target by March 2007.

Ministerial planning casework

6.40 Until March 2006, the target was that 80 per cent of all ministerial planning cases were to be decided within 16 weeks from the close of inquiry. Following the introduction of statutory timetables from April 2005, the target is now that 100 per cent of cases are to be decided within their statutory timetables. During 2006-07, 99.5 per cent of the cases subject to statutory timetables have been decided within the timetable set. Furthermore, during the period from 1 April 2006 to 31 March 2007, 89 per cent of all cases have been decided within 16 weeks from the close of the inquiry.

Local Development Frameworks

6.41 Local Development Frameworks were introduced in the 2004 Planning Act to replace the unitary local plans. At present around 38 per cent of Development Plan Document (DPD) submissions have been, or are likely to be, submitted to the Secretary of State more than six months later than the date stated by the relevant Local Development Scheme (LDS). In addition a number of the early DPD documents submitted have been found to be unsound by the Planning Inspectorate (PINS). The issues around delays and soundness represent a significant challenge to the introduction of the new plan making system.

6.42 A range of measures has been introduced to address these concerns. This includes the establishment of a performance management system to enable Government Offices to effectively risk manage Local Development Framework delivery by local authorities. Also, all stakeholders continue to disseminate lessons learnt from the

first tranche of DPD examinations and the Planning Advisory Service is now assisting poor-performing local authorities. Some issues were identified by Kate Barker in her report on planning and a response will be published in the forthcoming Planning White Paper.

- 6.43** Local Planning Authorities have been told to make final adjustments to their Local Development Schemes by April 2007. Thereafter Government Offices will be treating them as the definitive programme management documents which will be departed from only in exceptional circumstances.
- 6.44** Local authorities have made good progress in delivering Statements of Community Involvement (SCIs) and, by the end of the financial year, 79 per cent of authorities had adopted an SCI.

E-planning

- 6.45** The target that 80 per cent of local authorities are to have ‘good’ or ‘excellent’ e-planning services in place by March 2006 has been met. 95 per cent of authorities are now ‘good’ or ‘excellent’ compared with 0.5 per cent in Nov 2003. Only 5 per cent remain as ‘fair’ or ‘poor’.

Quality of data systems

- 6.46** Data for the above indicators are drawn from a wide range of sources. All are subject to quality assessments carried out by the Department’s team of statisticians and researchers. Where possible, data are also validated against that provided by other sources.

Percentage of housing development on previously-developed land or created through conversions, and average density of new housing development in each region

- 6.47** Information on land use change is provided by Ordnance Survey (OS) as part of its map-updating process. The data are validated on receipt by the Department, and assessments of quality have been made by external research contractors, most recently in a report published in October 2004, which covered both percentages of housing on previously-developed land and the density of new housing development.

Net change in area of green belt in each region

- 6.48** National surveys based on digitised maps are used to monitor the overall designation through the planning system. Where area measurement using digital

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mapping technology has replaced traditional methods there have been some revised estimates where no changes in boundaries have occurred.

Town Centre Regeneration

- 6.49** The analysis of the broad location of retail development in relation to town centres is based on updated data which have been analysed as part of the Department's Area of Town Centre Activity Project. The analysis uses the most comprehensive retail floor-space dataset available, which is supplied by the Valuation Office Agency (VOA), in combination with our model for identifying and defining Areas of Town Centre Activity (ATCAs).
- 6.50** The model has been refined further for this update with the inclusion of all car showrooms and garden centres. Previously, only those classified by the VOA as retail premises would have been included.
- 6.51** There will always be some difference in the analysis when using different reference years. The dataset reflects the age structure of the commercial and industrial property market at a particular reference date. The age structure recorded at 1 April 2004 will be slightly different to that recorded at 1 April 2005 due to the effect of demolitions, extensions, refurbishments and constructions.
- 6.52** Further work to refine the boundaries and statistics will be carried out by the Department over the coming months; although it is comprehensive, the analysis does have limitations. For example, the ATCAs sometimes do not match LA planning boundaries. Some smaller District and local centres will often not be identified as ATCAs and therefore new development in these will appear as out-of-centre. Changing the minimum size of an ATCA boundary from 4 hectares to 2 hectares in future releases will ensure more of these smaller centres are identified.

Development Control

- 6.53** Statistics of planning applications received and decided by local planning authorities have been collected on a quarterly basis since 1979, on the PS1 and PS2 General Development Control statistical returns. The start and end dates to be used in measuring performance against targets are clearly defined in the guidance notes issued to local authorities. However, there has been evidence that some authorities have not been applying the rules correctly. If auditors qualify an authority on its Best Value Performance Indicators (BVPI)¹⁰⁹ returns on this account, 10 per cent of its Planning Delivery Grant (PDG) on development control performance is withheld. If the authority re-submits returns on the correct basis, the full grant allocation is paid out. If they fail to re-submit correct returns, a further 40 per cent of their PDG is withheld.

6.54 In late 2004, every planning authority was given the opportunity to re-submit performance data according to the guidance and many did so. If the Department or the Audit Commission find further evidence of local authorities providing returns on the incorrect basis, they will be penalised through PDG, unless they submit revised returns on the correct basis.

6.55 During 2006 the PS1 and PS2 General Development Control statistical returns were subject to a National Statistics Quality Review. From April 2007 an indication of the level of quality assurance undertaken by local planning authorities on development control statistics will be part of the PS1 and PS2 returns.

Ministerial planning casework

6.56 A National Audit Office report has confirmed that the data system for our casework is fit for the purpose of measuring and reporting Secretary of State casework performance against the PSA6 and statutory targets.

Local Development Frameworks

6.57 A central database captures the information from Local Development Schemes on the milestones for the production of local development documents; this is closely monitored by Government Offices, the Planning Inspectorate, and the Department.

E-planning

6.58 BVPI 205 currently includes a measure of e-planning capability achieved by a Local Planning Authority. Capability is self-assessed by LPAs against four levels and based on an agreed set of criteria (the Pendleton criteria) with a March 2006 target. The Department is developing a success measure for future years based on similar criteria. Performance will be assessed annually, using the BV 205 reporting process (or agreed alternative) and complemented by an independent survey.

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Chapter 7: Decent homes and neighbourhoods

Strategic Priority 5:

Ensuring people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods.

7.1 As the scale of housebuilding increases, it is vital that we address the sustainability of the new homes and communities being created. The *Stern Review on the Economics of Climate Change*⁴⁵ has shown the serious threat posed by climate change. We need to work within other environmental constraints too, such as finite water resources. During the past year, Communities and Local Government has:

- consulted on *Building A Greener Future*⁴⁶, setting out a timetable for moving towards zero carbon housing development by 2016
- published the *Code for Sustainable Homes*⁴⁷, a single national standard for the sustainability of new homes, providing a quality mark for sustainability
- consulted on a draft Planning Policy Statement: *Planning and Climate Change*⁴⁸, setting out the role of regional and local planning in tackling and adapting to climate change
- worked with English Partnerships to launch the Carbon Challenge, a competition for low and zero carbon housing developments
- undertaken a feasibility study on carbon reduction in the Thames Gateway
- consulted on *Water Efficiency in New Buildings*⁴⁹

45 www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_report.cfm

46 www.communities.gov.uk/pub/173/BuildingaGreenerFutureTowardsZeroCarbonDevelopment_id1505173.pdf

47 www.planningportal.gov.uk/uploads/code_for_sust_homes.pdf

48 www.communities.gov.uk/pub/142/ConsultationPlanningPolicyStatementPlanningandClimateChangeSupplementtoPlanning1_id1505142.pdf

49 www.communities.gov.uk/index.asp?id=1505175

- 7.2** Reducing emissions from new development alone will not go far enough to tackle carbon emissions from the built environment. During the year, the Department continued work on the Review of Sustainability of Existing Buildings, which will report to Ministers in 2007-08 on proposals for improving the energy efficiency of existing non-domestic buildings and the water efficiency and resilience to climate change of existing buildings. Regulations implementing Energy Performance Certificates (EPCs) were laid in March and the first EPCs will come into force in relation to the marketed sale of existing dwellings alongside Home Information Packs (HIPs) as from June 2007.
- 7.3** During 2006 the Department undertook the Review of Housing and Regeneration, covering two of its agencies, the Housing Corporation (HC) and English Partnerships (EP), and the Department's own housing and regeneration delivery functions. The Review identified strong evidence of potential overlaps between the work of EP, the HC and the Department, and that combining funding and building on these synergies would increase our ability to deliver for local communities.
- 7.4** In January 2007, the Government therefore announced its plans to create Communities England as a way of strengthening the Department's delivery chain for housing and regeneration. Communities England will combine EP, the HC and key delivery functions from the Department including in the areas of Decent Homes, Housing Market Renewal, housing growth, housing private finance initiative (PFI) and urban regeneration. Communities England will also:
- be a new delivery partner for local authorities, supporting them in strategic place-making, helping to create and shape prosperous and cohesive communities
 - take an integrated approach to housing and regeneration, providing decent places as well as decent homes
 - pioneer new ways of working with markets and key partners in the public, private and voluntary sector, to ensure the best outcomes from investment in places
 - create a critical mass that better harnesses the scarce skills needed to deliver new homes and regenerate our communities
 - help to reduce the environmental impact of our communities by demanding exacting standards for new buildings (including through requiring level 3 of the Code for Sustainable Homes)
 - ensure that decisions better reflect regional and local priorities



PSA Target 7: Housing

Definition:

By 2010, bring all social housing into decent condition, with most of this improvement taking place in deprived areas and, for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition.

Performance Indicators:

Reduction in the number of non-decent social sector dwellings: Slippage

From the baseline in 2001 the target is a reduction in the number of non-decent homes in the social sector:

- of between 45-50 per cent by 2006
- of between 65-70 per cent by 2008
- of 100 per cent by 2010

The proportion of vulnerable groups living in decent private sector homes: Ahead

In the private sector the target is to ensure the proportion of vulnerable private sector households in decent homes is:

- more than 65 per cent by 2006-07 and
- more than 70 per cent by 2010

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£1,690m	£1,577m	Slippage	Good

Progress

Social sector

- 7.5** The baseline for the target is the 1.65m non-decent homes that existed in the social sector in 2001. Of these, 1.17m were owned by local authorities and 470,000 by Registered Social Landlords (RSLs). The target requires a reduction of between 45 per cent and 50 per cent over the 2001 baseline by 2006. Local authority and RSL data show that at April 2006 we had achieved an estimated reduction of 41 per cent leaving a total 980,000 non-decent social rented homes at this point.
- 7.6** Since 1997, 560,000 new kitchens, 400,000 new bathrooms and 770,000 new central heating systems have been installed into council homes. 510,000 council homes have been re-wired to ensure that they meet fire and safety requirements, and work is being carried out to improve energy efficiency. The social sector decent homes programme is also driving up performance; delivering efficiencies with procurement consortia; securing energy efficiency; creating training and job opportunities; empowering tenants, improving access and social inclusiveness; and improving the environment and security of estates.

- 7.7** The Better Regulation Executive report on *Implementing Decent Homes in the Social Sector*⁵⁰ concluded that “overall, element-based programmes are slightly more common than whole dwelling refurbishment or other packages of work.” ‘Elemental’ programmes where, for example, the windows in all the properties are replaced, followed by the kitchens means that works will not count towards the target until the entire property is made decent. This introduces a significant lag in the reduction in the number of non-decent homes. Decent Homes investment programmes are also coming on stream slower than previously anticipated. Due to the consequences of failing an Arms Length Management Organisation (ALMO) inspection, many ALMOs are very cautious about setting their inspection date, and take longer to prepare for inspection so that they can be as sure as possible of passing inspection at the first time of applying. However once ALMOs are up and running, they are delivering decent homes at the rate predicted.
- 7.8** The target with a specific deadline has galvanised improvement of the social housing stock, but increasingly this improvement is being delivered through transformational projects that are a mixture of demolition, re-provision, refurbishment and additional market or intermediate housing, supporting the creation of mixed communities.
- 7.9** On 6 June 2006, we announced that, where social landlords could produce better community benefits or better value for money, then they will be allowed to negotiate a deadline past 2010. Those local authorities and housing associations currently engaged in, or wishing to pursue, major transformation via a mixed communities approach will be able to renegotiate individual deadlines for completion. However, the vast majority of social landlords will still be expected to ensure all homes are decent by 2010, and we still expect 95 per cent of all social sector homes to be decent by this date.

Private Sector

- 7.10** We had achieved 66 per cent of vulnerable households living in Decent Homes by 2005. This means that the interim target of 65 per cent has already been met and that we are ahead of trajectory to meet the 2010 target of 70 per cent.

50 www.communities.gov.uk/pub/350/ImplementingDecentHomesintheSocialSector_id1506350.pdf



Quality of data systems

- 7.11** The concept of a decent home was introduced in 2001, with the final systems definition being agreed in March 2002. Both local authorities and RSLs have had to refine their information and database systems in order to accommodate the definition, to record numbers of dwellings falling below this standard and track progress in the reduction of non-decent homes. We therefore have no data at local authority or RSL level before 2001. But national estimates can be constructed from the English House Condition Survey (EHCS).
- 7.12** Data from LAs and RSLs are improving as they adjust their data collection and processing mechanisms to report on decent homes. The data provided by local authorities each year now show a revised baseline, gross reduction in non-decent dwellings, decent dwellings, numbers prevented from becoming non-decent, numbers becoming non-decent, targets set for reduction, and nature and cost of works needed to deliver. RSLs report on the number of non-decent dwellings annually. The Housing Corporation, along with the National Housing Federation, have completed a programme of work to examine the extent of the problem in the RSL sector and to provide advice and good practice guidance on assessing, monitoring and ultimately achieving decent homes.
- 7.13** The EHCS is conducted annually, and acts as an independent check on the change in the numbers of non-decent stock each year, using the combined data from the last two years.
- 7.14** Data on private sector renewal have been revised to ensure local authorities can provide detailed evidence of activity across a broad spectrum of support and in respect of targeting vulnerable households. The development and implementation of local authority strategies are being monitored by Government Office staff. Guidance was issued to local authorities in October 2003 on ways of monitoring their own progress in providing decent homes for vulnerable households.

PSA Target 8: Liveability

Definition:

To lead the delivery of cleaner, safer, greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008. (This target also contributes to Strategic Priority 1.)

Performance Indicators:

This target will be measured against the indicators set out below, which have sub-targets requiring improvements at national level and in areas in receipt of Neighbourhood Renewal Fund (NRF). The target will be deemed to be met if three of indicators a) – e) and one of either indicator f) and g) are achieved.

Cleaner Streets: Ahead

- a Percentage of local authorities judged to have unacceptable levels of litter and detritus measured through BVPI 199a

Safer Streets: Ahead

- b Number of abandoned vehicles removed and destroyed by local authorities measured by the WasteDataFlow survey

Quality of Parks and Open Spaces: On course

- c Green Flag Award provides a proxy for national standard for managing and maintaining parks and green spaces

Local Environmental Services: Ahead

- d Assessment of Environment Services Block as part of the Comprehensive Performance Assessment of local authority performance

Improving the Quality of Neighbourhoods: Slippage

- e Measured through the English House Condition Survey (EHCS) surveyor assessment of local environment conditions which are combined into an overall indicator of poor quality environment

Public Satisfaction with Parks and Open Spaces: Not yet assessed

- f Resident satisfaction with parks and open spaces measured through BVPI 119e

Household Satisfaction with quality of local area: Slippage

- g Measured using Survey of English Housing (SEH) data where householders are asked the extent to which a range of six liveability factors are a problem in their area

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£72m	£71m	On course	Good

Progress

7.15 Given the cross-cutting nature of PSA8 and its dependence on delivery of local environmental services, we have continued our strategy of seeking to influence, support and encourage a varied delivery chain, centred on local authorities, to improve liveability outcomes on the ground. We have rationalised cross-government and stakeholder engagement through the new Cleaner Safer Greener Advisory Board established in October 2006. The Board brings together key central departments, agencies and delivery partners to ensure more joined-up approach, for example overseeing the development and the delivery of the Green Spaces Action Plan to take forward recommendations of the NAO report on *Enhancing Urban Green Space*⁵¹.

51 www.nao.org.uk/publications/nao_reports/05-06/0506935.pdf



Cleaner Streets

7.16 We continue to achieve our overall targets to reduce the proportion of local authorities with unacceptable levels of litter and detritus: nationally from 23 per cent to 10 per cent and from 33 per cent to 17 per cent in areas in receipt of NRF, against baseline year (2003-04). However, data for 2005-06 reports a deterioration in performance from 2004-05 in areas in receipt of NRF leading to a widening of the gap between these and other areas.

Safer Streets

7.17 We continue to exceed our targets for a 25 per cent reduction, nationally and in areas in receipt of NRF, in the number of vehicles being removed by local authorities against baseline year (2002-03).

Quality of Parks and Open Spaces

7.18 Progress toward our target for 60 per cent of local authorities, nationally and in areas in receipt of NRF, to have at least one Green Flag Award winning park or green space is in line with our trajectory. At present 47 per cent of local authorities nationally, and 63 per cent of those in receipt of NRF, have a Green Flag Award.

Local Environmental Services

7.19 Comprehensive Performance Assessments for 2006 reported that no single or upper tier local authority receives a score below '2' for their Environmental Services Block exceeding our target of 90 per cent nationally and 90 per cent of those in receipt of NRF.

Improving the Quality of Neighbourhoods

7.20 Data from the 2005 EHCS reported that progress has not been in line with that expected in order to meet our targets of reducing the number of households living in poor quality neighbourhoods from 16 per cent to 14 per cent nationally and 21 per cent to 18 per cent in areas in receipt of NRF. Statistically there is no significant change from the 2003 baseline position.

