Department for Communities and Local Government

Annual Report and Accounts 2010-11

(For the year ended 31 March 2011)

HC 971 London: The Stationery Office £25.75

Department for Communities and Local Government

Annual Report and Accounts 2010-11

(For the year ended 31 March 2011)

Ordered by the House of Commons to be printed 18 July 2011

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

HC 971 London: The Stationery Office £25.75

This is part of a series of Annual Reports and Accounts which, along with the Main Estimates 2011-12 and the document *Public Expenditure: Statistical Analyses 2011*, present the Government's outturn and planned expenditure for 2011-12

Any enquiries regarding this publication should be sent to us at:
Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone: 030 3444 0000
Website: www.communities.gov.uk

This publication is also available for download at www.official-documents.gov.uk

ISBN: 980102972092

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2431732 07/11

Printed on paper containing 75% recycled fibre content minimum.

Contents

Annexes

Forewords to the Annual Report and Accounts 2010-11

Foreword from the Secretary of State

The Department for Communities and Local Government is leading a fundamental shift of power away from Whitehall to councils, communities and households across the nation. Since the Coalition Government was formed in May 2010, we have taken decisive action to make our radical localism agenda a reality and free up councils, businesses and communities to deliver economic growth. We have abolished regional housing targets and suspended Home Information Packs, cut red tape on the voluntary sector, cut regulation on businesses and cut top-down reporting regimes on local authorities. Our Localism Bill will devolve greater power and freedoms to councils and neighbourhoods, establish powerful new rights for communities, revolutionise the planning system and give communities much more control over housing decisions.

The nation faces an unprecedented financial situation and local government is playing its part in cutting the record public deficit. We are handing councils the new localism powers and spending freedoms they need to be as efficient and effective as possible and to protect the frontline services local people value. Working with local government, we have also frozen council tax across England in 2011-12 to help families with the cost of living. Building on our work on decentralisation, the Department will continue to help create the right conditions for local growth, by putting local councils and businesses in the driving seat and giving them incentives to boost the local economy.

This year's Annual Report and Accounts is around 170 pages shorter than the last comparable documents published in 2009, making it much more accessible to the public. It demonstrates our commitment to create a modern way of governing and highlights our record as one of the most deregulating Departments in Whitehall. By turning government upside down we will put businesses and councils back in charge of economic growth, town halls back in charge of local affairs and people back in charge of their lives.

Right Honourable Eric Pickles MP
Secretary of State for Communities and Local Government

Foreword from the Permanent Secretary

The Coalition Government has challenged us to rethink completely the way we do things. In particular, we are moving away from central management by Whitehall and putting more power in the hands of people and communities, and being more transparent about public spending and how we will implement policy commitments.

To do this we are fundamentally changing our approach to delivery – becoming a smaller and stronger Department that influences across Whitehall to deliver our core purpose:

- to drive the transfer of power and funding away from Whitehall to people and communities, making localism, decentralisation and the Big Society a reality

- to create – through our core policy responsibilities – the conditions which re-energise and empower individuals, communities and business to build successful cities, towns and neighbourhoods.

Alongside the Department delivering a fundamental restructure – including 288 staff agreeing voluntary departures by the end of 2010-11 – we have continued to achieve a significant amount as set out in this Annual Report and in progress reports against our Structural Reform Plan. For instance we have introduced a Localism Bill to Parliament with over 200 clauses, the first group of community budgets has been launched, and we have taken a new and important role leading on local economic growth. These achievements are testament to the professionalism and dedication of staff across the Department and wider Group and I would like to commend them for this.

Drawing on the high levels of drive and commitment that have enabled us to achieve so much this year, I am confident that we will continue to deliver on our core purpose.

Sir Bob Kerslake
Permanent Secretary
Department for Communities and Local Government

Foreword from the Lead Non-Executive Director

The new Departmental Board at the Department for Communities and Local Government has been operating since January 2011; the Non-Executive members' role is both to support and challenge the DCLG team to enable successful delivery of their part of the Structural Reform Plan.

The Department has a vital programme of work, with local communities, and promoting local growth, at its heart. There is a clear, well identified set of priorities and delivery plans, which the Board reviews regularly to ensure they keep pace with emerging challenges and opportunities, such as the announcement of the new Enterprise Zones in the March 2011 Budget.

The Department has made good progress against the milestones in the Structural Reform Plan, ahead of the average for all departments. But there is much to do in the year ahead, at a time when the Department is restructuring and down-sizing to meet its internal efficiency goals.

A key role of the Board is to monitor, and act on, identified risks: Stephen Hay chairs the Audit and Risk Committee, focusing on the key financial and operational risks; and Diana Brightmore-Armour chairs the Nomination and Governance Committee, looking at risks related to the people agenda of the Department, such as recruitment, succession planning and the departmental restructuring.

In the coming year, the Non-Executive Board members will work to ensure that the Department maintains clear priorities and well developed implementation plans, with the right resource in place to deliver successfully. Greater transparency of management and financial information will be sought, along with clear, robust measurements of progress, so the Board can monitor performance and take corrective action if needed, to support the Department's continued success.

Sara Weller
Lead Non-Executive Director
Department for Communities and Local Government

Introduction and summary of achievements

This is the combined Departmental Annual Report and Resource Accounts covering the period from 1 April 2010 to 31 March 2011.

The Annual Report provides an overview of the Department's performance in 2010-11, structured around the five Coalition Priorities set out in the Business Plan. It aims to be accessible and also easy to navigate online (as it uses weblinks to provide access to further detail – often the relevant news release which may include links to other sources).

The Resource Accounts provide detailed accounting and expenditure information. There are also two annexes – a glossary and a list of public bodies that make up the wider Departmental Group.

If you cannot find the information you want, either in this document or online via the web links provided, please email the relevant policy contact listed at:

http://www.communities.gov.uk/corporate/about/who/policycontacts

or email the general enquiry address at contactus@communities.gsi.gov.uk.

A list of the Department's key achievements in 2010-11 is as follows:

- **On tackling the budget deficit…**
  - immediate savings of £780m in planned Departmental spending and £1.166bn in planning local government spending
  - implemented efficiency measures to cut waste, and cancelled the planned local government restructuring
  - embarked upon a Change Programme to reduce the size of the Department
  - closed the Government Offices for the Regions, and began reducing the number of Arms Length Bodies by two thirds.

- **On decentralising power as far as possible…**
  - published an essential guide to decentralisation
  - abolished Comprehensive Area Assessments, reduced reporting requirements on councils and announced plans to end the centralised Standards Board regime
  - abolished regional strategies and dismantled regional leaders' boards
  - ended Regional Management Boards and removed 700 outdated operational guides for the fire and rescue services
  - undertook a review of statutory duties on councils and compiled a single list of data requirements to help identify further burdens that could be removed

- implemented a fair settlement for local government funding alongside greater powers
- successfully encouraged all councils to freeze their council tax for 2011-12
- established community budgets in 16 areas to help families with multiple problems.