Public Satisfaction with Parks and Open Spaces

7.21 Full assessment of this target (to increase satisfaction from 71 per cent to 75 per cent nationally and 69 per cent to 75 per cent in areas in receipt of NRF) will be made when district level data is available from the Best Value User Satisfaction Survey 2006-07 due in Summer 2007. Early data available from the 2006-07 survey for single and upper tier authorities show an overall increase in satisfaction from 70 per cent to 72 per cent and from 69 per cent to 70 per cent for authorities in receipt of NRF over the baseline (2003-04).

Household Satisfaction with Local Area

7.22 Provisional Survey of English Housing (SEH) data for the 12 month period ending September 2006 shows that householder satisfaction with the quality of their local area remains below trajectory to achieve our targets for increasing satisfaction (nationally from 64 per cent to 67 per cent and from 60 per cent to 65 per cent in areas in receipt of NRF). However, we have seen a small improvement in satisfaction nationally over this period. And in areas where our New Deal for Communities (NDC) and Neighbourhood Management Pathfinder (NMP) programmes are operating, resident satisfaction with the area as a place to live has improved. A household survey by Ipsos MORI reported that in NDC areas satisfaction had risen from 60 per cent in 2002 to 71 per cent in 2006 and in NMP areas from 71 per cent in 2003 to 75 per cent in 2006.

Quality of data systems

Cleaner Streets

7.23 BV199 (a) – statutory indicator measuring the proportion of relevant land and highways (expressed as a percentage) with assessed litter and detritus that fall below an acceptable level. Data is provided annually. BVPIs are statutory measures used to measure local authority performance and are regularly scrutinised by the Audit Commission.

Safer Streets

7.24 WasteDataFlow, which replaced the annual Municipal Waste Management Survey (MWMS) in 2004. Data is available annually. WasteDataFlow has established and documented governance structure, published guidance, regular training for local authority data providers, comprehensive validation procedures and a documented audit trail.

Quality of Parks and Open Spaces

7.25 The Green Flag Award Scheme, supported by the Department and managed by the Civic Trust, provides data on applicants and winners. Data is available annually. The Green Flag Award was identified as a proxy measure because of the high level of support among delivery agents for the scheme and recognition that the framework helped them improve services.

Local Environmental Services

7.26 Local Authority Environment Services Block, as determined by the Audit Commission through its Comprehensive Performance Assessment (CPA). Data is available annually.



Improving the Quality of Neighbourhoods

7.27 EHCS assesses 16 ‘liveability’ problems including graffiti, litter and rubbish, on-street parking, vandalism, gardens and landscaping. Since April 2002 the EHCS has been undertaken on a continuous basis and results are now available annually. EHCS is a well established national survey run to high standards to ensure the integrity of the data. Quality of data systems was reviewed by an internal audit at the end of 2002 and all processes were found to be satisfactory.

Public Satisfaction with Parks and Open Spaces

7.28 BV119 (e) – statutory indicator measuring resident satisfaction with local parks and open spaces. Data is available every three years.

Household Satisfaction with Local Area

7.29 The SEH measures how satisfied households are with their local environment. Households surveyed are asked whether or not they consider a range of issues (vandalism and hooliganism, graffiti, dogs, litter and rubbish, noise and traffic) to be a problem in their local area. Data is available every six months. The SEH has been run as an annual survey continuously since 1993-94 and the results are published as a National Statistics (NS) data source. The survey underwent an NS Quality Review in 2003, the broad conclusion of which was that the SEH outputs are of good quality and fit-for-purpose.



Chapter 8: Reducing inequalities

8

Strategic Priority 6:

Reducing inequalities and building community cohesion.

- 8.1** The creation of Communities and Local Government in May 2006 marked a fundamental change in the Government's approach to tackling inequalities and building community cohesion. The Department is well placed to deliver our key objectives:
- building a shared sense of belonging and purpose within local communities
 - promoting shared values and civic participation
 - tackling prejudice, hate crime and extremism and providing support to areas facing particular challenges to cohesion
 - creating and integrating stronger delivery mechanisms that deliver more effective equality and cohesion outcomes across Government
 - developing our understanding of equality, its relevance to better service delivery, economic prosperity and community cohesion
- 8.2** Our two PSA targets in this area are challenging and ambitious, and the success of our work depends on our ability to work with a wide range of external stakeholders and other Government departments. Our challenge is to articulate our objectives so that they can be captured easily by partners at a national and local level and reflect the key policy questions we have about how a modern multicultural society can best function. We need to do this in a way that promotes equality across all groups, and respects their difference and distinctiveness, but binds them together through a set of shared values and a common purpose.

Building community cohesion

8.3 Work continued during 2006-07 both to mainstream community cohesion into policy and practice and to provide direct support to areas facing particular challenges:

- the Local Government White Paper, *Strong and Prosperous Communities*, contained a chapter on cohesion which set out proposals to achieve a step change in the calibre and impact of cohesion strategies, with eight guiding principles for success
- we sponsored the cohesion chapter of the Improvement and Development Agency's (IDeA) 2006-07 *Councillors' Guide*⁵², which focuses on the needs of new councillors, their roles and responsibilities, and highlights cohesion as central to effective community leadership
- we supported the Institute of Community Cohesion, part of Coventry University, to provide community cohesion leadership and communications training to local authorities

8.4 Looking ahead, we are preparing to flex our work on cohesion in response to the recommendations of the Commission on Integration and Cohesion, a fixed-term advisory body chaired by Darra Singh, Chief Executive of Ealing Council. The Commission has been tasked to consider how local areas can develop practical approaches to building integration and cohesion, recognising that the agenda has moved on since the Northern Town disturbances in 2001 and that the level of change in local communities needs an increasingly sophisticated response.

8.5 February 2007 saw the publication of the Commission's interim statement, based on the initial assessment of 600 responses to its first consultation document.⁵³ The Commission is continuing its programme of regional visits and special focus outreach events, and will report to the Communities Secretary in June 2007.

Tackling prejudice, hate crime and violent extremism

8.6 Alongside our work on cohesion, we are also continuing to support special projects aimed at tackling extremist ideologies. Our Hate Crime Steering Group (jointly chaired with the Home Office) continues to drive forward work to tackle prejudice. We recently led the Government's response to the All Party Inquiry into Anti-Semitism and we continue to work with areas experiencing challenges to cohesion as a result of far right extremism.

52 www.idea-knowledge.gov.uk/idk/core/page.do?pageId=752723

53 www.integrationandcohesion.org.uk



8.7 We are conscious that the threat from Islamist terrorism is currently the greatest threat to security in Britain. However, a security response on its own is not enough. We must also invest in stopping people from wanting to commit acts of terrorism in the first place – a struggle for ‘hearts and minds’. We have therefore fundamentally rebalanced our engagement with Muslim groups towards those organisations which acknowledge the problem of extremism, voice this acknowledgement and actively seek to address the problem. We will continue to work with Government Offices, local authorities, police services and community and faith groups to create a national framework to support local delivery. Our six-point plan outlining actions to tackle violent extremism includes:

- strengthening leadership and governance in mosques up and down the country. We will provide £600,000 to establish a new Faith and Cohesion Unit within the Charity Commission to work with religious institutions, including mosques and madrassahs, and help them to understand the benefits of registering as a charity
- setting new higher standards for imams engaged by the state who will go into areas where individuals are susceptible to extremism. Currently there are more than 100 imams engaged in prisons, universities, colleges and hospitals across the UK. We will ensure a new framework to ensure higher standards are in place by early 2008
- helping communities build stronger civic and religious leadership to face down extremism and give the silent majority the voice they deserve. We will provide funding and support for projects both nationally and locally and support more community training projects, including a new accredited development programme for faith leaders. A pilot begins this year and will be open to leaders of all beliefs to help them gain the leadership and communication skills they need to engage with the community
- extending citizenship education nationally into madrassahs and supplementary schools for the first time. 100,000 children between 5 and 14 spend about two hours each day attending madrassahs. By including citizenship within this time, it will help them understand the inter-relationship between their faith and the communities where they live. The Bradford Council of Mosques has developed a successful pilot. We will build on this and similar institutions to support the National Resource Centre for Supplementary Schools, in partnership with the Department for Education and Skills, key educational partners and representatives from the Muslim communities, to develop by Summer 2007 a plan to collate and roll out good practice guidance nationally

- strengthening the role of women and a major expansion in the number of local Forums against Extremism and Islamophobia. Twelve Forums have been established, with the target to raise this number to 40 by April 2008
- establishing the new £6m Preventing Violent Extremism Pathfinder Fund for 2007-08 to support priority local authorities in their work to tackle violent extremism in their communities. 70 local authorities will take forward work to understand and engage in dialogue with their communities, forge partnerships with police, community and faith groups and work with mosques and educational institutions. Guidance explaining the objectives of the fund was published in February 2007 which offers practical guidance for developing community based and community led initiatives to tackle extremism

Tackling inequalities and discrimination

8.8 The final report of Trevor Phillips' Equalities Review, *Fairness and Freedom*, was published in February 2007.⁵⁴ This set out the long-term, underlying causes of inequalities which public policy needs to address and calls for:

- a new consensus on the significance of equality and fairness for the prosperity, social cohesion and the life chances of all our people
- an agreed framework for measuring progress based on a commitment to improve the life chances of all sections of society and to remove institutional barriers to progress
- significant improvements in the data on equality issues
- immediate action to tackle key areas of inequality in employment, education, health and the criminal justice system
- the development of a simplified framework of equality legislation and legislative tools to promote opportunity and reduce disadvantage
- a key role for the new Commission for Equality and Human Rights (CEHR) to deliver these objectives

8.9 The Department will use this framework to help inform the development of a new equality agenda to deliver real change at the local level for those who experience discrimination and disadvantage. This sits alongside a range of achievements and key programmes of work already in train which are set out in the following paragraphs.

54 www.theequalitiesreview.org.uk/



- 8.10** Work continues to establish the new CEHR. It will be an integrated non-departmental public body responsible for setting strategic equality objectives across all equality strands and working with partners in the public and private sector to deliver agreed equality outcomes. It will replace the existing equalities commissions – Commission for Racial Equality (CRE), Equal Opportunities Commission (EOC) and Disability Rights Commission (DRC) when it formally opens for business in October 2007.
- 8.11** The introduction of the sexual orientation regulations provides individuals with legal protection from discrimination on grounds of sexual orientation in the provision of goods, facilities and services, premises and in the exercise of public functions. These regulations came into force on 30 April 2007, at the same time as similar provisions outlawing discrimination on grounds of religion or belief as set out in Part 2 of the Equality Act 2006. Together these regulations provide important protection from unfair discrimination.
- 8.12** With effect from April 2007, the public sector gender equality duty means that the providers of a range of public services have to ensure they promote equality of opportunity between women and men. This includes promoting gender equality as employers through pay and working practices. The Department published its own Gender Equality Scheme on 30 April 2007.
- 8.13** In December 2006 the Department published its Disability Equality Scheme. This was developed in conjunction with a range of stakeholders and has been praised by the Disability Rights Commission.

PSA Target 9: Gender Equality

Definition:

By 2008, working with other departments, to bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.

Performance Indicators:

Flexible working arrangements – employee awareness: Slippage

- a By 2008, a statistically significant increase in employee awareness of the right to request flexible working arrangements

Flexible working arrangements – employer provision: Ahead

- b By 2008, a statistically significant increase in the percentage of employers who provide two or more flexible working time arrangements to their employees

Childcare arrangements – employer provision: Not yet assessed

- c By 2007, increase from 8 per cent to 16 per cent the number of employers who provide childcare facilities or who provide arrangements to help working parents combine work with family commitments

Equal Pay Reviews: Not yet assessed

- d By 2008, an increase to 45 per cent in the number of large organisations that have undertaken Equal Pay Reviews

Representation on Science, Engineering and Technology related boards and councils: Slippage

- e By 2008, DTI will ensure that women make up 40 per cent of the representation of Science, Engineering and Technology (SET) related boards and councils

Business start-ups: On course

- f By 2008, to increase the number of women starting up in business. To this end, there will be a statistically significant increase in the proportion of newly self-employed people who are female

Representation in Information, Technology, Electronics and Communications jobs: Not yet assessed

- g DTI aims to reverse the serious under-representation of women in Information, Technology, Electronics and Communications (ITEC) jobs and bring their share up to the level of our competitors

Apprenticeships: On course for all 3 sub-targets (Level 2 and 3 NVQs in childcare, healthcare and construction)

- h To achieve a statistically significant increase in boys and girls where under-represented

Public appointments: Slippage

- i By 2008, a clear majority of departments should have over 40 per cent of women in public appointments for which they are responsible

Senior Civil Service (SCS): Slippage

- j By 2008, 37 per cent of all Senior Civil Service posts should be filled by women

Senior Civil Service – top management posts: Slippage

- k By 2008, 30 per cent of SCS top management posts should be filled by women

Reducing the proportion of children in households where no-one is working (3 sub-targets)

- l 'Ahead' on increasing the number of registered childcare places; 'Not yet assessed' on increasing take-up of formal childcare by lower income families; successful childcare approval scheme 'achieved'

8

Domestic violence: On course

m By 2008, to increase percentage of reported domestic violence incidents where an arrest is made related to the incident

Pensions: Not yet assessed

n Increase the coverage of second tier pensions for women

Public transport: On course (for overall target, but regional element remains challenging)

o Deliver improvements to the accessibility, punctuality and reliability of local public transport (bus and light rail) with an increase in use by men and women of more than 12 per cent by 2010 compared with 2000 levels, with growth in every region.

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£13m	£13m	On course	Poor

Progress

- 8.14** Introduced in 2003, the Gender Equality PSA provides policy makers with the first ever high-level strategic gender mainstreaming tool. It sets targets in a number of important areas that are recognised as key to gender equality such as women's economic participation, social and civic inclusion and access to and experience of public service delivery. It is reinforced by the Public Sector Duty on Gender Equality (introduced in April 2007).
- 8.15** This PSA comprises 19 narrowly focused indicators and sub-targets owned by 13 teams across seven Whitehall departments. The overall PSA target will be met if indicators a) to e) are met and if Communities and Local Government works with and influences other Government departments to make progress on indicators f) to o).
- 8.16** A high-level cross-government Delivery Board, designed to strengthen accountability, oversees delivery and management of the risks to delivery. The Board and supporting Officials' Group help make cross-PSA delivery more cohesive, as does setting the sub-targets in the wider context of the Gender Duty and Women and Work Commission policy areas. Work undertaken in 2006-07 to build a sense of common purpose across the PSA, developing synergies between sub-targets, will continue in 2007-08. This is supported by the strong focal point for equalities created within the Department by the 2006 Machinery of Government changes which has, for example, strengthened capacity to deliver against the PSA and the opportunity to engage further down the delivery chain.

- 8.17** Progress in relation to a number of the sub-targets is encouraging although the position remains challenging overall. Of the nineteen indicators, one is achieved, two are ahead of trajectory and six are on course. Five are still to be assessed and five are currently showing slippage.
- 8.18** We are on track to report to HM Treasury by the end of July 2007 on agreement of outstanding baselines, trajectories and targets. In the case of the DfES/DWP indicator on encouraging better take-up of childcare by low-income families, a new baseline and target have been agreed and first assessment of progress will be available by then. On the indicator on employers' provision of childcare, first figures are now expected in October 2007, following delays with external data collection. On the DWP indicator on second tier pension coverage for women, a baseline has been agreed; and on the Home Office indicator on police recording of domestic violence we are in discussions with the Home Office about quality of data sources. Work to establish the baseline for the DTI indicator for getting more women into Information Technology, Electronics and Computing is nearing completion.

Quality of data systems

- 8.19** As might be expected for a cross-Government PSA, a number of different data systems owned by several departments are used to measure progress against sub-targets and indicators. These include surveys carried out by independent bodies on behalf of the DTI, such as the Work Life Balance Survey, and statistics collected by Government departments such as the Home Office, DWP and DfES.
- 8.20** This is a particularly complex target. We are working to ensure that practicable measurement mechanisms exist for all sub-targets. We are currently looking at alternative data sources for monitoring the Equal Pay Reviews target as the specified data source no longer exists. For the second tier pension coverage target, the baseline and data source have been adjusted to enable better measurement of the target. The possible impact of legislative changes on the data collection underpinning the domestic violence target is currently under consideration. We recognise that further work is needed on apprenticeships data given recent changes to data collection in the wider National Vocational Qualification (NVQ) area.

8

PSA Target 10: Race Equality and Community Cohesion**Definition:**

To reduce race inequalities and build community cohesion.

Performance Indicators:**Discrimination by organisations: Slippage**

- A decrease in the percentage of people from Black and minority ethnic (BME) communities who perceive that they would be treated worse than people of other races by one or more of key public services, by 2007

Discrimination in the labour market: Slippage

- A decrease in the percentage of people from Black and minority ethnic communities who perceive that they would be discriminated against in the labour market, on the basis of race, by 2007

Community cohesion: Slippage

- An increase in perceptions of community cohesion in the majority of areas where the risk of disturbance is high, by 2007

2005-06 spend:	2006-07 spend:	Overall progress:	Quality of data systems:
£35m	£44m	Slippage	Good

Progress

Discrimination by organisations⁵⁵

- 8.21** In 2001, 38 per cent of Black and minority ethnic people believed that one or more of the eight organisations measured would treat them worse than people of other races. Although this had dropped to 37 per cent by 2005, this was not a statistically significant decrease.
- 8.22** A key challenge in meeting this target is in its aggregate nature: good progress in some areas is hidden by the aggregate figure. For example, although little progress appears to have been made in improving the perceptions of discrimination for the aggregate, the proportion of Black and minority ethnic people who think that they would be treated worse than people of other races has fallen significantly since 2001 for four of the eight PSA organisations – the police, Prison Service, courts and Crown Prosecution Service.
- 8.23** Understanding which key factors influence people's views of racial discrimination is important. Research which explores the drivers of perceptions of discrimination among Black and Asian people has recently been completed and will be published later this year. One of the key findings from the research suggests that Black and

⁵⁵ For the purposes of the PSA, the organisations are: the police, Prison Service, courts, Crown Prosecution Service, Probation Service, council housing departments/housing associations, local schools and local GPs.

minority ethnic people's understanding of discrimination by organisations is often focused on personal interactions and the quality of customer service.

Discrimination in the labour market

8.24 The Citizenship Survey measures the two elements of discrimination in the labour market: (1) the proportion of Black and minority ethnic people who were currently working as employees or who had looked for work over the last five years who think that they were turned down for a job in the last five years on grounds of their race; (2) the proportion of Black and minority ethnic people who were currently working as employees who think that they were discriminated against at work with regard to a promotion or a move to a better position in the last five years. The part of the PSA associated with discrimination in the labour market uses both these elements. The PSA will be met if there is a significant reduction in at least one of the two elements.

8.25 In 2005, the Citizenship Survey showed a small decrease in the proportion of Black and minority ethnic people who felt they had been discriminated against in a job application compared to 2003 (24 per cent to 22 per cent). However, it also registered an increase from 2003 to 2005 in the proportion of Black and minority ethnic people who thought that they had been discriminated against when applying for a promotion (46 per cent to 50 per cent).

Community cohesion

8.26 The PSA baseline was established for ten areas using data from the 2005 Citizenship Survey – Local Area Survey.

Quality of data systems

8.27 All areas and elements of the target are measured through the Citizenship Survey, which is nationally representative. To date, this has been a biennial survey, designed to contribute to the evidence base for the Home Office's community policy area (now Communities and Local Government). The survey was carried out in 2001, 2003 and 2005. From April 2007, the survey has adopted a continuous design.

8.28 To provide better measurement on the PSA target performance (race element), the survey has always included a booster sample of people from Black and minority ethnic communities (approximately 5,000, in addition to the core sample of 10,000).



8.29 For measuring the cohesion element, a Citizenship Survey – Local Area Survey was used in 2003 and 2005 (and for 2007). The Local Area Survey asks a similar but reduced set of questions to the national Citizenship Survey. In 2007 this survey will be conducted within the 10 areas selected, running concurrently with the first two quarters of the Citizenship Survey.



Chapter 9: Efficiency targets

9

9.1 Efficiency is not about cuts, but about doing more for the same – raising productivity, increasing effectiveness and enhancing value for money. It is about developing more efficient and effective ways of delivering the same or better outcomes:

- reducing inputs (money, people, assets etc) for the same outputs
- reducing prices (procurement, labour costs etc) for the same outputs
- getting greater outputs or improved quality (extra service, productivity etc) for the same inputs
- improved ratios of output or per unit cost of input

9.2 Spending Review 2004 set three efficiency targets for the Department: a central efficiency target, a workforce (headcount) reduction target and a relocation target. The relocation target requires the Department to relocate posts out of London and the South East of England and was set in response to the recommendations made by Sir Michael Lyons in his review of public sector relocation⁵⁶.

9.3 Alongside its central efficiency target, the Department is also responsible for ensuring the delivery of the following SR2004 efficiency targets, which were set as part of the Government's response to the recommendations made by Sir Peter Gershon in his review of public sector efficiency⁵⁷:

- across the whole of local government, including fire, police and schools as well as local authorities, leading and co-ordinating delivery of £6.45bn efficiency gains by 2007-08, and directly securing £1.38bn of that total (part of PSA 4). Progress against this target can be found in Chapter 5. There is some overlap between this and the Department's central efficiency target. In particular, gains achieved by councils in relation to homelessness and efficiency gains achieved by fire authorities are reported against both targets

56 www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm#final

57 www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_efficiency.cfm

- across the social housing sector, to achieve at least £835m efficiency gains by 2007-08. Efficiency gains of £745m have so far been achieved against this target, £513m of which has been delivered by RSLs (and count towards the Department's central efficiency target) and the balance (£232m) delivered by local authorities (which contribute to the local government efficiency target)

9.4 This progress is detailed in Figure 9. Efficiency gains which are reported against more than one of these targets are only counted once by HM Treasury against the overall public sector target of efficiency gains totalling at least £21.5bn per annum by 2007-08, as appropriate adjustments are made to eliminate the overlap.

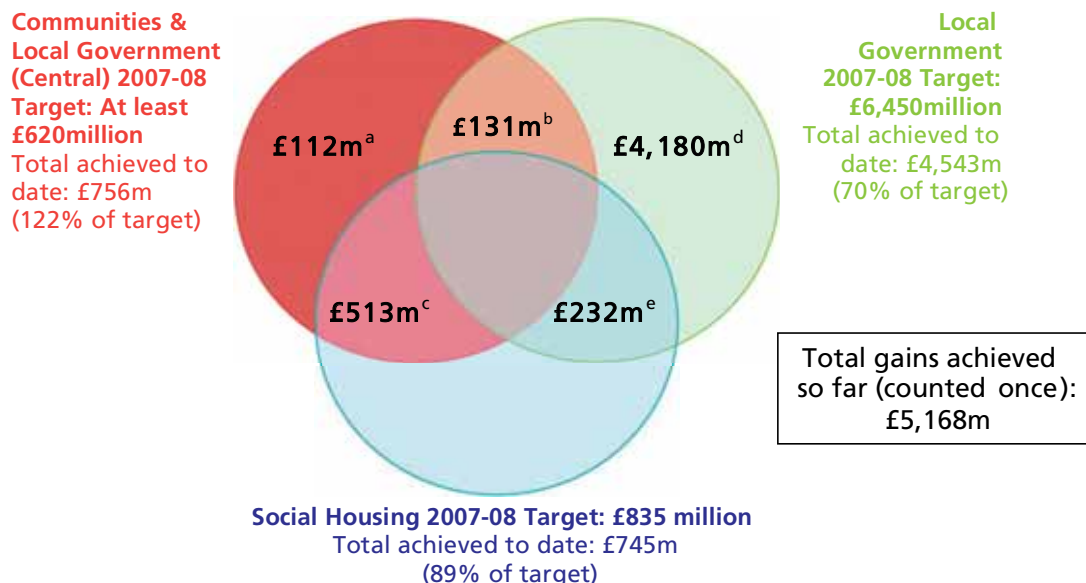
9.5 The Office of the Deputy Prime Minister published its Efficiency Technical Note (ETN) in December 2005.⁵⁸ This includes descriptions of each of our efficiency workstreams and sets out how each workstream measures gains and quality and tracks progress. The approach to measuring local government efficiency can be found in the Local Government ETN on our website.⁵⁹

58 www.communities.gov.uk/pub/122/ODPMCentralEfficiencyTechnicalNotePDF244Kb_id1162122.pdf

59 www.communities.gov.uk/index.asp?id=1135505

9

Figure 9: Summary of Efficiency Gains Reported as Achieved to Date as at December 2006



Notes

- a Gains from the central department: administration, Regional Development Agencies and the Firelink: Operational Continuity Project.
- b Gains from fire and rescue authorities, and councils in relation to homelessness only.
- c Gains from Registered Social Landlords
- d Gains from councils (except in relation to homelessness and social housing), police authorities and schools.
- e Gains from councils in relation to social housing only

Reference

- } These gains explained in more detail below
- } These gains explained in more detail in Chapter 5, paragraph 5.27

Ch 9 Table 1: Communities and Local Government Central Efficiency Target

Definition:
To achieve at least 2.5 per cent per annum efficiency gains equating to at least £620m by March 2008. At least two thirds of these must be cash-releasing.
Overall progress:
On course

Progress

- 9.6** We have reported £756m gains to date at Quarter 3 2006-07 (December 2006), of which £464m is cash-releasing. Table 2 below provides a breakdown of the efficiency gains delivered and forecasted within each efficiency workstream of the Efficiency Programme.
- 9.7** The efficiency gains we reported at Quarter 3 2006-07 (December 2006) (£756m) are much higher than those we reported at Quarter 4 2005-06 (March 2006) (£255m) because in March 2006 information on the total efficiency gains achieved in 2005-06 was either not available or had not been validated, and was therefore not included in the reported total. We endeavour to report the most up-to-date information we have once we have assured ourselves that the data is robust.

Ch 9 Table 2: Delivery to date and Forecasts for Communities and Local Government Central Efficiency Workstreams as at December 2006

Efficiency Target: £620m by 2007-08, of which at least two thirds will be cashable Workstreams:	2005-06 Gains reported as delivered at end Mar 2006 (£m)	2006-07 Gains reported as delivered at end Dec 2006 (£m)	2006-07 Forecast (£m)	2007-08 Forecast (£m)	Original Planned Delivery (£m) [as per ETN]
Regional Development Agencies	38.6	97.3	78.6*	121.3	120.0
Social Housing: New Supply	0.0	276.0	276.0	276.0	160.0
Social Housing: RSL spend – capital works	64.4	79.4	84.3	84.3	60.0
Social Housing: RSL spend – management & maintenance	74.6	131.2	137.6	137.6	80.0
Social Housing: RSL spend – commodities	11.5	26.4	29.1	29.1	55.0
Fire and Rescue Services	46.0	99.8	124.2	124.2	115.0
Homelessness	19.9	39.1	46.2	50.0	125.0
Administration	0.0	6.8	16.5	25.0	25.0
Total (£m)	255.0	756.0	792.5	847.5	740.0
<i>Of which</i> Cashable		464.0			485.0

*In light of the good progress made by so far by the Regional Development Agencies (against the original 2006-07 forecast of £78.6m), the forecast for 2007-08 is currently being reviewed.

- 9.8** Examples of the activities that are taking place or have been completed to deliver efficiency gains include:
- **RSL Procurement of Commodities:** continued use of a national collective agent to deliver savings through joint procurement of commodity goods and services (utilities, office supplies etc). It has achieved over 60 per cent coverage of the RSL sector
 - **RSL Capital Works:** establishment of local procurement consortia to maximise efficiencies throughout the supply chain

9

- **Fire and Rescue Services:** investment in modernisation measures creating efficiencies through innovative practice in areas such as shift patterns, crewing arrangements and efficiently aligning resources with risk
- **Homelessness:** investment in homelessness prevention, generating efficiencies by reducing the cost of expensive temporary accommodation
- **Administration:** examples of projects in our corporate modernisation programme include:
 - ‘back office’ reform – including centralisation of the Department’s procurement tendering (and support), and restructuring our finance function
 - outsourcing of IT – a contract was awarded to Steria
 - rationalisation of our Estate

9.9 All workstreams have established appropriate performance quality measures to demonstrate that efficiencies have not affected the quality of service delivery. The Office of Government Commerce (OGC) moderates the progress of the Department’s Efficiency Programme twice a year and feedback from the most recent Efficiency Meeting in November 2006 was positive. The Department’s Internal Audit team has also undertaken periodic reviews of key aspects of the Efficiency Programme. The majority of the efficiency gains delivered to date at December 2006 (over 70 per cent) have been validated as part of these reviews.

Plans

9.10 Overall we expect to meet or exceed our target and we are currently forecasting to deliver over £840m efficiency gains by March 2008. Our current forecast has decreased slightly from the £861m we reported previously in our Autumn Performance Report. The difference is not unexpected as forecasts for each workstream are reviewed on a regular basis to ensure we have as accurate a picture as possible. Over the next 6 to 12 month period we will continue to take forward the efficiency programme and build on the good progress made so far.

Ch 9 Table 3: Workforce Reductions Target

Definition:

To achieve, in the Department as a whole (including agencies and NDPBs), a reduction of 400 Full Time Equivalent (FTE) posts by the end of March 2008. At least 250 of these will be HQ and Government Office civil service posts.

Overall progress:

On course

Progress

9.11 We have reported to date a workforce reduction of 223 FTEs (against June 2004 baseline) in Communities and Local Government and Government Offices:

- 47 FTEs reported at Quarter 4 2005-06 (March 2006)
- 223 FTEs reported at Quarter 3 2006-07 (December 2006)
- we are due to report in our next quarterly return to the OGC further workforce reductions. This will reflect the progress made on civil service workforce reductions in the Department and Government Offices and also, for the first time, the reductions in our NDPBs and Agencies. We expect to report a total reduction of 764 FTEs against our target of 400 by March 2008, including 264 FTEs from the Department and Government Offices against our sub-target of 250
- workforce reductions have been achieved through natural wastage and voluntary early severance/retirement schemes run by the central Department and by Government Offices during 2006 and 2007, and by the Fire Service College in 2006-07

Plans

9.12 On current plans we expect to deliver a further reduction of 95 FTEs across the Department as a whole (including Agencies and NDPBs) by March 2008 bringing our total reductions to 859.

Ch 9 Table 4: Relocation Target

Definition:

To relocate 240 FTE posts out of London and the greater South East by 2010.

Overall progress:

On course

9

Progress

9.13 We have reported to date relocation of 147 posts:

- 95 FTEs reported at Quarter 4 2005-06 (March 2006)
- 147 FTEs reported at Quarter 3 2006-07 (December 2006)

9.14 Relocation of these posts is as a result of:

- new policy work being devolved to the Government Offices including European Regional Development Fund, Regional Co-ordination, Community Housing Task Force, Regional Resilience, Local Area Agreements posts. Locations include Leeds, Birmingham, Manchester, Nottingham, Newcastle and Bristol. These relocations have involved the movement of posts (rather than people) and relocation to Government Offices, thereby making use of the existing departmental estate
- some NDPB posts being moved out of London HQs including English Partnerships, Housing Corporation, Audit Commission and the Standards Board for England

9.15 Efficiency gains achieved through the relocation of posts are not included within our efficiency programme, and we have not directly monitored gains that may have been achieved.

Plans

9.16 On current plans we expect to meet our target to relocate 240 posts out of London and the South East by 2010.



Chapter 10: Managing our resources

10

10.1 This chapter sets out how we managed our resources in 2006-07 and what we have done to improve our capacity to deliver. It sets out the ways in which we are working to reduce the burden of our policy proposals on businesses and charities, and details the work which we have set in hand to improve the way in which we run our business.

Financial management

10.2 The Department's provisional outturn expenditure on its main programmes (excluding Local Government, which is covered in Chapter 5, and administration costs, covered below) in 2006-07 was £8,766m. This is split between resource near-cash (£3,254m) and non-cash (accounting charges) (£128m) and capital (£5,384m).

Expenditure against Public Service Agreement (PSA) Targets

10.3 The Department spent £8,789m on its ten PSAs. Eight of these targets were those set in the 2004 Spending Review for the Office of the Deputy Prime Minister, and the remaining two were added following the Machinery of Government changes in May 2006. This expenditure excludes that falling to the Local Government Departmental Expenditure Limit (DEL). We have taken the opportunity to review the way in which the expenditure on some programmes is apportioned between PSA targets and have concluded that Regional Development Agencies' (RDAs) expenditure can be better described as contributing more to PSA 2 and less to PSA 5. This largely explains why the figures for PSA 5 are higher and for PSA 2 lower than the equivalents in last year's annual report. Further explanation is given in Annex E.

Ch 10 Table 1: Spending Review 2004 PSA Target

	2005-06 Outturn £m	2006-07 Provisional Outturn £m	2007-08 Plans £m
1 Tackling social exclusion and delivering neighbourhood renewal	2,351	2,354	2,943
2 Making sustainable improvements in regional economic performance	1,280	1,313	1,405
3 Reducing accidental fire-related deaths	178	185	258
4 Improving effectiveness and efficiency of local government	0	0	0
5 Achieving better balance between housing availability and demand	2,904	3,030	3,371
6 Planning system to deliver sustainable development outcomes	233	202	192
7 Bringing all social housing into decent condition	1,690	1,577	1,663
8 Leading delivery of cleaner, safer, greener public spaces	72	71	82
9 Bringing about improvements in gender equality	13	13	29
10 Reducing race inequalities and building community cohesion	35	44	57
Other expenditure	289	289	259
TOTAL	9,045	9,078	10,260

Notes

PSA 1: Expenditure on PSA 1 included spending on Supporting People, RDAs and London Development Agency (LDA), New Deal for Communities and most of the Local Area Agreements expenditure.

PSA 2: Most of the expenditure on PSA 2 was by RDAs and LDA.

PSA 3: Most of the expenditure on PSA 3 relates to expenditure on fire services. This excludes the majority of expenditure by Fire and Rescue Authorities which falls outside this table, as it lies within the Local Government DEL (RfR2).

PSA 4: There was no expenditure on PSA 4 in the Department's main programme DEL (RfR1). Expenditure against this PSA fell in the Local Government DEL (RfR2).

PSA 5: Expenditure on PSA 5 included spending by the Housing Corporation, by RDAs and LDA, by English Partnerships, on the Housing Market Renewal Fund, on supported capital expenditure for local authority housing, on Thames Gateway and other Growth Areas, on Homelessness, and on the Regional Housing Pot.

PSA 6: Expenditure on PSA 6 included spending on Planning Delivery Grant and by the Planning Inspectorate Agency.

PSA 7: Expenditure on PSA 7 included expenditure on Arms Length Management Organisations, on supported capital expenditure for local authority housing, on the Regional Housing Pot and on Disabled Facilities Grant.

PSA 8: Expenditure on PSA 8 included expenditure on Liveability, Safer and Stronger Communities Fund and Groundwork.

PSA 9: Expenditure on PSA 9 included expenditure by the Equal Opportunities Commission.