- **On reinvigorating accountability, democracy and participation…**
  - established 35 Local Enterprise Partnerships
  - announced plans to disband the Audit Commission
  - engaged council workers on reducing local government burdens, and launched a barrier busting portal and the Big Society vanguard areas
  - scrapped bin taxes
  - introduced a Localism Bill to Parliament to provide new freedoms for local government, new rights for local communities, make the planning system clearer and more democratic, and ensure decisions about housing are taken locally
  - worked with the Home Office on plans to restrict the use of surveillance powers by councils.

- **On increasing transparency…**
  - published Departmental spending each month for transactions over £500
  - ensured that nearly all principal local authorities in England publish their spending over £500
  - reduced duplication by creating a single list of every address across the country
  - gave the public sector free access to government mapping data
  - published new publicity rules for councils.

- **On meeting people's housing aspirations…**
  - launched a powerful new housing incentive, the New Homes Bonus
  - committed significant funding to provide support for the homeless, and overhauled how rough sleepers are counted
  - provided £4.5bn for new affordable homes and introduced a new Affordable Rent Model
  - maintained the Mortgage Rescue Scheme
  - introduced a FirstBuy equity loan scheme to support first time buyers
  - provided £1.6bn to deliver decent council homes
  - announced reforms to implement the self-financing of council housing
  - cancelled planned changes to building standards that would have cost developers around £8,000 extra for every home built
  - reduced bureaucracy for landlords by removing the need for planning permission when subdividing a house into multiple units

  - suspended Home Information Packs
  - provided reassurance that there will be no Council Tax revaluation in the next five years
  - published guidance on reducing street clutter and signs
  - ended limits on car spaces for new homes and removed guidance that encouraged higher parking charges
  - simplified the process for holding street parties.

- **On putting communities in charge of planning…**
  - announced an overhaul and simplification of planning policy, including neighbourhood planning and a presumption in favour of sustainable development
  - announced plans to abolish the Infrastructure Planning Commission
  - put in place plans to free councils to set their own planning fees
  - took action to tackle ‘garden grabbing’ by removing gardens from the Brownfield planning category.

- **On delivering growth and deregulation…**
  - took an important new role on growth as part of Budget 2011 and the Government’s Growth Review
  - committed £890m to the Regional Growth Fund
  - cancelled backdated business rate liabilities on certain businesses, including ports
  - doubled small business rate relief
  - announced plans to review the Department’s stock of building, planning and housing regulations through the Red Tape Challenge.

- **On our wider responsibilities…**
  - published the Government’s response to the sector-led review of the fire and rescue services
  - closed the FiReControl Project
  - re-launched the ’Fire Kills’ safety campaign
  - published a new localist approach to regeneration, including a toolkit to assist local authorities, communities and civil society organisations
  - announced plans to pass powers to local authorities in the Thames Gateway
  - announced plans to give the Mayor of London the power to establish a Mayoral Development Corporation, to take forward the long term legacy of the 2012 Olympics
  - announced a £30m funding package to help drive out inequality and deprivation from coalfield areas
  - re-affirmed the Government’s commitment to zero carbon by announcing a definition for zero carbon homes.

Annual Report 2010-11

1 About the Department for Communities and Local Government

Organisational structure and accountability

1.1 Overall responsibility for the Department for Communities and Local Government is through the Secretary of State, the Right Honourable Eric Pickles MP. The Secretary of State heads up the following team of ministers:

- The Right Honourable Greg Clark MP – Minister for Decentralisation
- The Right Honourable Grant Shapps MP – Minister for Housing and Local Government
- Andrew Stunell OBE MP – Parliamentary Under Secretary of State
- Bob Neill MP – Parliamentary Under Secretary of State
- Baroness Hanham CBE – Parliamentary Under Secretary of State.

1.2 Together they drive forward the Department's policy agenda and are supported by a Departmental Board, whose role is to advise on five key areas – performance; strategy and learning; resources and change; capability; and risk. It has two committees; an Audit and Risk Committee and a Nominations and Governance Committee.

1.3 The Departmental Board is chaired by the Secretary of State and its members include Baroness Hanham and one other minister on rotation, as well as a number of Non-Executive Directors and senior members of the Executive Team (who lead the day-to-day operations of the Department). The Non-Executive Directors are responsible for contributing to the collective decisions of the Departmental Board. They bring their particular knowledge, skills and experience to discussions, as well as providing independent advice and challenge to decision-making. They are:

- Sara Weller (Lead Non-Executive Director)
- Stephen Hay (Chair of the Audit and Risk Committee)
- Diana Brightmore-Armour (Chair of the Nominations and Governance Committee).

1.4 The Board is supported by an Executive Team, which is responsible for driving and managing the daily business of the Department, and which has three sub-committees:

People, Finance and Performance. Following the General Election in May 2010 and the Comprehensive Spending Review in October 2010, the Department is becoming smaller and stronger to be better able to provide effective leadership across government on the key agenda of localism and decentralisation. The Department has already re-organised itself into three Groups and a cross-cutting strategy function, and aims to complete restructuring by October 2012.

Sir Bob Kerslake, Permanent Secretary

Richard McCarthy CBE Director General, Neighbourhoods Group	**David Prout** Director General, Localism Group	**David Rossington** Director General (Acting), Finance & Corporate Services Group	**Andrew Campbell** Director, Strategy & Programme Team
Responsible for creating the conditions which re-energise and empower individuals, communities and business to build successful cities, towns and neighbourhoods. **Terrie Alafat** Director, Housing Growth & Affordable Housing **Jon Bright** Director, Homelessness and Support, Building Standards and Climate Change **Shona Dunn** Director, Planning **Philip Cox** Director, Local Economies, Regeneration and European Programmes **Sir Michael Pitt** Chief Executive, The Planning Inspectorate	Responsible for the transfer of power and funding from Whitehall to individuals and communities and building the Big Society. **Simon Ridley** Director, Local Government Finance **Nick Dexter** Director (Acting), Local Government Policy and Productivity **Mark Carroll** Director, Decentralisation and the Big Society **Neil O'Connor** Director, Fire, Resilience and Emergencies **Sir Ken Knight CBE QFSM DL** Chief Fire and Rescue Adviser	Responsible for all support services. **Jon Whitfield** Director, Internal Audit **Shirley Pointer** Director, Human Resources **Susanna McGibbon** Director, Legal **Stephen Park** Director, Finance and Procurement (to 30 June) **Stephen Aldridge** Director, Analysis and Innovation **Professor Jeremy Watson** Chief Scientific Adviser (Part Time) **Keith Palmer** Director, Business Change **George Eykyn** Director, Communications **Brian Hackland** Director, Government Office Network and ERDF Closure Programmes	Responsible for the effective running of the Board, corporate performance management, Localism Bill and the Department's strategic priorities and agenda across Whitehall.

1.5 The Department has also established a number of Programme Boards to manage various aspects of the Department's business, particularly the change agenda. These Boards provide a formal structure for risk management and ensure effective delivery.

1.6 Further detail on the financial organisation of the Department can be found at paragraph 6.1. More general information and biographies (including an organisation chart) can also be found on the Department's website:

http://www.communities.gov.uk/corporate/about/who/

The Departmental Group

1.7 The Departmental Group consists of the Department, three Executive Agencies, a non-ministerial Department with agency status and a range of other public bodies that support and deliver Ministers' policy aims. As part of a Government review in the Summer of 2010, the Department assessed its public bodies against three key tests to deliver greater transparency, accountability and efficiency:

a) Did it perform a technical function?

b) Did it establish facts?

c) Did its functions require political impartiality?