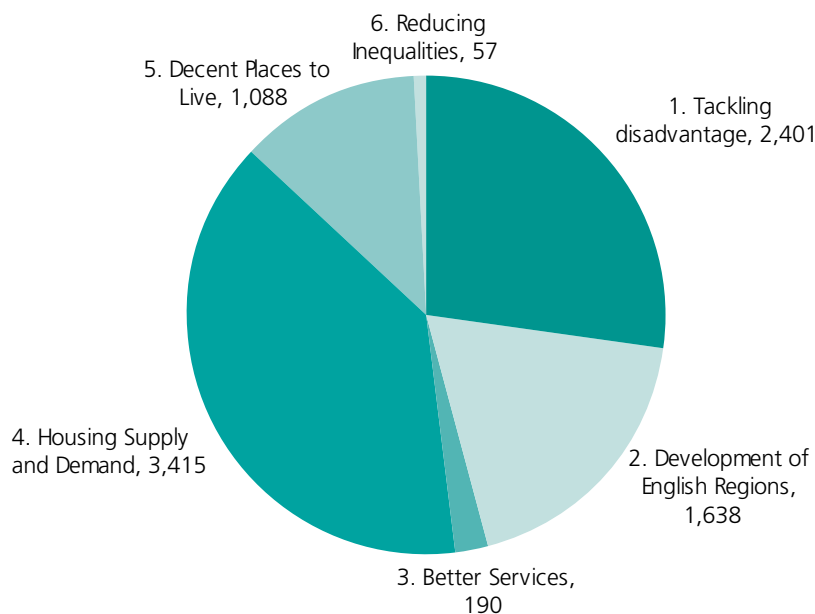
PSA 10: Expenditure on PSA 10 included expenditure by the Commission for Racial Equality.

Other: Expenditure included Research, Payments for Data Mapping Services, Departmental Unallocated Provision and the Administration Costs of the central department and the Government Offices.

Expenditure against Strategic Priorities

10.4 The Department's expenditure is also monitored against six Strategic Priorities:

Figure 10: Strategic Priorities Forecast Outturn 2006-07 (£ million)



Notes

- 1 Tackling Disadvantage:** This included spending on Supporting People (£1,733m), on the New Deal for Communities (£264m), on Disabled Facilities Grant (£128m) and on Homelessness (£90m), on Local Area Agreements (£110m) and Safer and Stronger Communities (£55m). Homelessness expenditure scores against tackling disadvantage for consistency with the Estimates and core tables. However, as it contributes to PSA 5, commentary on homelessness outputs appears in Chapter 6 of the Report.
- 2 Development of English Regions:** Most of the expenditure on this priority was by RDAs and LDA (£1,563m).
- 3 Better Services:** This included expenditure on Fire services (£112m) and Civil Resilience projects (£71m).
- 4 Housing Supply and Demand:** This included expenditure by the Housing Corporation (£1,886m), by English Partnerships (£246m), on Housing Market Renewal Fund (£314m), on supported capital expenditure for local authority housing (£114m), on the Regional Housing Pot (£388m) on Thames Gateway and other Growth Areas (£215m) and on Planning Delivery Grant (£129m).
- 5 Decent Places to live:** This included expenditure on Arms Length Management Organisations (£782m), on supported capital expenditure for local authority housing (£227m), and on various liveability programmes (£22m).
- 6 Reducing Inequalities:** This included expenditure on the Commission for Racial Equality (£20m) and on Community Policy (£22m). This expenditure is included under Tackling Disadvantage in the Core Expenditure Tables in Annex A.

Resource Budget

10.5 The Department's provisional outturn for resource spending in 2006-07 was £3,382m. This compares to £3,191m in 2005-06 and £3,332m in 2004-05 (see Table 2). This excludes spending on administration, details of which are set out in 10.8. The main spending was on the Supporting People programme (the aim

of which is to provide services which help vulnerable people live independently in their communities) and on support for the RDAs, including the London Development Agency.

Ch 10 Table 2: Main Programmes Resource Spending 2004-05 to 2007-08

Programme	2004-05 Outturn	2005-06 Outturn	2006-07 Provisional Outturn	2007-08 Plans
	£m	£m	£m	£m
Supporting People	1,865	1,762	1,733	1,741
RDAs & LDA	528	546	603	598
New Deal for Communities	169	167	157	136
English Partnerships	84	65	100	110
Planning Delivery Grant	98	126	99	92
Local Area Agreements	0	4	71	676
Homelessness	60	61	67	75
New Dimension	38	47	51	53
Housing Corporation	52	48	50	48
Planning Inspectorate	35	42	47	38
Safer and Stronger Communities (outside Local Area Agreements)	105	77	38	35
Housing Market Renewal Fund	1	1	31	35
Community Policy	18	16	22	29
Thames Gateway & Other Growth Areas	11	20	20	47
Commission for Racial Equality	28	19	20	19
Other programmes	239	192	272	301
Total Resource	3,332	3,191	3,382	4,032

Notes

'Other programmes' includes expenditure on Fire Services, Fire Regional Control Rooms, Regional Assemblies and other Sustainable Communities and Housing programmes.

The above figures also take account of the classification changes for English Partnerships affecting profit and loss on disposal of assets and impairments. The figures also exclude Administrative Cost expenditure.

Capital Budget

10.6 The Department's provisional outturn for capital spending in 2006-07 was £5,384m (see Table 3). This included direct capital expenditure (eg the acquisition of assets) as well as capital grants to local authorities and the private sector.⁶⁰ The main areas of spending were the Housing Corporation, Arms Length Management Organisations (ALMOs), the Housing Market Renewal Fund and on support for RDAs.

⁶⁰ Prior to 2006-07, capital grants to the private sector scored in the resource budget (as resource investment) under HM Treasury public expenditure rules. In this table these grants are shown as capital, but in annual reports before 2006 they were shown as resource.

Ch 10 Table 3: Main Programmes Capital Spending 2004-05 to 2007-08

Programme	2004-05 Outturn £m	2005-06 Outturn £m	2006-07 Provisional Outturn £m	2007-08 Plans £m
Housing Corporation	1,646	1,590	1,837	1,960
RDAs and LDA	928	941	961	989
Arms Length Management Organisations	577	854	782	959
Regional Housing Pot	54	17	388	437
Local Authority Supported Capital Expenditure	741	822	341	312
Housing Market Renewal Fund	197	303	283	371
Thames Gateway and other Growth Areas	187	223	195	296
English Partnerships	164	352	146	164
Disabled Facilities Grant	106	107	128	121
New Deal for Communities	113	106	106	114
Fire Supported Capital Expenditure	58	58	58	58
Local Area Agreements	0	0	39	73
Planning Delivery Grant	30	40	30	28
Homelessness	16	40	23	20
Safer and Stronger Communities (outside Local Area Agreements)	1	1	17	1
Other programmes	167	88	50	36
Total Capital	4,985	5,542	5,384	5,937

Note

The above figures take account, for all years, of the re-classification change affecting English Partnerships which has moved profit and loss on disposal of assets from resource to capital and impairments out of DEL; and excludes Administration Cost expenditure.

10.7 The figures in these tables exclude expenditure financed by the European Regional Development Fund and are consistent with the tables in Annex A which are based on the new budgeting regime for ERDF which nets income off against expenditure.

Administration Budget

10.8 The Department's estimated outturn for net administration costs for 2006-07 is £312m, of which £8m is non-cash spending (accounting charges). The total figure includes £134m expenditure by the Government Offices for the Regions. This compares to a final outturn of £311m in 2005-06, of which £139m was expenditure by the Government Offices. More information can be found in Table 5 at Annex A.

Consultancy Spending

10.9 Our strategy for the procurement of consultants is to use OGC's framework contracts (Catalist) as a first choice to ensure we gain the benefits on collective pricing. We undertake mini-competitions in the framework which can have the

effect of obtaining further price reductions. To ensure that we were compliant with the latest guidance from HM Treasury and in response to recommendations of the National Audit Office, the Department took a number of steps during 2006-07 to improve our control and monitoring of expenditure on consultancy and professional services:

- we introduced new processes for approval of procurement of consultancy and professional services. Finance Director approval is now required for all consultancies over £10,000 and Human Resources approval for all staff substitutes or interim appointments
- we reviewed all consultancy spend scored to programme budgets and identified a number of areas where expenditure had incorrectly been recorded as consultancy where, in fact, it was grant or other expenditure. It also revealed a very small proportion of work where consultancies had been incorrectly classified as programme rather than administration expenditure. Corrective action has been taken in these cases
- we have refined our systems and changed processes to improve the accuracy of recording
- we are taking steps to reduce our use of consultants. We now require that knowledge transfer is embedded in all consultancy contracts and check that skills are not available in-house before letting consultancy contracts

10.10 Further measures will be implemented during 2007-08. These include:

- from April 2007 use of consultants has been reported monthly to the Departmental Board
- we plan to undertake a skills audit to identify relevant skills across the Department
- analysing our future needs for consultants and other non-permanent staff

10.11 The figures in Table 4 are lower than those we have identified previously. This is due to the mis-coding identified during our reviews. We are confident that ongoing work to refine systems will give us a more robust basis for controlling and reporting expenditure on consultants in future.

Ch 10 Table 4: Provisional outturn spending on consultancy, professional services and agency staff

2006-07: Consultancy/Professional Services (£'000)			
	Administration Expenditure	E Planning/ E Business expenditure	Programme Expenditure
Central Department	7,254	12,116	53,372
Planning Inspectorate	0	0	1,815
QEI Conference Centre	0	0	61
Fire Service College	0	0	560
Ordnance Survey	0	0	14,068
Government Offices	3,617	0	0
Total	10,871	12,116	69,876

2006-07: Agency Staff/Staff Substitution/Interim Management (£'000)			
	Administration Expenditure	E Planning/ E Business expenditure	Programme Expenditure
Central Department	3,339	261	2,040
Planning Inspectorate	0	0	163
QEI Conference Centre	0	0	74
Fire Service College	0	0	195
Ordnance Survey	0	0	3,214
Government Offices	1,915	0	0
Total	5,254	261	5,686

Departmental approach to asset management

10.12 The main aim of the Department's asset management has been to ensure that appropriate fixed assets are held to meet departmental objectives. All assets have been treated in accordance with the following consistent underlying principles:

- ensure assets are retained in the public sector only where it is effective and efficient to do so
- actively explore the scope for securing greater value from assets, including through innovative techniques, information technology, sharing of assets, outsourcing and public private partnerships
- maintain the Department's asset base in the condition necessary to meet its objectives
- maintain, either directly or through bodies sponsored by the Department, firm management of assets, including strategies for disposing of assets that are not needed for delivering services
- continue to investigate incentives, such as hard charging, to achieve better utilisation of assets

Human resources

- 10.13** Our people are our most important resource. We need people who are purposeful, energetic, flexible and creative; people who can combine confidence in their professional contribution with openness to challenge and change; people with functional depth, sector knowledge, and strategic breadth.
- 10.14** We aim to develop a workforce that reflects the diversity of the communities we serve, enjoying genuine equality of opportunity; and a department that is rigorously fair in its recruitment and development policies. We are revitalising our corporate HR team, with robust up-to-date data and systems to match people and skills to meet our changing priorities and to ensure that the Board can properly monitor the Department's corporate health.
- 10.15** We are committed to creating a positive working environment where colleagues treat each other with dignity and respect and feel safe to speak up. To support this, and in response to the published bullying issue, a programme of skills and awareness training was delivered. We are embedding a culture of coaching across the Department. Line Managers are held accountable for the development and coaching of their staff; training has been provided to support this.
- 10.16** We have invested heavily in new ways to keep staff involved and informed about the creation of the new department through our Transformation Programme. We have held Board 'Question Time' sessions, interactive briefings where staff used interactive voting technology to answer questions and get instant feedback, web chats, seminars, exhibitions, themed days and a weekly intranet poll. We ensure that key external policy announcements are publicised internally, and are getting feedback that staff understanding of how their work contributes to the objectives of the Department is increasing.

Recruitment

- 10.17** All posts were advertised to existing staff in the Department and 33 per cent of vacancies were also advertised throughout the Civil Service, with a further 5 per cent advertised nationally. In addition an assessment centre was run for Senior Civil Service (SCS) recruitment at Deputy Director level. Twenty applicants were considered through this process and seven appointments were made. Table 5 indicates types and diversity of staff recruited by grade.

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Ch 10 Table 5: Recruitment Statistics for Department¹

Grade	Non-civil servants	Fixed term appointments	Permanent	Casual ²	Females	Minority ethnic ³	Disabled ³
Pay band EM1	0	0	0	0	0	0	0
Pay band EM3	0	0	0	0	0	0	0
Pay band 1	0	0	0	0	0	0	0
Pay band 2	0	1	17	9	16	5	1
Pay band 3	0	4	28	15	28	10	0
Pay band 4	0	7	45	4	35	4	2
Pay band 5	0	1	9	1	9	1	0
Pay band 6	0	1	27	1	23	4	0
Pay band 7	0	0	2	0	2	1	0
SCS	0	3	14	0	13	0	0
Totals	0	17	142	30	126	25	3

Notes:

- 1 For staff recruited from 1 January 2006 to 31 December 2006. Excludes those staff transferred in with transfer of functions, secondments and loans.
- 2 Casual staff are employed for short periods of up to 12 months to fill a vacancy temporarily or to undertake a particular piece of work.
- 3 This information was not disclosed by the majority of staff recruited.

10.18 Table 6 gives instances where Civil Service recruitment code was not used. These were predominantly transfers in as a result of Machinery of Government changes and secondments where staff with particular expertise (eg in a front line delivery service such as the Fire and Rescue Service or local government) are brought into the Department for specific periods of time to assist delivery.

Ch 10 Table 6: Exceptions to the recruitment code

Category	Number
Casual Appointment extended over 12 months	1
Recurrent short-term appointments	0
Short-term appointments where highly specialised skills requested	0
Conversion of short-term appointments to permanency (or extended beyond publicised period)	0
Inward secondments	47
Outward secondments	18
Extensions to secondments	2
Re-appointments of former Civil servants	0
Transfers of staff with work ¹	141
Transfers of staff from other public services without work	0
Surplus acceptable staff	0
Disabled candidates	0
Exceptions reserved for the Commissioners	0

Notes:

- 1 Machinery of Government changes

10.19 There are 144 staff employed at SCS level of which one is not paid by the Department. Pay ranges are from SCS PB1 (Deputy Director) to SCS PB3 (Director General) and pay ranges from £54,788 – £166,870 with an average of £77,008 per annum.

Ch 10 Table 7: Distribution of SCS salaries

Salary band	Number
£50-55,000	6
£55-60,000	27
£60-65,000	20
£65-70,000	18
£70-75,000	12
£75-80,000	14
£80-85,000	7
£85-90,000	6
£90-95,000	5
£95-100,000	10
£100,000+	18
Total	143

Notes

One inward secondee has no salary recorded as it is not charged to this department and is not shown.

Includes staff on maternity leave and seconded to OGDs without repayment.

Ch 10 Table 8: Numbers of SCS by payband

SCS by pay band	Number
SCSPB1 ¹	108
SCSPB1A	2
SCSPB2	25
SCSPB3	8
Permanent Secretary	1
Total	144

Notes

1 Includes one inward secondee not paid by the Department

Occupational Health & Safety

10.20 Health and Safety management responsibilities are discharged via a partnership between the Occupational Health Team in Human Resources and the Health and Safety Team in Working Environment Division. These teams meet and consult on a regular basis. There is also a Health and Safety Committee that meets at least twice yearly.

10

- 10.21** A Health and Safety policy for Communities and Local Government was issued on 12 June 2006. The Department has achieved and retained certification to OHSAS18001 Health and Safety Management System which will ensure that the Health and Safety Policy is both implemented and audited. In addition it has introduced twice yearly Health and Safety forums for all staff involved in Health and Safety matters, including staff from HQ areas, the Agencies and the Government Office Network.
- 10.22** During the year there have been three accidents involving HQ Staff that are reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. In total 38 accidents, 13 near misses and four accidents that occurred outside departmental premises were reported by HQ staff during the year.

Better regulation

- 10.23** The Department is moving to better ways of achieving policy objectives which do not over-burden local authorities and businesses. During the course of 2006 we completed the measuring exercise to quantify the administrative burden we place upon business, and published our simplification plan to show how we intend to reduce these and other burdens. Details of some of these measures are given below.

Consultations⁶¹

- 10.24** Consultation is an integral part of the policy development process, and we have been working hard to improve our consultation processes and engagement with stakeholders. For example, as part of developing a forward Supporting People strategy, we set up a consultation process which was structured to maximise input from our stakeholder and delivery base. To achieve this, we:
- rolled out a consultation process designed around, and targeting all parts of, our diverse stakeholder base. This ran from November 2005 to February 2006, and we arranged or spoke at over 70 events
 - ensured we got the views of people who benefit from the Supporting People services, through an ‘easy read’ consultation document (to which over 600 individuals responded) and working with existing support networks to hold focus group discussions with service users
 - established an Expert Reference Group as a sounding board for emerging policy. This has continued beyond the consultation period and is likely to be used to inform delivery as well as strategy

⁶¹ Details of consultations are for the calendar year. This maintains consistency with previous years’ reports and with the Cabinet Office’s own annual assessment of consultation performance.

- 10.25** This process has contributed to policy development through allowing us to build the emerging strategy around continuing what works well for service users, and addressing what does not; and through building a positive open dialogue and relationship with stakeholders which is valued by all involved and so is continuing beyond just the consultation process.
- 10.26** During 2006 Communities and Local Government issued 34 public consultations. Of these 24 lasted for 12 weeks or more. Of the 10 consultations which were issued for less than 12 weeks, several were still compliant with the code as they were re-consultations. All were authorised by the appropriate minister. Reasons for these deviations were:
- to meet Parliamentary/Local Government timetables (6)
 - prior 12-week consultation (4)
- 10.27** There were 14 non-public consultations, mainly with local government or fire authorities.

Regulatory Impact Assessments

- 10.28** The Department has continued to maintain and improve the quality of Regulatory Impact Assessments (RIAs) throughout the year, and, where required, RIAs were issued with the consultations. In particular, steps have been taken to improve engagement with stakeholders, details of which are given below.
- 10.29** The analytical quality of RIAs will be further improved through plans to increase the number of economists by 30 per cent, and ensure that all analytical teams have specialist economic expertise, by the end of 2007. We are also setting up expert panels with representation from academia, relevant think tanks and delivery partners, in order to provide additional analytical resource and an external challenge to our evidence base.
- 10.30** The Department committed itself to the Common Commencement Date initiative from the beginning of 2006. Under this, regulation impacting on business will, with a few exemptions, come into force on either 6 April or 1 October. We have also produced annual statements detailing intended coming into force dates for all forthcoming new and amended regulation which directly affects business. The first such statement was issued in February 2006, with an update provided in the Autumn and a further annual statement in February 2007.

Simplification and Administrative Burdens Reductions

- 10.31** The Administrative Burdens Measurement Exercise estimated that, as at May 2005, this Department placed an administrative burden on business, charities and the voluntary sector of £2.5bn per annum. We have committed to reduce this burden by 25 per cent by May 2010.
- 10.32** Our Simplification Plan, showing how we will begin to do this, was published on 11 December 2006.⁶² In total the savings measures we have so far identified will cut the net administrative burden we place upon business, charities and the voluntary sector by over £350m a year (14 per cent of our total burden). Planning accounts for nearly 60 per cent of our administrative burden, and is therefore the main focus of the reduction exercise, with the delivery of electronic planning applications and increased consistency in the planning system estimated to save £124m on its own.
- 10.33** In addition, over the last year, we have been talking to the people who routinely operate and use the Building Control System and listening to their views on how it can become more efficient and effective. This has included: a Ministerial Round Table; a focused inquiry into stakeholder views; and listening to the views of our statutory advisory committee. The message is that it is time for a fundamental shift in the way the Building Control System works, to ensure that it remains fit for purpose in today's world and in the future. We are therefore undertaking a comprehensive and wide ranging review of the principles and requirements for building standards and have published a number of options for reform which we will develop further with stakeholders for inclusion in a formal consultation paper later in the year.

Best practice examples

- 10.34** The Fire Safety Regulatory Reform Order (RRO)– came into force on 1 October 2006. It simplifies, rationalises and consolidates existing legislation spread over many Acts, creating a simple risk-based fire safety regime applying to all buildings which the public might use. It repealed or amended over 50 Acts of Parliament and numerous Statutory Instruments. Through removing the need to apply for fire certificates and better targeting of inspections, business will save over £50m a year,⁶³ and we anticipate further significant savings through lifting the burdens on business.

⁶² www.communities.gov.uk/index.asp?id=1505053

⁶³ As extrapolated from PwC figures for the Administrative Burdens Measurement Exercise.

- 10.35 Small Business Rate Relief Amendment** – also came into force on 1 October 2006. It reduces the requirement on businesses to register annually for Small Business Rate Relief. Over time this will achieve an 80 per cent administrative burden reduction on eligible firms, and will save businesses £11m annually.⁶⁴
- 10.36 Door Closers** – changes to the guidance in Approved Document B (Fire Safety) of the Building Regulations, mean that from April 2007 it will no longer be necessary to fit door closers to internal doors to the stair in three or more storey houses and within individual flats (they will still be needed on flat entrance doors and on doors within the common parts). The change was made because of evidence that the measure was ineffective in ensuring that doors were kept closed. (In the majority of properties which should have door closers, they were not present – implying that they were routinely being removed after inspection – or if present, the doors were often propped open.) This change will lead to savings of £8m per annum. We will continue to encourage people to close their doors, especially at night, through our fire safety messages, such as in the Fire Prevention Handbook.
- 10.37 Implementation of Approved Document B (Fire Safety) of the building regulations** – following due consideration of the extensive consultation process and undertaking additional research where necessary, the new Part B package was published on 18 December 2006, to come into effect on 6 April 2007. All of the information, including the relevant supporting research reports, was published nearly four months before the coming into force date. This ensures that the relevant stakeholders have time to appraise themselves of the impact of the new provisions.
- 10.38** To support this, officials, assisted by their appointed technical advisors, are undertaking an extensive dissemination programme. This involves attending approximately 30 different speaking events which by the end will ensure that we get to speak to some 2500 stakeholders. They are also expanding the Frequently Asked Questions section on our website, relating to Part B, and are looking to develop an e-learning package.
- 10.39** In addition to all of the above, throughout the process of developing the proposals, feedback and advice has been regularly sought from the Building Regulations Advisory Committee (BRAC) – a statutory Government advisory body consisting of building experts.

⁶⁴ As extrapolated from PwC figures for the Administrative Burdens Measurement Exercise.

Transparency of implementation plans for European legislation

10.40 The Department uses the following methods to inform the public of new European Union (EU) legislation:

- Regulatory Impact Assessments (RIAs) accompanying legislation
- public consultations, accompanied by an RIA where necessary
- press releases, providing an overview of the changes along with links to consultation documents and RIAs where available
- use of DTI's *Regulation Updates* initiative to notify business of changes
- the *Common Commencement Dates Statement of Forthcoming Regulations*, issued near the beginning of each year and updated each Autumn, which provides business with an indication of when new or amended requirements will be introduced over the coming year

Sustainable development

10.41 In March 2006, the Office of the Deputy Prime Minister published its Sustainable Development Action Plan (SDAP)⁶⁵. This set out the progress to be made over the year in implementing the commitments and policies described in *Securing the Future*, the UK Government's sustainable development strategy⁶⁶. A progress report on the SDAP, covering the areas of policy and delivery, operations and management, and leadership and communication, is being published separately.

10.42 There has been a strong emphasis on climate change throughout the Department's policies. Chapter 7 sets out what has been done over the last year in relation to climate change and housing. In addition, to reinforce the important role of local government, the Local Government White Paper, *Strong and Prosperous Communities*, set out the actions that local authorities can take to tackle climate change.

10.43 Aside from climate change policy, other highlights of the Department's sustainable development achievements are set out below.

⁶⁵ www.communities.gov.uk/index.asp?id=1164438

⁶⁶ www.sustainable-development.gov.uk/publications/uk-strategy/index.htm

Policy and delivery

- a starting point for creating sustainable communities must be that they are well planned. During the year, Planning Policy Statements were published on housing (PPS 3) and flooding (PPS 25) and a draft Planning Policy Statement: *Planning and Climate Change* was published for consultation
- as part of improving the environmental sustainability of new development, we published the Code for Sustainable Homes and, with DEFRA, consulted on water efficiency in new buildings
- sustainable communities require the active involvement of individuals, communities and local government. During the year, we published the Local Government White Paper, *Strong and Prosperous Communities*. The White Paper aims to give people more opportunities to be involved in the services they receive, for example through extending the scope of Community Calls for Action, increasing the powers of Parish Councils to provide a firmer platform for local people and promoting the increased use of local charters

Operations and management

- strategies are in place covering waste management, energy and estate management
- contracts are in place for achieving water savings and composting of food waste
- the Sustainable Development Commission published its report on departmental performance on sustainable operations for 2005–06, which ranked our predecessor department fifth among departments⁶⁷

Leadership and communication

- a Programme Executive overseeing the Department's climate change and sustainable development activities was formed
- seminars were held for staff on climate change and other sustainability themes

10.44 A new SDAP covering 2007-08 will be published in Summer 2007. As well as building on the progress already made under the 2006-07 SDAP it will reflect the vision and activities of Communities and Local Government as a new department with additional responsibilities.

67 www.sd-commission.org.uk/sdig2006

Communications

Public information

- 10.45** The Department uses its communications to ensure its policies are properly based in the community. This is achieved in policy development through consultation and discussion with business, agencies and the public, and during implementation by full and open communication to citizens affected by the policy. In the financial year 2006-07:
- the ongoing fire safety campaign delivered a rise in recognition of the new fire prevention advertising from 27 per cent in July/August 2006 to 45 per cent in October/November 2006. Fire deaths are at their lowest since 1959 and this campaign is one part of the strategy which has achieved this. The spend was £3.3m
 - research into the local e-gov advertising campaign showed that 51 per cent of those who recognised the campaign intended to visit their local council website in the next 12 months. The spend was £2m
 - the campaign to encourage women to apply for posts in the Fire and Rescue Service delivered a 20 per cent increase in the number of applications from women when the campaign was running. The spend was £0.43m
 - the campaign to inform business of their new responsibilities under the Fire Order Reform delivered a rise in recognition from 14 per cent in April to 61 per cent in September 2006. The spend was £1.6m
 - the Home Information Pack trade sector campaign is delivering over 80 per cent awareness of the introduction of the packs amongst those in the industry. The spend was £3.5m
 - the Tenancy Deposit Scheme activity started on 26 February 2007 with an anticipated spend of £1.4m
- 10.46** The Department also ran a corporate events programme at a cost of £300,000. Public facing events included Grand Designs in Manchester, the Home Buyers Show at ExCel in London and the Home Building and Renovation Show at the NEC in Birmingham. Stakeholder facing events included the Local Government Conference and the Chartered Institute of Housing Conference.
- 10.47** The Department implemented a brand rationalisation project to reduce the number of brands and logos inherited from predecessor departments. Some logos have been retained, but the majority have been withdrawn and will be replaced by the departmental logo. This consistent approach to branding will ensure greater clarity for members of the public engaging with the Department and provide greater value for money.

Media relations

10.48 The Department maintained its communication with national, specialist and regional media to ensure the vision and policies of the new Department were clearly explained. This was supported by regular communication with regional, local and stakeholder audiences, and delivered working closely with colleagues in the Government Offices and the Government News Network. Local government reform, community cohesion and social housing reform were some of the main issues handled during the year.

Digital and print channels

10.49 The Department has used blogs and other innovative online deliberative tools during the year to increase consultation and dialogue with the public on specific policies. Our success in this area was formally assessed through the Digital Dialogues project, conducted by the Hansard Society on behalf of the Department for Constitutional Affairs. We also re-designed the intranet and website in line with the new departmental identity, including extensive changes to content.

10.50 The Department's project to rationalize the number of websites it owns in line with the Government's strategy is well underway. Info4local was the first site to move onto the new platform in January 2007, with new features identified through consultation with stakeholders and users of the service.

10.51 We have continued to increase the capacity of Info4local to act as a main channel for information for local government from central government. This year, we increased the number of content contributors to 68 Government departments and agencies. Subscribers to the service are also at record levels.

10.52 Our centralised print-buying operation has delivered operational efficiencies and savings of £177,068 to date on a spend of £1,778,370. In addition, publications sales and royalty revenue is £578,949 to date plus £5,867 'consultancy' income for contract work with OGC.

10

Legal Services

10.53 The Legal Directorate provides professional legal advice and drafting services that contribute to delivery on the full range of the Department's objectives. Key activities were work on the Local Government and Public Involvement in Health Bill, the Greater London Authority Bill, the Housing Corporation Act, drafting secondary legislation, providing advice on housing, planning, regeneration and local government, on building regulations, on equalities and employment law, freedom of information, human rights and European law and on litigation as required. A programme of Legal awareness training has been provided across the Department.



Annex A: Core Expenditure Tables

Core Tables 1, 2 and 3: Total Departmental Spending, Resource Budget and Capital Budget

Background

A.1 Core Table 1 shows Total Departmental Spending, which is the sum of the resource budget (including administration costs) and capital budget less depreciation (excluded so as to avoid double counting). Core Tables 2 and 3 break this down between resource and capital budgets respectively. In each case, the tables include both DEL (Departmental Expenditure Limit) and AME (Annually Managed Expenditure) elements for control purposes, which this year are split out for the first time.

- DEL budgets are negotiated with HM Treasury via Spending Reviews (SRs) that cover three years. The most recent (SR2004) covers 2005-06 to 2007-08. DEL consolidates the resource and capital expenditure of the Non-Departmental Public Bodies (NDPBs) that the Department sponsors.
- AME budgets are usually demand-led and not easily controllable by departments so are set following discussions with HM Treasury via the Parliamentary Main Estimate at the beginning of the year. They can be updated during the year through the Winter and Spring Supplementary Estimates subject to approval by Parliament.

A.2 Most spending by Communities and Local Government is classified as DEL. The main items in AME are National Non-Domestic Rate outturn adjustments, Housing Revenue Account Subsidy, grants to support fire superannuation costs, and impairments.

A.3 Communities and Local Government, unusually for a central Government department, has two separate Departmental Expenditure Limits (main programmes DEL and Local Government DEL), both of which include a resource and capital element. For the purposes of these tables the two DELs are added together.

- the Local Government DEL (£23bn in 2007-08) includes Revenue Support Grant, National Non-Domestic Rates, and related grants to local authorities, which provide support to local authorities for a wide variety of services, such as police and social services, many of which are the overall responsibility of other Government departments. This explains why grants to local authorities (which include all these amounts) at the bottom of Core Table 1 are higher than total spending by local authorities (which relate only to the amounts authorities spend on the Department's activities)
- the main programmes DEL (around £10bn in 2007-08) includes departmental expenditure in support of Communities' main objectives, including some grants to local authorities, and departmental administration costs

A.4 The amount Parliament votes in Supply Estimates includes some, but not all, DEL and AME expenditure. It excludes the expenditure of NDPBs, although it includes the cash grant-in-aid required to support their expenditure (the two amounts are often broadly similar). There are also some items, such as approvals to local authorities to borrow (supported capital expenditure), which score within the capital DEL but are not voted on by Parliament as they involve no movement of cash from the Department. So the overall amounts sought in estimates do not match the sum of DEL and AME, although they are not dissimilar, apart from supported capital expenditure.

Comparisons with last year's report tables

A.5 Since last year's report the following changes have been made:

- the tables in last year's report related to the former Office of the Deputy Prime Minister. Expenditure on functions inherited from other departments has been added to these tables for all years (ie past years have been restated). Corresponding reductions have been made to the equivalent tables in those other departments' Annual Reports
- there have been some re-classifications resulting in some expenditure formerly shown as resource now being shown as capital; and some formerly shown as DEL, now appearing as AME. The most significant for this department is the re-classification of profits on the sale of assets from resource to capital, which has increased expenditure on Housing Supply and Demand recorded against resource and reduced capital by equivalent amounts
- the 2005-06 estimated outturn has been replaced by the final outturn; the 2006-07 plans have been replaced by the estimated outturn; and there have been some reallocations of 2007-08 plans between programmes, priorities and departments



Comparisons between years within this year's report

A.6 Generally when re-classification or Machinery of Government changes take place, adjustments are made to all years to provide a comparable run of figures.

Exceptions to this are:

- from 2003-04 onwards, the Tackling Disadvantage resource budget includes around £1.7bn for Supporting People, which brought together funding from a number of other funding streams including some from other departments such as the Department for Work and Pensions
- from 2006-07 onwards, the Local and Regional Government resource budget is around £28bn a year lower than in previous years, because schools funding is now provided by the Department for Education and Skills (DfES) through its Dedicated Schools Grant, rather than through the general local government revenue settlement
- Government Office administration costs for future years do not yet include all departments' contributions

Comparisons with Main Estimates

A.7 The categories used in these tables are the department's strategic priorities, which are also used in the 2007-08 Main Estimates. Main Estimates, however, include grant-in-aid to NDPBs rather than NDPBs' expenditure as shown in these tables. These categories are used as the structure of this part of the Report has to be finalised earlier than other sections in order to ensure consistency of data with Main Estimates and HM Treasury Budget publications.