1.8 As a result of this assessment the number of public bodies is reducing from 26 to a maximum of nine through a process of abolition, merger or reform. The Departmental Group will include a more sharply-focused and enabling Homes and Communities Agency and a new integrated Planning Inspectorate. The Group will continue to play an important role in delivering ministerial priorities and empowering communities.

1.9 A list of these bodies, including a summary of their responsibilities, can be found at Annex A. Further detail can also be found on the Department's website:

http://www.communities.gov.uk/publications/corporate/publicbodies2010

Delivering Coalition priorities

1.10 In May 2010 the Coalition Agreement set out that the Department would lead a fundamental shift of power away from Whitehall, detailing five specific priorities:

- decentralise power as far as possible
- reinvigorate accountability, democracy and participation
- increase transparency by letting people see how their money is being spent
- meet people's housing aspirations
- put communities in charge of planning.

1.11 This Annual Report is structured around how we have performed against these five priorities alongside the role the Department is playing both in helping to tackle the deficit and, by shifting power away from Whitehall, helping local communities to deliver economic growth.

1.12 Individual actions to deliver the five priorities above are set out in the Department's Structural Reform Plan, which was first published in July 2010 and later updated as part of a more comprehensive Business Plan[1]. This sets out the Department's vision and how it will be delivered through the Structural Reform Plan and increased transparency.

1.13 The Department has made good progress so far, with 79 per cent of actions in the Structural Reform Plan completed to time in 2010-11 (and a further 20 actions going into 2011-12 that were started on time). As part of this the Department has been at the forefront of delivering greater transparency and enabling the public to hold government to account, such as by publishing spending over £500 and encouraging local government to do the same.

1.14 A breakdown of the completed actions in the Structural Reform Plan can be found in section 3, along with key indicators in the Business Plan which show areas of key expenditure and the impact of policies on the ground.

[1] http://www.communities.gov.uk/publications/corporate/businessplan2011

2 How the Department performed in 2010-11

Tackling the budget deficit

2.1 One of the Department's first actions in 2010-11 was to implement an immediate reduction in planned spending and so contribute to the Government's plan to stabilise the public finances. This was announced in the Emergency Budget in June 2010 where this Department made a commitment to reduce planned spending by £780m in 2010-11. This was delivered by reducing spending on lower priority programmes, cutting running costs by £50m across the Departmental Group, and not making use of unallocated funding. Of the savings made across government, £170m were then recycled back to the Department in the Emergency Budget to support social housing.

2.2 As well as this the Department:

- made further savings of £32m by reviewing all spending decisions taken since 1 January 2010 and all pilot schemes, and cancelling or suspending projects which were not affordable, did not represent good value for money, or where they did not reflect the Coalition Government's priorities

- negotiated with suppliers, cut back on research programmes and implemented a number of efficiency measures – including strict rules on refreshments, newspaper subscriptions and first class travel and post

- worked with local authorities to deliver £1.166bn savings in planned spending whilst protecting front-line services, and cancelled the planned local government restructuring which ministers did not feel was appropriate at this time.

2.3 Departmental spending will reduce over the next four years to make real percentage savings of 33 per cent on resource[2] and 74 per cent on capital by 2014-15 (compared to 2010-11 budgets), and will transfer over £6.7bn of funding to local government. Further detail can be found in section 6. As part of this, and also to deliver greater accountability and transparency, the Department has:

- launched a Change Programme to make the Department smaller, stronger and more focused on delivering its core agenda (see paragraphs 6.39 to 6.42)

- closed the Government Offices for the Regions[3], which will save more than £200m over the duration of the Spending Review period 2011-12 to 2014-15 (see paragraphs 6.43 and 7.2 for more information)

---

[2] Or 51 per cent if reflecting the transfer of Supporting People grant to Local Government.
[3] Also known as the Government Office Network

- announced plans to rationalise the Departmental Group by two-thirds (of which four public bodies were closed in 2010-11 – see Annex A) which is estimated to deliver around £170m savings by 2014-15 on the Department's budget and £60m on the Local Government budget.

Achievement	Link to more detail
Immediate £780m Departmental and £1.166bn local government savings to tackle deficit	http://www.communities.gov.uk/news/newsroom/1611369
Departmental efficiency measures	http://www.communities.gov.uk/news/newsroom/1728523
Cancelled local government restructuring	http://www.communities.gov.uk/news/newsroom/1800775
Departmental Change Programme	http://www.communities.gov.uk/news/newsroom/1748494
Closing the Government Offices for the Regions	http://www.communities.gov.uk/statements/newsroom/regionalgovernment
Rationalised the Departmental Group	http://www.communities.gov.uk/news/newsroom/1865652

Decentralising power as far as possible

2.4 The Department's primary goal is to decentralise power and funding away from central government, on which it leads across Whitehall. A report was published in December 2010 that set out the six actions for this:

- lift the burden of bureaucracy – by removing the cost and control of unnecessary red tape and regulation, whose effect is to restrict local action

- empower communities to do things their way – by creating rights for people to get involved with, and direct the development of, their communities

- increase local control of public finance – so that more of the decisions over how public money is spent and raised can be taken within communities

- diversify the supply of public services – by ending public sector monopolies, ensuring a level playing field for all suppliers, giving people more choice and a better standard of service

- open up government to public scrutiny – by releasing government information into the public domain, so that people can know how their money is spent, how it is used and to what effect

- strengthen accountability to local people – by giving every citizen the power to change the services provided to them through participation, choice or the ballot box.

2.5 The Department has been building these six actions into the full spectrum of its policy work, which will help to support growth: freeing communities to grow and prosper will enable the national economy to reach its full potential and enable the Big Society to flourish. Other Departments are also being engaged about decentralising their own activities and Greg Clark intends to report to the Prime Minister by summer 2011.

Achievement	Link to more detail
Decentralisation (and the Localism Bill) – an essential guide	http://www.communities.gov.uk/decentralisationguide

Removing centrally imposed regimes on local government

2.6 Decisions should be made at the lowest possible level, and local government needs to be able to get on with making the decisions that are right for local areas. That is why ministers took swift action to end centrally-imposed regimes which cost councils huge amounts of money – in particular the abolition of Comprehensive Area Assessment and Standards Board regimes. For example:

- Leicestershire councils found they had 90 full-time staff collecting and processing more than 3,000 individual data items for central government at a cost of £3.7m per year; they also faced 83 different inspections every year
- in it's submission to the Lyons enquiry in 2006 the National Audit Office referred to an estimate of the overall cost of monitoring local government as £2bn per year
- Local Standards Committees investigated 6,000 complaints in the first two years – of which over half were judged not worthy of any further action. By axing the entire Standards regime (including the central board which costs over £6m per year) there will be significant savings – with genuine corruption dealt with in the courts, a register of personal interests and by making it a criminal offence for councillors to deliberately withhold or misrepresent a personal interest.