Annex A Table 1: Total Departmental Spending

£million

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Resource budget							
Resource DEL							
Housing Supply and Demand	229.6	349.6	213.6	320.2	344.9	403.8	417.2
Decent Places to Live	51.5	45.7	49.1	48.8	30.0	30.7	22.6
Tackling Disadvantage	198.0	355.9	2,237.7	2,269.3	2,134.7	2,066.3	2,092.2
Better Services	10.6	88.8	61.4	118.4	96.6	103.9	155.8
Development of English Regions	467.6	570.2	556.7	544.5	556.5	615.7	616.1
Administration	179.7	124.0	186.8	200.7	198.5	202.3	209.9
Government Office Administration	104.1	110.7	133.8	141.4	138.7	134.0	101.7
European Structural Funds – Communities	2.5	0.9	2.7	2.0	-2.2	42.8	10.0
Ordnance Survey	0.0	0.0	2.9	1.3	-0.1	0.0	0.0
Queen Elizabeth II Conference Centre Executive Agency	-0.8	-0.2	-1.5	-1.0	-1.1	-0.1	-1.3
Local and Regional Government	36,921.2	37,394.5	40,914.5	43,315.8	46,244.4	22,530.8	22,813.2
Local Area Agreements	0.0	0.0	0.0	0.0	4.3	71.5	676.4
Departmental Unallocated Provision	0.0	0.0	0.0	0.0	0.0	23.4	22.4
Total resource budget DEL	38,164.1	39,040.1	44,357.7	46,961.3	49,745.2	26,225.1	27,136.0
<i>of which:</i>							
Near-cash	38,184.7	39,037.1	44,361.8	46,897.9	49,724.7	26,087.8	27,007.1
Resource AME							
Housing Supply and Demand	3.2	1.5	48.1	112.1	81.0	44.9	13.3
Decent Places to Live	351.2	239.8	207.9	64.9	240.5	132.8	62.1
Better Services	0.2	0.0	0.5	0.0	0.1	148.1	163.4
Development of English Regions	0.0	0.0	0.0	2.1	1.0	0.0	0.0
Local and Regional Government	498.1	169.7	304.4	460.9	524.3	1,119.1	809.0
Total resource budget AME	852.6	411.0	560.9	639.9	846.8	1,444.9	1,047.8
<i>of which:</i>							
Near-cash	864.7	415.6	513.1	543.7	777.2	1,394.2	1,035.9
Total resource budget	39,016.8	39,451.1	44,918.6	47,601.2	50,592.0	27,670.0	28,183.8
<i>of which:</i>							
Depreciation	14.2	9.2	68.7	133.9	97.8	84.9	61.0

Annex A Table 1: Total Departmental Spending (continued)

	£million						
	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Capital budget							
Capital DEL							
Housing Supply and Demand	825.1	1,065.4	1,965.3	2,303.1	2,533.6	2,903.4	3,361.8
Decent Places to Live	810.8	968.3	1,263.8	1,388.4	1,697.6	1,073.4	1,093.3
Tackling Disadvantage	126.2	175.6	234.4	259.4	264.7	286.4	261.1
Better Services	56.8	47.8	138.2	95.2	77.8	86.4	110.3
Development of English Regions	641.9	754.0	982.4	928.2	941.6	979.2	1,013.8
Administration	8.2	6.7	11.1	5.9	7.3	9.9	21.1
Government Office Administration	0.9	1.1	2.1	4.9	3.7	6.6	2.9
European Structural Funds – Communities	29.7	38.1	0.0	0.0	0.0	0.0	0.0
Queen Elizabeth II Conference Centre Executive Agency	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Local and Regional Government	83.8	202.2	214.0	256.8	315.8	213.6	142.8
Local Area Agreements	0.0	0.0	0.0	0.0	0.0	38.7	73.0
Total capital budget DEL	2,583.4	3,259.1	4,811.2	5,241.8	5,841.9	5,597.6	6,079.8
Capital AME							
Local and Regional Government	50.0	55.5	125.4	0.0	0.0	0.0	0.0
Total capital budget AME	50.0	55.5	125.4	0.0	0.0	0.0	0.0
Total capital budget	2,633.4	3,314.6	4,936.5	5,241.8	5,841.9	5,597.6	6,079.8
Total departmental spending†							
Housing Supply and Demand	1,053.5	1,412.4	2,175.6	2,637.4	2,883.5	3,293.3	3,774.9
Decent Places to Live	1,213.5	1,253.7	1,520.8	1,502.0	1,968.1	1,236.8	1,178.0
Tackling Disadvantage	324.0	531.3	2,471.7	2,528.2	2,398.9	2,352.3	2,352.7
Better Services	67.6	136.6	189.7	189.9	163.9	326.0	414.6
Development of English Regions	1,109.5	1,324.2	1,539.0	1,472.7	1,498.1	1,594.8	1,629.9
Administration	178.9	127.8	193.7	200.5	197.3	201.3	222.7
Government Office Administration	104.7	110.1	134.0	144.1	141.4	139.0	104.2
European Structural Funds – Communities	32.1	39.0	2.8	2.0	-2.2	42.8	10.0
Ordnance Survey	0.0	0.0	2.9	1.3	-0.1	0.0	0.0
Queen Elizabeth II Conference Centre Executive Agency	-0.9	-0.3	-1.6	-1.1	-1.2	-0.1	-1.4
Local and Regional Government	37,553.0	37,821.5	41,557.7	44,032.1	47,083.9	23,862.9	23,764.9
Local Area Agreements	0.0	0.0	0.0	0.0	4.3	110.2	749.4
Departmental Unallocated Provision	0.0	0.0	0.0	0.0	0.0	23.4	2.7
Total departmental spending†	41,635.9	42,756.4	49,786.3	52,709.1	56,336.0	33,182.7	34,202.6
<i>of which:</i>							
Total DEL	40,733.3	42,289.9	49,148.3	52,165.8	55,560.5	31,789.4	33,167.1
Total AME	902.6	466.5	638.1	543.3	775.5	1,393.3	1,035.5

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Annex A Table 1: Total Departmental Spending (continued)

£million

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Spending by local authorities on functions relevant to the department							
Current spending	5,863.9	6,233.9	8,024.6	8,714.8	8,993.3	9,264.4	
<i>of which:</i>							
financed by grants from budgets above	37,246.5	37,508.9	43,055.0	45,698.8	48,598.5	26,140.6	
Capital spending	698.8	680.4	692.2	1,464.4	1,693.1	1,819.2	
<i>of which:</i>							
financed by grants from budgets above	1,094.2	1,382.5	1,899.6	2,319.3	2,899.1	2,615.7	

Annex A Table 2: Resource budget DEL and AME

	£million						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Resource DEL							
Housing Supply and Demand	229.6	349.6	213.6	320.2	344.9	403.8	417.2
Decent Places to Live	51.5	45.7	49.1	48.8	30.0	30.7	22.6
Tackling Disadvantage	198.0	355.9	2,237.7	2,269.3	2,134.7	2,066.3	2,092.2
Better Services	10.6	88.8	61.4	118.4	96.6	103.9	155.8
Development of English Regions	467.6	570.2	556.7	544.5	556.5	615.7	616.1
Administration	179.7	124.0	186.8	200.7	198.5	202.3	209.9
Government Office Administration	104.1	110.7	133.8	141.4	138.7	134.0	101.7
European Structural Funds – Communities	2.5	0.9	2.7	2.0	-2.2	42.8	10.0
Ordnance Survey	0.0	0.0	2.9	1.3	-0.1	0.0	0.0
Queen Elizabeth II Conference Centre Executive Agency	-0.8	-0.2	-1.5	-1.0	-1.1	-0.1	-1.3
Local and Regional Government	36,921.2	37,394.5	40,914.5	43,315.8	46,244.4	22,530.8	22,813.2
Local Area Agreements	0.0	0.0	0.0	0.0	4.3	71.5	676.4
Departmental Unallocated provision	0.0	0.0	0.0	0.0	0.0	23.4	22.4
Total resource budget DEL	38,164.1	39,040.1	44,357.7	46,961.3	49,745.2	26,225.1	27,136.0
<i>of which</i>							
Near cash [†]	38,184.7	39,037.1	44,361.8	46,897.9	49,724.7	26,087.8	27,007.1
<i>of which</i>							
Pay	169.7	245.1	240.4	286.5	355.4	366.1	
Procurement	486.6	577.4	632.1	677.9	681.6	599.1	719.3
Current grants and subsidies to the private sector	253.3	297.0	147.9	164.6	111.6	124.3	151.7
Current grants to local authorities	36,748.4	37,339.2	42,750.6	45,220.4	48,063.2	24,897.8	25,712.7
Depreciation	14.2	9.2	20.6	37.3	26.6	33.3	48.7
Resource AME							
Housing Supply and Demand	3.2	1.5	48.1	112.1	81.0	44.9	13.3
Decent Places to live	351.2	239.8	207.9	64.9	240.5	132.8	62.1
Better Services	0.2	0.0	0.5	0.0	0.1	148.1	163.4
Development of English Regions	0.0	0.0	0.0	2.1	1.0	0.0	0.0
Local and Regional Government	498.1	169.7	304.4	460.9	524.3	1,119.1	809.0
Total resource budget AME	852.6	411.0	560.9	639.9	846.8	1,444.9	1,047.8
<i>of which</i>							
Near-cash [†]	864.7	415.6	513.1	543.7	777.2	1,394.2	1,035.9
<i>of which</i>							
Pay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Procurement	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Current grants and subsidies to the private sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current grants to local authorities	498.1	169.7	304.4	478.4	535.3	1,260.9	972.4
Depreciation	0.0	0.0	48.1	96.7	71.2	51.6	12.3
Total Resource budget	39,016.8	39,451.1	44,918.6	47,601.2	50,592.0	27,670.0	28,183.8

† The breakdown of near-cash in Resource by category may differ from the total Resource reported above because of other income and receipts that score in Resource but are not included as pay, procurement, or current grants to local authorities or the private sector.

Annex A Table 3: Capital budget DEL and AME

£million

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Capital DEL							
Housing Supply and Demand	825.1	1,065.4	1,965.3	2,303.1	2,533.6	2,903.4	3,361.8
Decent Places to Live	810.8	968.3	1,263.8	1,388.4	1,697.6	1,073.4	1,093.3
Tackling Disadvantage	126.2	175.6	234.4	259.4	264.7	286.4	261.1
Better Services	56.8	47.8	138.2	95.2	77.8	86.4	110.3
Development of English Regions	641.9	754.0	982.4	928.2	941.6	979.2	1,013.8
Administration	8.2	6.7	11.1	5.9	7.3	9.9	21.1
Government Office Administration	0.9	1.1	2.1	4.9	3.7	6.6	2.9
European Structural Funds – Communities	29.7	38.1	0.0	0.0	0.0	0.0	0.0
Queen Elizabeth II Conference Centre Executive Agency	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Local and Regional Government	83.8	202.2	214.0	256.8	315.8	213.6	142.8
Local Area Agreements	0.0	0.0	0.0	0.0	0.0	38.7	73.0
Departmental Unallocated Provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total capital budget DEL	2,583.4	3,259.1	4,811.2	5,241.8	5,841.9	5,597.6	6,079.8
<i>of which:</i>							
Capital expenditure on fixed assets net of sales [†]	-38.8	-5.8	-20.6	129.0	241.5	-40.9	51.2
Net lending to private sector	-0.7	-1.7	16.3	9.5	-0.3	-0.3	-1.3
Capital support to public corporations	68.3	75.1	63.3	51.3	18.8	10.7	5.4
Capital support to local authorities ^{††}	1,044.2	1,327.0	1,774.2	2,319.3	2,899.1	2,615.7	2,871.9
Capital AME							
Local and Regional Government	50.0	55.5	125.4	0.0	0.0	0.0	0.0
Total capital budget AME	50.0	55.5	125.4	0.0	0.0	0.0	0.0
Total capital budget	2,633.4	3,314.6	4,936.5	5,241.8	5,841.9	5,597.6	6,079.8
<i>Of which:</i>							
Capital expenditure on fixed assets net of sales [†]	-38.8	-5.8	-20.6	129.0	241.5	-40.9	51.2
Less depreciation ^{†††}	14.2	9.2	68.7	133.9	97.8	84.9	61.0
Net capital expenditure on tangible fixed assets	-53.0	-15.0	-89.3	-4.9	143.6	-125.8	-9.8

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score in non cash Resource budgets.

††† Included in Resource budget.



Core Table 4: Capital employed

A.8 Capital employed is the funding required by an organisation to set it up and continue its existence. The capital employed by an organisation is reported in the balance sheet of its financial statements. The balance sheet lists the organisation's assets and its liabilities:

- assets can be 'fixed assets' (providing benefit for more than one year after acquisition) or 'current assets' (providing benefit within one year of acquisition). Examples of fixed assets are land and buildings. Examples of current assets are debtors (third parties who owe the organisation payments for purchases from it) and balances in bank and cash accounts
- fixed assets can be intangible (do not have physical form eg licences and intellectual property rights) or tangible (having physical form eg IT equipment, vehicles, plant and machinery)
- investments are fixed assets that represent funding provided to other organisations as equity (eg public dividend capital) or as loans
- creditors are third parties who are owed payment by the Department. Creditors are analysed between those having to be paid within one year, and those for whom payment will be after one year
- provisions are estimated liabilities existing at the balance sheet date for which either the amount and/or timing can be reliably estimated but is uncertain

A.9 Prior to the creation of Communities and Local Government in 2006-07 its main predecessor department was the former Office of the Deputy Prime Minister (ODPM). Main department figures for 2005-06 and prior years are those of the former ODPM which was created in 2002-03.

A.10 Prior to the creation of the former ODPM the first audited figures were produced as comparatives (2001-02 Outturn) during the preparation of the former ODPM's first set of audited accounts (2002-03 Outturn).

A.11 Years 2001-02 to 2003-04 exclude figures for The Rent Service which was transferred to the Department for Work and Pensions on 1 April 2004. 2003-04 comparatives were restated in the 2004-05 audited accounts to reflect operational changes during the year that included the transfer of The Rent Service and the effect of Machinery of Government changes that occurred during the year.

A.12 Capital employed for entities arriving under Machinery of Government changes is not included until the year in which they join the Department.

Annex A Table 4: Capital employed

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Planned Outturn
Assets on balance sheet at end of year:							
Fixed assets							
Intangible Fixed Assets	49	57	361	427	1,036	860	683
Tangible Fixed Assets							
<i>of which</i>							
Land and Buildings	26,696	29,088	26,748	28,001	28,740	36,481	38,280
Plant and machinery	3,597	3,872	40,113	37,580	26,269	37,084	26,778
Vehicles	0	10,757	23,736	41,726	51,243	58,101	54,019
IT	16,665	17,940	23,163	31,631	28,323	45,951	61,768
Other	6,751	7,268	30,482	23,582	30,971	11,056	12,966
	53,709	68,925	144,242	162,520	165,546	188,672	193,811
Investments	24,729	24,627	46,591	46,312	45,888	45,501	44,872
Current Assets	2,378,391	1,284,082	974,089	2,505,775	1,121,182	1,151,230	1,182,313
Creditors (<1 year)	-3,302,313	-1,398,375	-1,186,186	-2,530,857	-1,534,619	-1,575,747	-1,618,292
Creditors (>1 year)	0	-2	-8,868	-240,002	-265,913	-273,039	-280,412
Provisions	-331,452	-41,479	-56,668	-32,454	-21,211	-25,700	-23,894
Capital employed within main department	-1,176,886	-62,165	-86,439	-88,278	-488,091	-488,224	-500,919
Non Departmental Public Body net assets	725,658	641,024	752,758	935,234	1,538,414	1,644,247	1,786,487
Total capital employed in departmental group	-451,228	578,859	666,319	846,956	1,050,323	1,156,024	1,285,568



Core Table 5: Administration Costs

Comparisons with last year's report tables

A.13 Since last year's report the following changes have been made to figures:

- last year's report figures related to the former Office of the Deputy Prime Minister. Expenditure on functions inherited from other departments has been added to the figures in these tables for all years. Corresponding reductions have been made to the equivalent tables in those other departments' Annual Reports
- the 2005-06 estimated outturn has been replaced by the final outturn; the 2006-07 plans have been replaced by the estimated outturn

Comparisons between years within this year's report

A.14 The table below shows the split of the administration budget between near-cash (pay and non-pay) and non-cash (accounting charges).

Annex A Table 5a: Administration costs

£ thousand

	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated outturn	2007-08 Plans
Near-Cash	348,421	355,070	358,227	308,257
Non-cash	333	-9,098	8,121	12,260
Receipts	-33,682	-34,773	-54,533	-29,755
Total	315,073	311,239	311,815	290,762

A.15 The 2007-08 plan for the central department's administration does not include any assumption for the credit on the cost of capital charge which the Department receives due to its working capital balances. Prior to the current spending review period the trend information to enable us to make an accurate assessment was not available. The information which was available suggested that the credit was likely to diminish significantly year-on-year.

A.16 Government Office administration costs for 2007-08 do not yet include all departments' full contributions for baseline and additional in-year work (around £20m). This includes around £6.5m being held against the central department's administration budget for transfer in the Winter Supplementary Estimates.

A.17 Additional funding of £8.2m was transferred to the Government Offices by sponsor departments in 2006-07 to fund an early release scheme for staff as part of the implementation of the Government Office Review.

A.18 The large increase in receipts for 2006-07 is due to a change in the way Home Office funding to the Government Office network has been handled. In previous years any baseline funding, agreed in a spending review, and in-year additional funding was managed by a resource transfer in a supplementary estimate. This year the Home Office decided to use a system of hard charging, so an additional £18m of receipts cover was needed.

Annex A Table 5: Administration Costs

	£million						
	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Administration Expenditure							
Paybill	112.7	153.0	179.5	194.8	220.6	220.3	
Other	155.5	91.7	139.6	154.0	125.4	146.0	
Total administration expenditure	268.1	244.6	319.1	348.8	346.0	366.3	320.5
Administration income	-8.0	-14.6	-24.7	-33.7	-34.8	-54.5	-29.8
Total administration budget	260.1	230.1	294.4	315.1	311.2	311.8	290.8
Analysis by activity							
Central Administration	155.8	119.3	160.5	173.7	172.6	177.8	189.0
Government Office Administration	104.1	110.7	133.8	141.4	138.7	134.1	101.7
Queen Elizabeth II Conference Centre Executive Agency	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total administration budget	260.1	230.1	294.4	315.1	311.2	311.8	290.8

This table only records resource costs which are included in the Administration Budget (Administration Cost Limit), unlike Tables 1 and 2 where the administration line includes other resource costs e.g Ordnance Survey



Core Table 6: Staffing

Annex A Table 6: Communities' staffing table ⁽¹⁾

	2005-06 Actual ²	2006-07 Planned ³	Number 2007-08 Planned ³
Communities			
Permanent staff ⁴	2,282	1,976	1,886
Fixed Term Appointments	65	69	69
Total	2,348	2,045	1,955
Communities staff in the Government Offices			
Permanent staff ⁴	839	750	725
Fixed Term Appointments	22	7	22
Total	861	757	747
Planning Inspectorate			
Permanent staff ⁴	739	741	754
Fixed Term Appointments	49	42	29
Total	788	783	784
QEII Conference Centre			
Permanent staff ⁴	52	49	50
Fixed Term Appointments	0	2	2
Total	52	51	52
The Fire Service College			
Permanent staff ⁴	254	232	236
Fixed Term Appointments	2	1	0
Total	256	233	236
Total Department	4,305	3,869	3,774

1. Figures for executive NDPBs not included.
2. As at 31 March 2006.
3. Figures based on projections as at 31 December 2006.
4. Includes staff on paid maternity leave, paid outward loans and secondment and long-term sick. Figures may differ from those reported for efficiency purposes as these also include inward loans and secondments.

This table shows staff numbers including those for the Department's staff working in Government Offices and the Executive Agencies. Numbers overall are reducing in line with Departmental targets which are covered in Chapter 9.