2.7 Other key steps taken include the scrapping of 4,700 Local Area Agreement targets to local authorities, ending the collection of data against nearly 200 Whitehall targets in the National Indicator Set and abolishing regional strategies and regional local authority leaders' boards.

2.8 To give greater freedom to Fire and Rescue Services, the Department has stopped enforcing certain aspects of the 2008-11 National Framework including Regional Management Boards, equality and diversity, workforce development and asset management. We have also introduced greater transparency, an 80 per cent reduction in data returns for the fire and rescue authorities and removed around 700 pieces of outdated legacy national operational guidance.

2.9 The Department is leading a cross-Whitehall review of statutory duties placed on local authorities by central government. The aim is to build a comprehensive list of duties and determine which are vital and actually support councils in carrying out their functions, and which duties serve to create unnecessary burdens and should be considered for removal. The Department has also published (in 2011-12) a single transparent list of data requirements on local government (from central government), to help identify further burdens that might be removed.

Achievement	**Link to more detail**
Abolition of Comprehensive Area Assessment	http://www.communities.gov.uk/news/newsroom/1624150
Ended centralised Standards Board regime	http://www.communities.gov.uk/news/newsroom/1719857
Reduction in reporting requirements on councils	http://www.communities.gov.uk/news/newsroom/1802440
Abolition of regional strategies	http://www.communities.gov.uk/news/newsroom/1632278
Dismantled regional leaders' boards	http://www.communities.gov.uk/news/newsroom/1617981
Ended Regional Management Boards for fire and rescue services	http://www.communities.gov.uk/news/newsroom/1654087
Removed 700 outdated operational guides for the Fire and Rescue Services	http://www.communities.gov.uk/fire/firerescueservice/operationalguidance/
Review of statutory duties	http://www.communities.gov.uk/localgovernment/decentralisation/tacklingburdens/reviewstatutoryduties/
Single data list	http://www.communities.gov.uk/localgovernment/decentralisation/tacklingburdens/singledatalist/

Delivering a fair settlement for local government funding alongside greater powers

2.10 Following the Spending Review on 20 October 2010 the Department delivered a Local Government Finance settlement for the next two years, which ensured that the councils most dependent on central government funding received smaller reductions in Formula Grant (the main grant to local government) than less dependent authorities. Support was provided through:

- a new Transition Grant – worth £116m over the two years – so that no council faces a reduction of more than 8.8 per cent of its spending power in 2011-12 or 2012-13. Overall, local authorities will have a revenue spending power (a combination of government grants and council tax) of about £52.7bn in 2011-12

- an additional grant to local authorities who froze their council tax in 2011-12, in order to help families when money is tight. This was a huge success, with the council tax freeze taken up by all eligible councils in England

- £300m of flexibility in the next financial year to treat certain revenue costs as capital costs ('capitalisation'), which will provide greater scope to meet costs through borrowing powers or from asset sales. This recognises that councils will want to restructure their organisations to deliver early efficiency savings.

2.11 Alongside this, steps have been taken to give councils more flexibility and free them from burdens and barriers imposed by central government. Ministers have ended ring-fencing of all revenue grants from 2011-12 (except simplified school grants and a new public health grant from 2013) and streamlined grant funding, with the number of separate core grants reduced from over 90 to fewer than 10. This means that councils will have greater control over more than £7bn of funding from 2011-12, giving them much greater freedom to make their own budget decisions and protect key front line services.

2.12 The first 16 Community Budgets have been established, which will enable 20 per cent of local authorities in England to tackle the needs of well over 10,000 families with multiple problems.

Achievement	Link to more detail
Local Government Finance settlement	http://www.communities.gov.uk/news/newsroom/1831509
Spending power map	http://www.communities.gov.uk/news/newsroom/1904949
Council tax freeze: 2011-12	http://www.communities.gov.uk/news/newsroom/1870382
Capitalisation for local government restructuring	http://www.communities.gov.uk/news/newsroom/1856372
Community Budgets established in 16 areas	http://www.communities.gov.uk/news/newsroom/1875618

Reinvigorating accountability, democracy and participation

2.13 One of the Department's key measures to enable greater local participation has been to support the creation of local enterprise partnerships – joint business and civic leader partnerships working together to promote local sustainable economic growth. These partnerships operate within an area that makes economic sense and so can provide the vision, knowledge and strategic leadership to set local priorities and empower communities to fulfil their potential. To date there are 35 partnerships which cover over 95 per cent of the country.

2.14 To refocus audit on helping local people hold councils and local public bodies to account, work is in progress to disband the Audit Commission and transfer its in-house audit practice into the private sector. And to ensure everyone has an opportunity to participate in the Department's decentralisation agenda, a number of exercises have been run to engage with partners to identify and remove burdens. For instance:

- engaging council workers on ways to cut red tape within local government
- inviting the public and industry to submit ideas and evidence on ways to improve the Building Regulations, prior to launching a formal review later in 2011-12

- a 'barrier busting' portal that asks local authorities, community groups and individuals to request help in overcoming bureaucratic barriers and to track progress (with all accepted requests receiving a response and a dedicated member of the team to work with them).

2.15 Since July 2010 the Department has been working with the Big Society Vanguards such as Windsor and Maidenhead, Eden Valley in Cumbria, and the London Borough of Sutton. These areas are coming forward with proposals for innovative local projects that embrace Big Society principles, and the Department has been supporting this by assigning officials to work with local people in those areas – either by working with colleagues across government to remove barriers, or helping community groups to put their local plans into reality.

2.16 To encourage and champion community activism, Baroness Newlove joined the Department in April 2011. Working closely with the ministerial team and other government departments, she will carry on her work as Government Champion for Active Safer Communities, building on her report *Our Vision for Safe and Active Communities* and continuing the work she began in the Home Office following her appointment in October 2010.

2.17 To help local communities, planned bin taxes have been scrapped which would have punished families and encouraged fly-tipping and backyard burning.

Achievement	**Link to more detail**
Local Enterprise Partnerships established (24 initially, now 35 in total)	http://www.communities.gov.uk/localgovernment/local/localenterprisepartnerships/ http://www.bis.gov.uk/policies/economic-development/leps
Disbandment of the Audit Commission	http://www.communities.gov.uk/news/newsroom/1688111
Engaging council workers on local government burdens	http://www.communities.gov.uk/localgovernment/about/helpcutredtape/
Review of Building Regulations	http://www.communities.gov.uk/news/newsroom/1800967
Barrier Busting Portal	http://barrierbusting.communities.gov.uk/
Big Society Vanguards	http://www.communities.gov.uk/communities/bigsociety/vanguards/
Baroness Newlove joins the Department and her report *Our Vision for Safe & Active Communities*	http://www.communities.gov.uk/news/corporate/1893086 http://www.homeoffice.gov.uk/media-centre/press-releases/newlove-report
Scrapped bin taxes	http://www.communities.gov.uk/news/newsroom/1608336

Introducing the Localism Bill

2.18 A major step to delivering a substantial and lasting shift in power away from central government has been to introduce a Localism Bill to Parliament. Subject to its passage and Royal Assent, the Bill aims to decentralise power, provide greater freedoms and increase democratic accountability in four ways:

- *New freedoms and flexibilities for local government,* such as the General Power of Competence, which will allow local authorities to do anything that an individual can do. Standalone fire and rescue authorities (combined, metropolitan and London) will receive a comparable power but linked to their functions. The Bill also abolishes the Standards Board regime, enables councillors to participate more confidently in local debate, legislates for directly elected mayors and takes forward a package of reforms to strengthen and streamline London's governance

- *New rights and powers for local communities,* such as giving local communities greater opportunity to bid to buy land or buildings that they particularly value and keep them as part of local life. This could include local shops, pubs and other community assets. The Bill also gives communities a 'right to challenge' where they believe they could run local authority services differently or better, and to have their views heard on local issues that matter through local referendums. In addition, central government capping powers will be abolished and replaced with a power for local people to approve or veto excessive council tax rises in a referendum; the result of the referendum will be binding

- *Reform to make the planning system clearer, more democratic and more effective,* such as by abolishing regional strategies and introducing neighbourhood planning and mandatory pre-application consultation, which will give people more opportunity to shape where they live. The Bill enables greater flexibility on how money from the Community Infrastructure Levy is spent, and ensures the levy supports communities who welcome new development; strengthens the hand of planning authorities to deal with abuse of the system; and returns responsibility for major infrastructure decisions back to democratically accountable ministers

- *Reform to ensure that decisions about housing are taken locally*, such as by giving local authorities the freedom to offer flexible tenancy agreements, manage their own waiting lists and take more control over the funding of social housing. The Bill also provides support for social tenants who want to move house and will help tenants to hold their landlords to account. The Community Right to Build will give people the power to meet their own housing needs.

2.19 The Localism Bill provides the potential to effect a significant change in national life, passing power to a local level, creating space for local authorities to lead and innovate and giving people the opportunity to take control of decisions that matter to them. By unfettering the relationship between central government, local government and individuals we will help build the Big Society.

Achievement	Link to more detail
Introduction of Localism Bill to Parliament	http://www.communities.gov.uk/news/newsroom/1794971
Parliamentary debate and progress	http://services.parliament.uk/bills/2010-11/localism.html
Plain English guide to the Localism Bill	http://www.communities.gov.uk/publications/localgovernment/localismplainenglishguide
Enabling councillors to become local champions	http://www.communities.gov.uk/news/newsroom/1789727
A fairer future for social housing	http://www.communities.gov.uk/news/newsroom/1775594
National Affordable Home Swap Scheme	http://www.communities.gov.uk/news/newsroom/1664130
Introduction of neighbourhood planning	http://www.communities.gov.uk/news/newsroom/1788714
Reform to the Community Infrastructure Levy	http://www.communities.gov.uk/news/newsroom/1772640
Changes to major infrastructure approvals	http://www.communities.gov.uk/news/newsroom/1861993
New community right to build	http://www.communities.gov.uk/news/newsroom/1795403
New rights to transform how services are run	http://www.communities.gov.uk/news/newsroom/1794155
Right to veto excessive council tax rises	http://www.communities.gov.uk/news/newsroom/1658244

Promoting integration and tolerance

2.20 The Department is leading the Government's approach on integration and aims to actively promote common values around tolerance, freedom of speech, freedom of worship, democracy, the rule of law and equal rights regardless of race, sex or sexuality.

2.21 To achieve more meaningful and active participation in society the Department intends to shift the balance of power away from the state, champion local institutions, challenge extremism in all its forms and help build the Big Society. Further detail will be available later in 2011 when the Department publishes its approach to integration and tolerance.

Taking action on civil liberties

2.22 The Department has been working with the Home Office to restrict the use of surveillance powers by councils. The use of covert techniques will only be permissible with the approval of a magistrate and councils will only be able to undertake directed surveillance for serious crimes i.e. those punishable by a maximum term of at least six months imprisonment. These measures are being taken forward in the Protection of Freedoms Bill.

Achievement	Link to more detail
Protection of Freedoms Bill	http://services.parliament.uk/bills/2010-11/protectionoffreedoms.html

Increasing transparency

2.23 To deliver greater accountability and transparency the Department has:

- published details each month of the Department's spending for items over £500
- worked to ensure that nearly all principal local authorities in England publish their spending over £500 (only one has not)
- consulted on a proposed Code of Recommended Practice for Local Government Data Transparency.

2.24 Greater transparency and access to information has the potential to deliver significant benefits. The Department has worked to make life simpler by creating a single list of every address across the country which will benefit those organisations that rely on consistent address information, such as the emergency services. As well as this a Public Sector Mapping Agreement has been established which allows all parts of the public sector in England and Wales to access national mapping data free of charge at the point of use which, when combined with digital technology, will pave the way for an increase in new applications and websites that can improve public services.

2.25 Other measures introduced to benefit local communities include a new 'publicity code' for English councils that tightens up the rules on publishing municipal newspapers and hiring of lobbyists, thus protecting taxpayers' money.

Achievement	Link to more detail
Publishing Departmental spending over £500	http://www.communities.gov.uk/news/newsroom/1728523
Code of Recommended Practice for Local Government Data Transparency	http://www.communities.gov.uk/news/newsroom/1837218
Cutting duplication – a new single address book	http://www.communities.gov.uk/news/newsroom/1786564
Free access to government mapping data	http://www.communities.gov.uk/news/newsroom/1665613
New publicity rules for councils	http://www.communities.gov.uk/news/newsroom/1841582

Meeting people's housing aspirations

2.26 The Department is committed to delivering people's housing aspirations and promoting social mobility. To deliver this the Department has launched the New Homes Bonus, which is a powerful and transparent incentive that encourages local authorities to support housing growth. The Department has set aside almost £1bn over the Spending Review period for the scheme, including some £200m to fully fund the scheme in year 1 (2011-12). From year 2 (2012-13), any additional funding beyond what is provided in Departmental budgets will come from Local Government Formula Grant.

2.27 The New Homes Bonus will match-fund the additional council tax raised – using the national average in each band. This includes new homes and empty properties brought back into use, and there is also an enhancement of £350 per annum for each affordable home. This means local authorities could receive £9,000 for each affordable home over six years. This means that the bonus available for an affordable home will be up to 36 per cent more than for a similar market home.

2.28 As part of the Spending Review announcement in October 2010, funding has been maintained in priority areas to support the Government's commitment to protect the vulnerable and disadvantaged. This includes:

- £400m for Preventing Homelessness over 2011-15, and a further £37.5m for the Homelessness Change Programme from 2012-13 to 2014-15; this includes £2m to Crisis in 2010-11 and a further £8m over the following two years, which will fund voluntary sector-led schemes to improve access to the private rented sector for single homeless people

- £6.5bn for Supporting People, which has been rolled into the core local government formula grant from April 2011 for the next four years to increase freedom and flexibilities.

2.29 The Department has also overhauled the way rough sleeping is counted to ensure a complete picture across the country and is taking the lead in joining up government services through the cross-Whitehall Ministerial Working Group on Homelessness.

2.30 The introduction of an Affordable Rent Model will provide additional flexibility to housing providers and additional opportunities for people to rent a home appropriate to their needs. The Department will also provide affordable home ownership options where appropriate to local circumstances. A £4.5bn investment will help deliver up to 150,000 new affordable homes over the next four years. This will sit alongside private sector investment and complement the key social housing reforms in the Localism Bill.

2.31 To support home-owners the Government has maintained the Mortgage Rescue Scheme, with further funding secured in the Spending Review to help households at risk of repossession and who have exhausted all other options to remain in their home. By working with delivery partners the scheme's costs have been cut so that the available funding can help as many households as possible. And to help more than 10,000 aspiring home owners over 2011-12 and 2012-13, up to £180m has been provided for a new FirstBuy equity loan scheme, which is co-funded with house builders.

Achievement	**Link to more detail**
New Homes Bonus	http://www.communities.gov.uk/news/newsroom/1768252 http://www.communities.gov.uk/news/newsroom/1846754
Support for homelessness	http://www.communities.gov.uk/news/newsroom/1846840
Measurement of rough sleepers	http://www.communities.gov.uk/news/newsroom/1846840
£4.5bn to provide affordable homes and the new	http://www.communities.gov.uk/news/newsroom/1842912

Affordable Rent Model	
Maintaining the Mortgage Rescue Scheme	http://mortgagehelp.direct.gov.uk/
Firstbuy Scheme to support first time buyers	http://www.homesandcommunities.co.uk/firstbuy

Supporting council housing

2.32 To help local authorities provide decent housing for their council tenants over £2bn has been committed to the Decent Homes Programme, of which £1.6bn has been allocated in funding for council housing. This will help to make 123,000 council homes decent by 2014-15 (revised down from the original estimate of 150,000 in light of local authority work plans), helping to tackle the decent homes backlog. As we received bids totalling around £2.7bn, the Homes and Communities Agency undertook a rigorous assessment to ensure the funding went to those areas that needed it most. A number of factors were considered in line with the invitation to bid, including efficiency and value for money and other funding available to the authority. As a result of this almost 50 local authorities will benefit from funding that will protect some of the most vulnerable people in society.

2.33 The Department also secured through the Spending Review a sustainable settlement for the introduction of a new fairer and local system of council house financing. This will be introduced through the Localism Bill and the reforms were set out in full for councils in *Implementing self-financing for council housing* published on 1 February 2011. This will enable councils to manage their housing on a self-financing basis.

Achievement	Link to more detail
£1.6bn to deliver decent council homes	http://www.communities.gov.uk/news/newsroom/1847414
Councils able to self-finance their housing, and publication of policy approach	http://www.communities.gov.uk/news/housing/1831664

Reducing regulation for house builders, landlords and communities

2.34 To support economic growth the Department has taken a number of steps to help the housing market and local communities. Planned changes to building standards were cancelled that would have affected many homes built with government funding or on public sector land, and would have cost developers an extra £8,000 for every home. Changes have also been introduced to remove the need for planning permission where houses are subdivided into multiple units, potentially removing several thousand applications from the system and thus reducing costs for landlords.

2.35 The Department quickly suspended the need for home-owners to produce a Home Information Pack when looking to sell their home, which has reduced the cost of selling a home and removed a layer of regulation from the process. Reassurance has also been provided that there will be no council tax revaluation in the next five years.

2.36 And to help make streets tidier and less confusing for motorists and pedestrians, councils have been urged to remove unnecessary signs, railings and advertising hoardings; limits on car spaces for new homes have been removed along with guidance that encouraged higher parking charges. Streamlined guidance has been prepared to help communities organise street parties and summer fêtes.

Achievement	**Link to more detail**
Cancelled costly changes to building standards	http://www.communities.gov.uk/news/newsroom/1779907
Reduced bureaucracy for landlords	http://www.communities.gov.uk/news/newsroom/1708229
Suspended Home Information Packs	http://www.communities.gov.uk/news/newsroom/1591783
No Council Tax revaluation in the next five years	http://www.communities.gov.uk/news/newsroom/1723670
Guidance on reducing street clutter and signs	http://www.communities.gov.uk/news/newsroom/1699481
Ended limits on car spaces for new homes and guidance for higher parking charges	http://www.communities.gov.uk/news/newsroom/1809347
Simplification of process to hold street parties	http://www.communities.gov.uk/news/newsroom/1700140

Putting communities in charge of planning

2.37 The Department is committed to giving local people and communities the ability to shape the places they live and ensuring that local communities and businesses can be ambitious in supporting growth and prosperity.

2.38 To deliver this the Department has announced a radical consolidation of all planning policy into a single National Planning Policy Framework, which will make it much simpler to understand and interact with the planning system. The new framework will:

- hand power back to local communities to decide what is right for them – instead of imposing excessive rigid rules from the centre
- establish a presumption in favour of sustainable development
- be more user-friendly and accessible, so that it is easier for members of the public to have a meaningful say in planning decisions
- make sure that planning is used as a mechanism for delivering Government objectives only where it is relevant, proportionate and effective to do so.

2.39 In addition to this, the Department is reforming how major new infrastructure is delivered to ensure that we have in place a planning regime that is rapid, transparent and accountable. Infrastructure of national significance plays an essential role in driving growth across the country and so, given that such planning decisions are so important, the Department intends to return decision-making powers to ministers who are accountable to Parliament. This will be achieved through closing the Infrastructure

Planning Commission and establishing a new Major Infrastructure Planning Unit within the Planning Inspectorate. The new unit will ensure continuity in the way that major infrastructure projects are considered and provide advice to ministers (who will then take decisions on whether to grant the relevant permissions).

2.40 To provide additional powers to councils, the Department has announced plans to decentralise powers to set planning fees and so enable councils to recover the actual cost of determining an application. This will end the national fee charging system set by central government which left local council taxpayers making up any shortfall in revenue through their council tax bills. In addition, councils and communities have been given powers to prevent the destructive practice of ‘garden grabbing’ as a result of gardens being classed as brownfield land in planning guidance. Removing gardens from the brownfield category will help prevent inappropriate development on gardens.

Achievement	Link to more detail
Overhaul and simplification of planning policy	http://www.communities.gov.uk/news/newsroom/1804410
Freeing councils to set their own planning fees	http://www.communities.gov.uk/news/newsroom/1769410
Action to tackle ‘garden grabbing’	http://www.communities.gov.uk/news/newsroom/1610193

Delivering on growth and deregulation

2.41 Everything the Department does has a direct or indirect impact on economic growth, which is a key part of our agenda. Throughout the year we have been talking to businesses, communities and other interested groups about how the Department’s policies can best support growth. The actions and policies set out in this Annual Report contribute to this agenda through:

- clearing obstacles to investment
- incentivising communities to welcome greater levels of growth
- ensuring that there are new homes in the places where people need them
- passing control from central government to businesses and communities
- providing direct investment in enterprises where this will make the difference.

2.42 The Department played a major role in Budget 2011 and the Government’s Growth Review, most notably through a review of the planning process to ensure it is proportionate and pro-growth. The Department will be accelerating public sector land disposal schemes and leading (with local enterprise partnerships) the creation of 21 Enterprise Zones. These zones will encourage growth by offering business rates discounts, simplified planning and fast broadband. Adopting a localist approach, a process has been set out whereby local enterprise partnerships will put forward proposals for Enterprise Zones, based on their local understanding of opportunities for growth, rather than a one-size-fits-all model being imposed from Whitehall.