Core Tables 7, 8 and 9: Expenditure on services by region

A.19 These tables show the estimated expenditure by Communities and Local Government by region. These tables are designed to be consistent with the presentation in *Public Expenditure Statistical Analyses 2007* rather than Core Tables 1, 2 and 3. There are some key differences between the two presentations:

Core Tables 1, 2 and 3	Core Tables 7, 8 and 9
Broken down by Departmental strategic priority	Broken down according to the internationally recognised United Nations Classification of Functions of Government (COFOG)
Includes grants to local authorities	Excludes grants to local authorities
Includes non cash costs (depreciation, cost of capital, provisions)	Excludes non cash items
Includes capital payments to public corporations	Includes capital expenditure by public corporations
Data as at March 2007. 2007-08 figures consistent with Main Estimates	Data as at December 2006. 2007-08 not necessarily consistent with Main Estimates

A.20 *Public Expenditure Statistical Analyses 2007* contains more tables analysed by region and also explains how the data was collected and the basis for allocating expenditure between countries and regions.

A.21 Some important points to note are:

- certain expenditure is considered to be ‘non-identifiable’ (ie it is not considered capable of being analysed as being for the benefit of individual regions). It is shown in the tables as a total for the whole of the United Kingdom. Since last year’s report, some items of expenditure have been reclassified from non identifiable to identifiable expenditure
- expenditure on functions previously performed by other departments prior to the May 2006 Machinery of Government changes is now included in these tables
- across government, most expenditure is not actually planned or allocated on a regional basis. Expenditure may, for instance, be allocated by looking at how all the projects across the department’s area of responsibility – usually England – compare; or it may be allocated on a demand-led basis
- expenditure is allocated in these tables on the basis of the region benefiting from the expenditure, not on the location of the recipient of the payment
- wherever possible, breakdowns for past years are based on actual records. But in some cases assumptions or estimates have had to have been made. Future



plans may be based on actual programmes, past trends or other data and are subject to change

A.22 When comparing data in Core Table 9 with those in last year's report, note that some of the region headings were inadvertently transposed in last year's report. The correct table was shown in *Public Expenditure Statistical Analyses 2006* (Cmnd 6811), Table 7.19, page 128.

Annex A Table 7: Identifiable expenditure on services, by country and by region

£million

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Plans	2007-08 Plans
North East	252.8	281.6	362.5	338.7	331.9	332.8	341.3
North West	501.4	549.1	686.0	634.7	699.7	718.1	670.1
Yorkshire and the Humber	352.7	374.2	454.9	483.0	433.8	496.8	466.0
East Midlands	178.6	244.3	287.1	302.7	237.2	269.2	314.3
West Midlands	312.5	397.3	482.2	429.9	397.0	406.5	478.7
Eastern	173.7	224.6	311.5	305.6	334.0	259.8	436.9
London	888.9	955.9	1,172.0	1,140.9	1,437.4	1,539.8	1,249.5
South East	253.7	370.9	630.1	560.8	568.1	557.5	727.1
South West	215.8	272.2	300.4	298.6	270.1	292.8	373.9
Total England	3,129.9	3,670.1	4,686.7	4,494.8	4,709.1	4,873.2	5,057.7
Scotland	3.5	3.1	5.0	6.3	7.9	5.9	4.8
Wales	2.8	7.8	5.4	6.6	8.0	7.3	6.6
Northern Ireland	0.0	0.4	0.4	0.4	0.4	0.5	0.5
Total UK identifiable expenditure	3,136.2	3,681.4	4,697.5	4,508.0	4,725.4	4,886.9	5,069.5
Outside UK	0.0	0.0	0.1	0.7	3.4	2.7	2.4
Total identifiable expenditure	3,136.2	3,681.4	4,697.6	4,508.7	4,728.8	4,889.6	5,071.9
Non-identifiable expenditure	10.8	0.2	2.3	4.1	2.6	-338.5	-948.5
Total expenditure on services	3,147.0	3,681.6	4,699.9	4,512.8	4,731.3	4,551.1	4,123.5

Annex A Table 8: Identifiable expenditure on services, by country and region, per head

£'s per head

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Plans	2007-08 Plans
North East	99.5	111.0	142.8	133.1	129.7	130.3	133.5
North West	74.0	80.9	100.8	93.0	102.2	104.5	97.3
Yorkshire and the Humber	70.9	74.9	90.8	95.9	85.7	97.3	90.8
East Midlands	42.6	57.9	67.5	70.7	55.1	62.1	72.1
West Midlands	59.2	74.9	90.6	80.6	74.0	75.7	88.8
Eastern	32.2	41.4	57.0	55.6	60.3	46.7	78.0
London	121.4	129.7	158.6	153.6	191.2	202.8	163.3
South East	31.6	46.1	78.0	69.1	69.6	67.9	88.2
South West	43.7	54.8	60.1	59.3	53.3	57.3	72.6
Total England	63.3	73.9	94.0	89.7	93.4	96.1	99.2
Scotland	0.7	0.6	1.0	1.2	1.5	1.2	0.9
Wales	1.0	2.7	1.8	2.2	2.7	2.4	2.2
Northern Ireland	0.0	0.2	0.2	0.2	0.2	0.3	0.3
Total UK identifiable expenditure	53.1	62.1	78.9	75.3	78.5	80.7	83.4

Annex A Table 9: Identifiable expenditure on services, by function, country and region, for 2005-06 (continued)

	£million												Totals Millions £'s					
	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East of London	London	South East	South West	England	Scotland	Wales		Northern Ireland	UK Identifiable expenditure	OUTSIDE UK	Total Identifiable expenditure	Not Identifiable
Housing and Community amenities																		
Local authority housing	18.8	115.6	48.8	-45.0	-22.9	-141.3	462.2	-129.6	-52.9	253.7	0.1	0.1	0.1	254.0	0.0	254.0	0.0	254.0
Other housing and community services	25.9	53.4	32.9	23.8	26.8	19.4	48.3	-44.7	23.3	209.0	0.0	3.4	0.0	212.4	0.1	212.5	0.0	212.5
Other social housing	67.1	149.7	48.1	80.7	117.4	287.4	768.5	522.1	113.4	2,154.4	0.0	0.0	0.0	2,154.4	0.0	2,154.4	0.0	2,154.4
Total Housing and Community amenities	111.8	318.8	129.7	59.5	121.2	165.5	1,279.1	347.8	83.8	2,617.1	0.1	3.5	0.1	2,620.8	0.1	2,620.9	0.0	2,620.9
Social protection																		
Housing benefits	0.0	0.0	0.3	0.3	0.2	1.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	1.8	0.0	1.8	0.0	1.8
Personal social services	1.1	1.4	1.0	0.9	1.0	1.1	14.4	1.6	1.1	23.4	0.0	0.0	0.0	23.4	0.0	23.4	0.0	23.4
Public sector occupational pensions	0.0	0.2	0.0	0.2	0.1	0.1	0.3	0.5	0.0	1.4	0.0	0.0	0.0	1.4	0.0	1.4	0.0	1.4
Total Social protection	1.1	1.5	1.3	1.3	1.3	2.2	14.7	2.1	1.1	26.6	0.0	0.0	0.0	26.6	0.0	26.6	0.0	26.6
TOTAL COMMUNITIES AND LOCAL GOVERNMENT	331.9	699.6	433.8	237.2	397.0	334.0	1,437.4	568.1	270.1	4,709.1	7.9	8.0	0.4	4,725.4	3.4	4,728.7	2.6	4,731.3

Annex B: Executive Agencies and Public Bodies

B

- B.1** The Department is responsible for three executive agencies, Ordnance Survey, a number of executive and advisory non-departmental public bodies and, through the Regional Co-ordination Unit (RCU), the efficient and effective operation of nine Government Offices. The agencies, executive NDPBs and Public Corporations produce their own detailed annual reports which are available from their websites.
- B.2** Appointments to the Department's public bodies are made following the Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies. Ministers are committed to achieving greater diversity in public appointments, ensuring that those who serve on the boards of public bodies reflect the diversity of British society.

Executive Agencies and Ordnance Survey

Fire Service College

- B.3** The Fire Service College, at Moreton-in-Marsh, is the central training establishment for the UK Fire and Rescue Service. It has Trading Fund status. It provides a wide range of operational incident and New Dimension training and a comprehensive suite of courses designed to support all aspects of vocational development, including community fire safety, fire legislation and risk management.

The Planning Inspectorate

- B.4** The Planning Inspectorate is a Vote-funded Executive Agency of both Communities and Local Government and the National Assembly for Wales. Its main work is the processing of planning and enforcement appeals. It also deals with a range of other casework including; reporting on called-in planning applications, (in England) the independent examination of Development Plan Documents and Statements of Community Involvement prepared by local planning authorities, advertisement appeals, reporting on inquiries into compulsory purchase orders, and cases arising from the Environmental Protection and Water Acts.

Queen Elizabeth II Conference Centre

B.5 The Queen Elizabeth II Conference Centre is a high-quality, purpose-built venue, specialising in events of 40 to 1,000 delegates, based in the heart of Westminster. It has Trading Fund status.

Ordnance Survey

B.6 Ordnance Survey is Great Britain's national mapping agency. It is a Government department and Executive Agency in its own right, with Trading Fund status. It is responsible for creating and updating the master map of Great Britain, from which it produces and markets a wide range of digital map data and paper maps for business, leisure, educational and administrative use.

Public Corporations

Audit Commission

B.7 The Audit Commission appoints auditors to local authorities and some NHS bodies, carries out inspections of local authorities and registered social landlords, and reports on the performance of local authorities in Comprehensive Performance Assessments.

Architects Registration Board

B.8 The Architects Registration Board (ARB) was set up under the Housing Grants, Construction and Regeneration Act 1996, which was consolidated with earlier legislation by the Architects Act 1997. The ARB's duties are to:

- maintain the Register of architects
- prescribe qualifications for entry to the Register
- deal with competence to practise
- issue a Code which lays down standards of professional conduct and practice
- regulate use of the title 'architect' and prosecute those who use it fraudulently and
- act as 'competent authority' for the purpose of mutual recognition throughout the EU of relevant professional qualifications in order to facilitate the free movement of architects and the provision of architects' service.

B

Executive Non-Departmental Public Bodies

Commission for Equality and Human Rights

- B.9** The Commission for Equality and Human Rights (CEHR) will be an integrated NDPB responsible for setting strategic equality objectives across all equality strands and working with partners in the public and private sector to deliver agreed equality outcomes. As such the CEHR will replace the existing equalities commissions – Commission for Racial Equality (CRE), Equal Opportunities Commission (EOC) and Disability Rights Commission (DRC) when it formally opens for business in October 2007.
- B.10** Trevor Phillips was appointed Chair of CEHR in September 2006. Ten Commissioners were appointed in December 2006, the CEHR Commissioner for Scotland was appointed in March 2007, and up to a further four Commissioners may be appointed.

Commission for Racial Equality

- B.11** The Commission for Racial Equality (CRE) was set up under the Race Relations Act 1976 (RRA) to eliminate racial discrimination and promote equality of opportunity, to encourage good relations between people from different racial and ethnic backgrounds and to monitor the way the legislation is working. The CRE has power under the Act to investigate companies or organisations where there is evidence of possible discrimination. The CRE's functions will transfer to the CEHR as specified under terms of the Equality Act 2006 in October 2007.

Community Development Foundation

- B.12** The Community Development Foundation (CDF), a registered charity, is a leader in community development analysis and in strategies to empower people. It advises, supports and informs government on community development and community capacity building issues and also contributes to the delivery of key government policies for communities.

English Partnerships

- B.13** English Partnerships is the national regeneration agency. Its aim is to help the Government deliver and support high-quality sustainable growth. English Partnerships has continued to play an important role in helping to make design, quality and sustainability the norm across the regeneration and development industry. It has successfully delivered lasting benefits for local communities across the country by integrating housing growth and regeneration with the broader social economic revival and growth of some of our towns and cities.

Equal Opportunities Commission

B.14 The Equal Opportunities Commission's remit is to provide equality of opportunity between men and women and to deal with sex discrimination and inequality related to gender. The Commission's functions will transfer to the CEHR as specified under terms of the Equality Act 2006 in October 2007.

Firebuy

B.15 Firebuy was established in 2006 to deliver Fire & Rescue Service procurement at a national level. It acts as the specialist procurement agency focusing on fire service-specific equipment, in particular, appliances and clothing. It is developing output-based specifications and setting up call-off contracts for the English Fire and Rescue Service as well as improving technical investigations and standard-setting. It will take the lead on subsequent contract management and service level monitoring.

Housing Action Trusts

B.16 Housing Action Trusts (HATs) were established under the Housing Act 1988 to manage and take a holistic approach to regenerating run down council estates. Of the original six HATs, five have completed their work and have closed. North Hull in 1999, Waltham Forest in 2002, Tower Hamlets in 2004, Castle Vale (Birmingham) in 2005 and Liverpool in 2005. The remaining HAT, Stonebridge (Brent), is completing its work programme and is expected to be dissolved at the end of September 2007.

The Housing Corporation

B.17 The Housing Corporation funds new affordable housing and regulates housing associations in England. It contributes to developing and implementing regional and national housing strategies, using public subsidy to procure affordable housing. It is also the statutory regulator for housing associations, and drives improvements in housing association efficiency and performance.

Independent Housing Ombudsman

B.18 The Independent Housing Ombudsman Limited administers the Housing Ombudsman Service (HOS). The HOS deals with complaints from tenants and residents of member landlords. These consist of registered social landlords, along with those landlords who choose to join the scheme on a voluntary basis.

Leasehold Advisory Service

B.19 The Leasehold Advisory Service (LEASE), established in 1994, provides free initial legal advice to leaseholders, landlords, professional advisers, managers and others



on the law affecting Residential Leasehold and Commonhold, and runs a Mediation Service for resolving landlord disputes. LEASE also has a formal role in the provision of advice to Government on Leasehold matters and the development of Commonhold through agreed business programmes and seeks, as part of its remit, to improve management in the Residential Leasehold sector.

London Thames Gateway Development Corporation

B.20 The Corporation was established in 2004 to deliver sustainable regeneration and growth to the London section of the Thames Gateway. It has made good progress in utilising its land assembly and planning powers to begin to deliver on the key objectives in the completed Regeneration Frameworks for Lower Lea Valley and London Riverside. It has established strong partnerships with key agencies such as the Olympic Delivery Authority, British Waterways Board, the Housing Corporation, English Partnerships, and the London Development Agency to help regenerate East London. The Corporation is well on its way to making sure around 40,000 more homes and 28,000 more jobs are created by 2016.

Standards Board for England

B.21 Officers of the Standards Board for England (SBE) investigate allegations of misconduct by local councillors. The SBE also promotes high standards of conduct in local authorities by providing guidance and support to local authorities' standards committees, monitoring officers and council members. The SBE completed its relocation of 90 posts to Manchester in April 2007.

Thurrock Thames Gateway Development Corporation

B.22 The Corporation was established in 2003 to drive the regeneration of Thurrock. It has planning and development powers to deliver the Government's targets and aims for the regeneration of Thurrock, and also ensure that growth is carefully planned and managed. The Corporation has identified three primary tasks. First, to create the market conditions which will deliver on brownfield land the growth targets set for Thurrock. Second, to secure transformational change in pockets of social exclusion particularly in Tilbury, Aveley and South Ockendon. Third, to ensure all Thurrock's communities are made more cohesive and sustainable.

Valuation Tribunal Service

B.23 The aim of the Valuation Tribunal Service is to provide staff, accommodation and other support, including general advice about procedure in relation to proceedings before tribunals, to the 56 Valuation Tribunals in England. Valuation Tribunals hear and determine appeals against non-domestic rating, council tax valuations and council tax liability.

West Northamptonshire Development Corporation

B.24 The West Northamptonshire (Urban) Development Corporation (WNDC) was established in late 2004 to deliver sustainable regeneration and growth in Northampton, Towcester and Daventry. In 2006, WNDC gained new planning powers and is now the local planning authority for all significant and strategic planning applications in those towns and for minor applications in Northampton Town Centre. WNDC has been developing and implementing the two strands of the 'Growth Delivery Plan', and underpinning the Plan is work to establish a comprehensive understanding of the housing pipeline. A draft of the Plan is scheduled to be published for consultation later in 2007.

Advisory Non-Departmental Public Bodies

Advisory Panel on Beacon Councils

B.25 The Advisory Panel on Beacon Councils provides independent advice to Ministers on the operation of the Beacon Scheme. The Panel's responsibilities include advising Ministers on the cross-cutting service areas to be chosen each year as Beacon themes; advising Ministers on the selection criteria for Beacons and recommending to Ministers a list of potential Beacon authorities. Beacon authorities share their best practice with others, helping to raise standards of public services across the country.

Advisory Panel on Standards for the Planning Inspectorate

B.26 The Advisory Panel on Standards (APOS) for the Planning Inspectorate advises the Secretary of State and the First Minister for the Welsh Assembly Government on the maintenance and enhancement of professional standards in the Planning Inspectorate Executive Agency. It verifies the Inspectorate's handling of complaints and indicates in its Annual Report whether the Inspectorate's quality assurance, quality control and training systems are in place and functioning properly.



Building Regulations Advisory Committee

B.27 The Building Regulations Advisory Committee (BRAC) was originally established in 1962 and has a statutory remit to advise the Secretary of State on the making of Building Regulations, and on other related matters, in England and Wales. BRAC is an important sounding board for policy and technical matters affecting the building industry. The Committee primarily responds to requests from the Department for advice or comments on proposals, but also offers its own suggestions. Members are appointed on an independent basis in open competition, and are unpaid.

National Community Forum

B.28 The National Community Forum acts as a critical friend, or sounding board, to the Department. Its members are active voluntary workers in their communities and provide Ministers and officials with grassroots advice and intelligence on the impact, or potential impact, of Government policies on local communities.