2.43 The Department has also been leading across Whitehall to ensure that, wherever possible, local communities can determine their own growth ambitions. A contribution of £890m has been made towards the £1.4bn Regional Growth Fund which aims to foster private sector led growth, particularly in those areas of England that have become overly reliant upon public sector employment. Schemes supported include expansion of a Haribo sweet factory near Wakefield, development of a former eye hospital in Manchester into a biomedical centre, building of the next generation of Vivaro vans in Luton and construction of a manufacturing plant in Teesside.

2.44 The Regional Growth Fund differs from previous support because it builds the self-reliance of local areas, rather than encouraging 'regeneration dependency' on central funds.

Achievement	Link to more detail
Budget 2011	http://www.hm-treasury.gov.uk/2011budget.htm
The Plan for Growth	http://www.hm-treasury.gov.uk/ukecon_growth_index.htm http://www.communities.gov.uk/news/newsroom/1871038
Enterprise Zones	http://www.communities.gov.uk/news/newsroom/1911915 http://www.communities.gov.uk/publications/localgovernment/enterprisezoneapplication2011
Regional Growth Fund	http://www.bis.gov.uk/policies/economic-development/regional-growth-fund

Supporting business through deregulation

2.45 If the country is to recover from the economic downturn and deliver growth, it is vital that business has space to innovate with no unnecessary interference from government. The Department has therefore taken steps to stop new regulations that would have imposed additional burdens on business at this critical time, such as retrospective tax demands on the ports industry.

2.46 To support small businesses and local enterprise the Department doubled the Small Business Rate relief – benefiting over half a million businesses and saving them a total of £390m. This was initially for one year but has since been extended in Budget 2011 for another year.

2.47 To give confidence to the private sector that the Department will continue to deregulate and remove burdens, a 'one-in, one-out' system has operated since September 2010 to help manage down regulation. This means that new regulations can only be introduced if accompanied by deregulatory measures. The Department's one-in, one-out 'balance' this year stands at *minus* £86m, which means that £86m of quantified regulatory burdens on business have been removed (over and above additional regulatory burdens imposed). The largest contribution came through the suspension of Home Information Packs, which removed an estimated £42m of cost to industry.

2.48 In addition, all draft impact assessments that accompany policy proposals have been subject to scrutiny from the Regulatory Policy Committee[4] since September 2010. As of 31 March 2011 the Committee had commented on 39 draft impact assessments, 29 of which supported the Localism Bill. The Committee was positive about 18 of these and identified areas where others could be improved. Some of these were matters for clarification, others related to a lack of data due in part to the innovative nature of the measures. The Department undertook further work and amended the relevant Impact Assessments to address these issues before they were finally published.

2.49 Finally, the Department will be reviewing its stock of building, planning and housing regulations through the 'Red Tape Challenge' which was launched in April 2011. This initiative will lead to Government regularly publishing regulations affecting one particular sector or industry (as well as general regulations that cut across all sectors). The public will then have opportunity to comment on all 21,000 regulations – many of them owned by this Department – with a default presumption that burdensome regulations will be removed unless a strong case is made to keep them. In parallel to this the Department will be reviewing its regulations affecting local government and communities to further reduce burdens in the Department's policy areas.

Achievement	Link to more detail
Cancelling backdated business rate liabilities on certain businesses, including ports	http://www.communities.gov.uk/news/newsroom/1601983
Doubled small business rate relief for one year (since extended in Budget 2011)	http://www.communities.gov.uk/news/newsroom/1730219
Red Tape Challenge	http://www.redtapechallenge.cabinetoffice.gov.uk

Wider responsibilities

2.50 As set out in the Business Plan, the Department has a number of wider responsibilities and areas of significant spending – in particular on fire and regeneration.

Fire and Rescue Services

2.51 Following an independent sector-led review of fire and rescue provision in England – the Fire Futures review – the Government published its response on 12 April 2011. The response sets out how government will take forward reform of the fire and rescue services in the context of strengthening national resilience, in particular by changing the relationship with central government and improving local accountability.

[4] http://regulatorypolicycommittee.independent.gov.uk

2.52 The Department also made three other key decisions on fire and rescue policy. The first was closure of the FiReControl project, which had aimed to replace England's 46 standalone fire and rescue control rooms with a national network of nine control centres. This was because the main contractor could not deliver the requirements of the project to an acceptable timeframe, which was one of the key criteria for the project's continuation (see paragraphs 7.23 to 7.27 for further detail). The Department subsequently consulted on future arrangements for delivering fire and rescue control services and how fire and rescue services might approach enhancing resilience and efficiency in them. The preferred approach in the consultation was increased collaboration in a locally-defined form, with some support from central government.

2.53 The second followed completion of the Firelink Radio system to all Fire and Rescue Services, with the Department reaching a settlement with Airwave Solutions Ltd to address some outstanding issues and slippage to the agreed project timetable. As a result of this the project is forecast to be delivered £60m under the approved whole life budget.

2.54 And third, the 'Fire Kills' safety campaign was re-focused to deliver a localist approach so that national advertising supports communications carried out by Fire and Rescue Services with the communities they serve. The advertising is underpinned with an enhanced partnership and Public Relations strategy.

2.55 In addition, following the closure of the Government Offices for the Regions on 31 March 2011, the Department took on their former responsibility for resilience and emergencies management. Briefly, this involves working with local resilience groups to plan for, respond to and recover from, the full range of emergencies that might occur and have an impact on localities.

Achievement	Link to more detail
Sector led review of fire and rescue services & Government response	http://www.communities.gov.uk/news/newsroom/1804631 http://www.communities.gov.uk/news/fire/1885261
Closure of FiReControl project	http://www.communities.gov.uk/news/newsroom/1803629 http://www.communities.gov.uk/news/newsroom/1816095
Re-launch of the 'Fire Kills' safety campaign	http://www.communities.gov.uk/news/newsroom/1779734

Regeneration and sustainability

2.56 Government is taking a new localist approach to regeneration, putting residents, local businesses, civil society organisations and civic leaders in the driving seat; and providing them with local rewards and incentives to drive growth and improve the social and physical quality of their area.

2.57 This new approach was published in January 2011 and includes a cross-government toolkit detailing the wide range of policies and funds available which might help local authorities, communities and civil society organisations in driving forward regeneration in their area, or in influencing regeneration plans.

2.58 One of the Department's major regeneration priorities is the Thames Gateway, where there continues to be enormous potential for growth both for the greater South East and the wider country. We are working to ensure local people are in a position to capitalise on this, with a new Thames Gateway Strategic Group (led by local political and business representatives) established to provide streamlined, accountable leadership for the Gateway. Major steps have been taken towards the localisation of the area's two development corporations.

2.59 On Coalfields regeneration, following the Clapham Review, the Government announced a £30m funding package to help drive out inequality and deprivation from coalfield areas. This funding is in addition to £150m investment through the National Coalfields Programme run by the Homes and Communities Agency to bring former coalfield sites back into use.