National Housing and Planning Advice Unit

B.29 The National Housing and Planning Advice Unit once fully operational will provide independent advice and strengthen the evidence and analysis on improving housing market affordability available to the regional planning bodies throughout the planning process.

Women's National Commission

B.30 The Women's National Commission, established in 1969, is an umbrella organisation representing women and women's organisations in England, Northern Ireland, Scotland and Wales. Its aim is to ensure women's views are aired in government and in wider public debate.

Annex B Table 1: Administration costs for larger NDPBs (all figures £ million)

NDPB	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 estimated	2007-08 plans
Commission for Racial Equality	19.4	25.2	18.8	28.3	19.5	19.3	19.3
English Partnerships							
Commission for the New Towns	18.4	15.9	18.8	17.5	19.0	20.7	20.7
Urban Regeneration Agency	11	13.8	17.6	23.0	28.5	31.0	31.0
Housing Action Trusts							
Castle Vale	3.9	3.4	3.4	4.9	0.2	-	-
Liverpool	3.8	3.9	3.4	3.7	3.4	-	-
Stonebridge	3.8	4.4	4.2	3.7	1.2	1.1	1.0
Tower Hamlets	1.5	1.8	1.2	1.3	-	-	-
Waltham Forest	0.9	-	-	-	-	-	-
HATs TOTAL	13.9	13.5	12.2	13.6	4.8	1.1	1.0
Housing Corporation	34.1	37.9	39.8	38.9	38.7	38.1	36.7
Standards Board for England	2.4	6.1	7.9	8.9	9.1	9.4	9.1

Notes:

'Larger' here means a body with at least 25 staff and which normally relies on grant-in-aid for 50 per cent of its income or trades mainly with Government departments.

Waltham Forest HAT ceased operating in April 2002. Tower Hamlets HAT was formally dissolved at the end of June 2004; Castle Vale (Birmingham) in 2005; and Liverpool in 2005.

Annex C: Public Accounts Committee reports



- C.1** There were two Public Accounts Committee (PAC) reports published during 2006-07, on *Enhancing Urban Green Space* and *Low Cost Home Ownership*.

Enhancing Green Urban Space

NAO Report, 2 March 2006 (HC935 2005-06)

PAC Hearing, 24 April 2006

PAC 58th Report, 10 October 2006 (HC1073 2005-06)

Treasury Minute, 14 December 2006 (Cmnd 6981)

- C.2** The Public Accounts Committee report, based on the value for money study by the National Audit Office, examined initiatives by, and performance of, the Department for Communities and Local Government, Commission for Architecture and the Built Environment (CABE) Space and Groundwork UK in enhancing urban green space. A number of recommendations and conclusions emerged from the Committee's report:
- there is wide variation in residents' satisfaction with local parks from area to area, ranging from 54 per cent in some authorities to 94 per cent in others. The Department should encourage local areas to adopt green-space related targets within Local Area Agreements (LAAs)
 - resources need to be targeted at the most deprived and poorest performing areas
 - Government should make production of robust green space audits a condition of Government grants
 - two-thirds of local authorities had not considered the needs of children
 - there is a lack of reliable data on urban green space – Government and local authorities should accelerate development of a green space database
 - Communities and Local Government should encourage local authorities to adopt a consistent framework, such as that suggested by the NAO, to record

and analyse costs of managing green space to ensure efficiency and value for money

- skills shortages are a significant barrier to the improvement of green space. CABA Space should address the need to equip managers with skills, through a national skills strategy
- key lessons from the Liveability Fund and Living Spaces programme should be disseminated more widely. The Department should provide a one-stop shop on how communities can access advice and funding

C.3 The Government's response was:

- a green space action plan, developed by the Department, will form the framework for delivering many of the recommendations from the PAC and NAO reports
- currently guidance suggests green space targets that can be adopted within LAAs, and many areas have done so. The Local Government White Paper gives further scope for local areas to agree and deliver local priorities and targets that reflect the communities' needs and concerns
- action is already being taken through Local Area Agreements and the Safer and Stronger Communities Fund, and technical support to 50 poorest performing areas. The Department will consider how to target local authorities through a range of delivery support programmes (such as the 'How To' programme, CABA Space advisory support, neighbourhood management, etc.)
- the majority of local authorities have completed or are in the process of preparing a green space audit. Most grants are now delivered through Local Area Agreements, giving local authorities freedom to decide spending priorities in line with local need; we would not, therefore, impose conditions on grants
- the Department will however continue to support preparation of audits and needs assessments through planning guidance and CABA Space's advisory work with local authorities
- current guidance and programmes (eg the Department's 'How To' good practice programme) direct and encourage children's needs to be taken into account when planning and managing urban green spaces. The Department for Communities and Local Government will work with youth advisors, warden resource centres and other delivery partners to continue to provide support to engage young people
- a series of 'How To' seminars on engaging children and young people in the public realm was held in early 2007



- the green space database is currently being piloted with key stakeholders before further development and roll out later in 2007
- Communities and Local Government will work with CABE Space, CIPFA (the Chartered Institute of Public Finance and Accountancy) and practitioners to agree suitable framework and guidance
- CABE Space will continue to build skills in the sector, by repeating a green space leaders training programme in 2007 and publishing and implementing a green space skills strategy with sector partners in 2007
- we are disseminating lessons from the Liveability Fund through the IDeA's Action Learning programme. An evaluation of the Living Spaces programme was published last month and we will be working with the original delivery partners (eg Groundwork, GreenSpace, BTCV, etc) to disseminate lessons
- we will also review the Cleaner, Safer, Greener Communities website to ensure that local communities have access to information and advice on a range of issues including funding, linking to other established sources of information where appropriate

Low Cost Home Ownership

NAO Report, 14 July 2006 (HC 1048 2005-06)

PAC Hearing, 4 December 2006

PAC 19th Report, 27 March 2007 (HC134 2006-07)

- C.4** The Department provides financial assistance, through the Housing Corporation and Registered Social Landlords, to social tenants, key workers and other first time buyers, who would otherwise be unable to buy a home. The Public Accounts Committee report, based on the value for money study by the National Audit Office, examined how better targeting and further refining of the low cost home ownership programme, could improve efficiency and help more households into home ownership.
- C.5** The report was published on 27 March 2007 and details on its recommendations, and the Government's response, will be published in next year's Annual Report.

Annex D: Glossary of acronyms and abbreviations



ALMOs	Arms Length Management Organisations
AME	Annually Managed Expenditure
APOS	Advisory Panel on Standards
ARB	Architects Registration Board
ASHE	Annual Survey of Hours and Earnings
ATCAs	Areas of Town Centre Activity
BME	Black and minority ethnic
BRAC	Building Regulations Advisory Committee
BVPIs	Best Value Performance Indicators
CABE	Commission for Architecture and the Built Environment
CDF	Community Development Foundation
CEHR	Commission for Equality and Human Rights
CIPFA	Chartered Institute of Public Finance and Accountancy
CPAs	Comprehensive Performance Assessments
CRE	Commission for Racial Equality
CSR 2007	Comprehensive Spending Review 2007
DEFRA	Department for Environment Food and Rural Affairs
DEL	Departmental Expenditure Limit
DfES	Department for Education and Skills
DfT	Department for Transport
DPD	Development Plan Document
DRC	Disability Rights Commission
DTI	Department of Trade and Industry

DWP	Department for Work and Pensions
EHCS	English House Condition Survey
EOC	Equal Opportunities Commission
EP	English Partnerships
EPC	Energy Performance Certificates
ERDF	European Regional Development Fund
ETN	Efficiency Technical Note
EU	European Union
FOSI	Fires of Special Interest
FTE	Full Time Equivalent
FTI	Floor Target Interactive
GOs	Government Offices
GVA	Gross Value Added
HATs	Housing Action Trusts
HC	Housing Corporation
HFRC	Home Fire Risk Check
HIP	Home Information Pack
HMT	Her Majesty's Treasury
HOS	Housing Ombudsman Service
IDeA	Improvement and Development Agency
IRS	Incident Reporting System
ITEC	Information, Technology, Electronics and Communications
LA	Local Authority
LAA	Local Area Agreement
LDA	London Development Agency
LEASE	Leasehold Advisory Service
LG	Local Government
LGDEL	Local Government Departmental Expenditure Limit
LDS	Local Development Scheme



LPSA	Local Public Service Agreement
LSPs	Local Strategic Partnerships
MWMS	Municipal Waste Management Survey
NAO	National Audit Office
NeSS	Neighbourhood Statistics
NDC	New Deal for Communities
NDPBs	Non-Departmental Public Bodies
NHS	National Health Service
NMP	National Management Pathfinder
NS	National Statistics
NRA	Neighbourhood Renewal Advisor
NRF	Neighbourhood Renewal Fund
NVQ	National Vocational Qualification
ODPM	Office of the Deputy Prime Minister
OGC	Office of Government Commerce
OGDs	Other Government Departments
ONS	Office for National Statistics
OS	Ordnance Survey
PAC	Public Accounts Committee
PDG	Planning Delivery Grant
PFI	Private Finance Initiative
PINS	Planning Inspectorate
PPS	Planning Policy Statement
PSA	Public Service Agreement
RCU	Regional Co-ordination Unit
RDA	Regional Development Agency
RIA	Regulatory Impact Assessment
RPG	Regional Planning Guidance
RRA	Race Relations Act 1976

RRO	Regulatory Reform Order
RSLs	Registered Social Landlords
SBE	Standards Board for England
SCI	Statement of Community Involvement
SCS	Senior Civil Service
SDAP	Sustainable Development Action Plan
SEH	Survey of English Housing
SET	Science, Engineering and Technology
SNR	Sub-National Economic Development and Regeneration
SR04/ SR2004	Spending Review 2004
SSCF	Safer and Stronger Communities Fund
VOA	Valuation Office Agency
VTS	Valuation Tribunal Service
WEU	Women and Equality Unit
WNDC	West Northamptonshire (Urban) Development Corporation

Annex E: Methodology for estimating PSA expenditure



- E.1** Expenditure by the Department is incurred and accounted for against programmes or through non-departmental public bodies or agencies. Examples of programmes are Supporting People, the New Deal for Communities and Planning Delivery Grant. Our non-departmental public bodies include English Partnerships and the Housing Corporation.
- E.2** Programmes support the Public Service Agreement objectives for the Department, but the relationship between expenditure under programmes and the PSA objectives is not necessarily straightforward. Often a programme will support several PSA objectives at the same time and a statistical apportionment is necessary based on a judgement or an estimate of the proportion of the expenditure which supports each objective. In addition, in some cases the organisation receiving the funding will have flexibility in the way it spends its money, usually within certain restrictions, or the allocation of future funding will depend on factors such as the quality of bids submitted. Over time the emphasis of a given programme may change, or it may vary from year to year.
- E.3** The focus is primarily on delivering the objectives, in a way that provides value for money, rather than on spending given sums in support of particular objectives, particularly when such figures can only ever be estimates. So while a given grant scheme may support three different objectives, and be known to have cost a specific sum of money, the amount of money deemed as 'spent' against each objective may often simply be an estimate, which sums to the overall total spent or planned to be spent.
- E.4** The amounts shown in Table 1 of Chapter 10 and other references in the Departmental Annual Report to spending against each PSA objective are therefore estimates, although the overall totals are the sums for all programmes. Some of the attributions of programmes against objectives have been reviewed since last year, and changes made. The most significant of these has been to allocate more of the expenditure incurred by this Department in payments to DTI for the Regional Development Agencies towards PSA 2 and less to PSA 5.

- E.5** Expenditure by programme has also been updated, with provisional outturn for 2005-06 replaced by the final outturn from the accounts; and plans for 2006-07 replaced by provisional outturn, also affecting the figures shown against each PSA objective and the totals.

Annex F: Useful addresses



Communities and Local Government

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London SW1E 5DU
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E-mail: contactus@communities.gov.uk
Website: www.communities.gov.uk

Regional Co-ordination Unit

2nd Floor
Riverwalk House
157–161 Millbank
London SW1P 4RR
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E-mail: rcuenquiries@rcu.gsi.gov.uk
corporate.communications@rcu.gov.uk
Website: www.rcu.gov.uk/main.htm

Government Office for the East of England (GO-East)

Eastbrook
Shaftesbury Road
Cambridge
CB2 2DF
Telephone: 01223 372500
Fax: 01223 372501
E-mail: enquiries.GOEast@goeast.gsi.gov.uk
Website: www.gos.gov.uk/goeast

Government Office for the East Midlands (GOEM)

The Belgrave Centre
Stanley Place
Talbot Street
Nottingham NG1 5GG
Telephone: 0115 971 2759
Fax: 0115 971 2404
E-mail: enquiries@goem.gsi.gov.uk
Website: www.gos.gov.uk/goem

Government Office for London (GOL)

Riverwalk House
157–161 Millbank
London SW1P 4RR
Telephone: 0207 217 3328
E-mail: enquiries@gol.gsi.gov.uk
Website: www.gos.gov.uk/gol

Government Office for the North West (GONW)

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Piccadilly Plaza
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E-mail: gonwmailbox@gonw.gsi.gov.uk
Website: www.gos.gov.uk/gonw

**Government Office for the North East
(GONE)**

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Website: www.gos.gov.uk/gosw

**Government Office for the South East
(GOSE)**

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Guildford GU1 4GA
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E-mail: info.gose@gsi.gov.uk
Website: www.gos.gov.uk/gose

**Government Office for the West
Midlands (GOWM)**

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E-mail: enquiries.team@gowm.gsi.gov.uk
Website: www.gos.gov.uk/gowm

**Government Office for Yorkshire and
the Humber (GOYH)**

Lateral
8 City Walk
Leeds
LS11 9AT
Telephone: 0113 341 3000
E-mail: yhenquiries@goyh.gsi.gov.uk
Website: www.gos.gov.uk/goyh

Agencies

Fire Service College

Moreton-in-Marsh
Gloucestershire GL56 0RH
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Fax: 01608 651 788
E-mail: enquiries@fireservicecollege.ac.uk
Website: www.fireservicecollege.ac.uk

The Planning Inspectorate

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Temple Quay
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Fax: 0117 372 8128
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Website: www.planning-inspectorate.gov.uk

Queen Elizabeth II Conference Centre

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London SW1P 3EE
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Fax: 020 7798 4200
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Website: www.qeicc.co.uk



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Romsey Road
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S016 4GU
Tel: 08456 050505
Fax: 023 8079 2615
E-Mail:
customerservices@ordnancesurvey.co.uk
Website: www.ordnancesurvey.co.uk

Public Corporations

Architects Registration Board

8, Weymouth Street
London
W12 5BU
Tel: 020 7580 5861
Fax: 020 7436 5269
E-Mail: info@arb.org.uk
Website: www.arb.org.uk

Audit Commission

1st Floor, Millbank Tower
Millbank
London SW1P 4HQ
Telephone: 020 7828 1212
Fax: 020 7976 6187
Website: www.audit-commission.gov.uk

Executive Non-Departmental Public Bodies

Valuation Tribunal Service

Chief Executive's Office
Block One, Angel Square
1 Torrens Street
London EC1V 1NY
Telephone: 020 7841 8700
Fax: 020 7837 6161
E-mail: ce@vto.gsx.gov.uk
Website: www.valuation-tribunals.gov.uk

West Northamptonshire Development

Corporation
1st Floor, The Saints
Box 355, Franklin's Gardens
Weedon Road
Northampton NN5 5WU
Telephone: 01604 586600
Fax: 01604 586648
Website: www.wndc.co.uk

Equal Opportunities Commission

Arndale House,
Arndale Centre,
Manchester,
M4 3EQ
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English Partnerships

110 Buckingham Palace Road
London SW1W 9SA
Telephone: 020 7881 1600
Fax: 020 7730 9162
E-mail: (link available on website:
www.englishpartnerships.co.uk)

Housing Corporation

Enquiries and Complaints
1 Park Lane
Leeds LS3 1EP
Telephone: 0845 230 7000
Fax: 01132 337101
Website: www.housingcorp.gov.uk

**Thurrock Thames Gateway
Development Corporation**

Gateway House
Stonehouse Lane, Purfleet
Essex RM19 1NX
Telephone: 01708 895400
Fax: 01708 895447
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**London Thames Gateway Development
Corporation**

9th Floor, South Quay
Plaza 3, 189 Marsh Wall
London E14 9SH
Telephone: 020 7517 4730
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Community Development Foundation

Unit 5, Angel Gate,
320-326 City Road,
London EC1V 2PT
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Fax: 020 7704 0313
Website: www.cdf.org.uk

Stonebridge Housing Action Trust

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37-41 Winchelsea Road
London NW10 8UN
Tel: 020 8963 4900
Fax: 020 8961 7564
E-mail: contact@stonebridgehat.org.uk
Website: www.stonebridgehat.org.uk

Independent Housing Ombudsman

Norman House
105-109 The Strand
London WC2R 0AA
Tel: 020 7836 3630
Fax: 020 7836 3900
E-mail: ombudsman@ihos.org.uk
Website: www.ihos.org.uk

Standards Board for England

1st Floor, Cottons Centre
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London SE1 2QG
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Fax: 020 7378 5001
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Commission for Racial Equality

St Dunstan's House,
201-211 Borough High Street,
London SE1 1GZ
Tel: 020 7939 0000
Fax: 020 7939 0001
Website: www.cre.gov.uk

**Advisory Non-
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Advisory Panel on Beacon Councils

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**National Housing and Planning
Advice Unit**

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Bressenden Place
London SW1E 5DU
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National Community Forum

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Bressenden Place
London SW1E 5DU
Tel: 020 7944 2119

Women's National Commission

c/o Zone 2/F3, Ashdown House
123 Victoria Street
London SW1E 6DE
Tel: 020 7944 0611

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