2.60 And on the Olympic and Paralympic legacy, the Department continues to put in place the means through which local communities can realise the Olympic bid commitment to regenerate the heart of East London. Firm plans are in place on the Olympic Park legacy, with development of the Queen Elizabeth Park being led by the Olympic Park Legacy Company (which is funded by this Department). Through the Localism Bill the Mayor of London will have a power to set up Mayoral Development Corporations, with the first of these expected to be established in the Olympic Park and surrounding area (taking forward the work of the Olympic Park Legacy Company). In line with the Department's localism agenda this will put the long term legacy of this new part of London at the right level, with the Mayor of London.

2.61 Finally, to encourage sustainability the Department has taken steps to reduce its own carbon emissions (see paragraphs 6.64 to 6.81) and reaffirmed the Government's commitment to zero carbon by announcing a definition for zero carbon homes, which sets out the standards which will apply to all new homes from 2016. The Building Regulations were also amended in October 2010 to implement the next step towards zero carbon homes.

Achievement	Link to more detail
Localisation of planning powers from the London Thames Gateway Development Corporation	http://www.communities.gov.uk/news/newsroom/1859249
New approach to regeneration and toolkit	http://www.communities.gov.uk/regeneration/regenerationfunding/
Coalfields Regeneration	http://www.communities.gov.uk/news/newsroom/1861991
Olympics legacy on the Department's website	http://www.communities.gov.uk/regeneration/olympicslegacy
Olympic Park Legacy Company	http://www.legacycompany.co.uk/

Zero Carbon Homes	http://www.communities.gov.uk/statements/newsroom/1905627

3 Progress on the Structural Reform Plan and input / impact indicators

Structural Reform Plan

3.1 Progress against the Structural Reform Plan actions due to complete in 2010-11 (as of 31 March) is set out below:

Priority	Number of actions for 2010-11	Number met on time	Number missed by 1 month	Number missed by 2 months	Number missed by 3 or more months
Priority 1 Decentralise power as far as possible	6	5	1	0	0
Priority 2 Reinvigorate local accountability, democracy and participation	29	27	2	0	0
Priority 3 Increase transparency by letting people see how their money is being spent	9	7	1	0	1
Priority 4 Meet people's housing aspirations	27	19	7	0	1
Priority 5 Put communities in charge of planning	10	6	4	0	0
Total	**81**	**64**	**15**	**0**	**2**

3.2 In the majority of cases, where deadlines have been missed, this has been because of delays due to parliamentary business. For example, the introduction of the Localism Bill on 13 December 2010 (rather than in November) meant that 11 actions were not completed on time. In the other four cases where actions were missed by one month, the delays were to allow for proper consideration either of a relevant Select committee Report or responses to consultation, or to allow detailed discussions with people and organisations affected by the policy.

3.3 Of the two actions that were missed by three or more months:

- On Priority 3 – the missed action related to publication of a Code of recommended practice on council transparency, concerned with making data generated by local authorities available and accessible to the public. This was due to complete in November 2010 and was actually completed in February 2011. The Code was delayed so that it could be informed by other developments on data transparency, including creation of the new "right to data" set out in the Coalition Agreement, and also to allow for more effective consultation

- On Priority 4 – the missed action was to publish the consultation response on options for the Housing Revenue Account, including voluntary arrangements. This was due to complete in July 2010 and actually completed in November 2010. Initially, responses to the consultation were analysed in July, but pressure of government business prevented a response being published that month. Grant Shapps announced the intention to reform the Housing Revenue Account on 5 October and the summary of consultation responses and supporting documents were published in November, to coincide with the introduction of the Localism Bill which includes the relevant provisions for reform.

3.4 All the monthly implementation reports and latest data, including details on the actions due to start and complete each month, can be found on the Department's website:

http://www.communities.gov.uk/publications/corporate/structuralreformplan

3.5 The priorities and actions in the table above are those from the Structural Reform Plan published in November 2010 as part of the Business Plan, which updated the draft Structural Reform Plan published in July 2010 (between the two version some actions moved between different sections).

Input indicators

	2009-10	2010-11	2011-12
1. Affordable Rent payment per dwelling by the Homes and Communities Agency	…	…	N/A
2. Percentage of local authority revenue expenditure funded by central government grants, broken down by class of authority			
England	74.9%	N/A	N/A
i) London boroughs	79.3%	N/A	N/A
ii) Metropolitan districts	80.3%	N/A	N/A
iii) Unitary authorities	74.6%	N/A	N/A
iv) Shire counties	69.5%	N/A	N/A
v) Shire districts	58.5%	N/A	N/A
vi) Greater London Authority	83.4%	N/A	N/A
vii) Other authorities	72.0%	N/A	N/A
3. Expenditure per head on the Fire and Rescue Service	£42.02	N/A	N/A
4. Average New Homes Bonus grant payable per dwelling per year to different classes of authority		*(New Homes Bonus figures are provisional)*	
England	…	…	£1,334
i) Shire areas	…	…	£1,349
ii) Metropolitan areas	…	…	£1,216
iii) London	…	…	£1,451
5. Formula Grant per head as a percentage of England average [(a)]			
i) Inner London boroughs and City	190.1%	187.5%	188.7%
ii) Outer London boroughs	99.5%	99.1%	97.8%
iii) London (including City)	132.9%	131.8%	131.0%
iv) GLA - fire	8.5%	8.3%	7.8%
v) Metropolitan districts	127.8%	127.9%	127.0%
vi) Joint fire authorities (metropolitan districts)	7.4%	7.3%	6.5%
vii) Unitary authorities (act as fire authorities)	98.4%	99.4%	100.6%
viii) Unitary authorities (do not act as fire authorities)	91.3%	91.7%	92.2%
ix) Shire counties (act as fire authorities)	67.2%	67.3%	67.7%
x) Shire counties (do not act as fire authorities)	64.3%	64.7%	66.1%
xi) Combined fire authorities (unitary authority and shire county areas)	4.8%	4.8%	4.5%

Impact indicators

	2009-10	2010-11	2011-12
1. Total number of housing starts and completions, seasonally-adjusted (as a leading indicator of net additions)	*(All housing starts and completions figures are provisional)*		
Starts: 1 April to 30 June	18,240	28,460	N/A
Starts: 1 July to 30 September	22,410	26,400	N/A
Starts: 1 October to 31 December	22,070	23,140	N/A
Starts: 1 January to 31 March	25,300	29,140	N/A
Starts: total for year [b]	87,690	106,590	N/A
Completions: 1 April to 30 June	29,960	26,600	N/A
Completions: 1 July to 30 September	29,690	26,830	N/A
Completions: 1 October to 31 December	27,740	23,500	N/A
Completions: 1 January to 31 March	26,280	29,380	N/A
Completions: total for year [b]	113,670	105,930	N/A
2. Number of net additions to the housing stock	128,680	N/A	N/A
3. Number of affordable housing starts and completions delivered through the Homes and Communities Agency			
Starts: 1 April to 30 September	12,488	13,626	N/A
Starts: 1 October to 31 March	41,815	35,735	N/A
Starts: total for year	54,303	49,361	N/A
Completions: 1 April to 30 September	18,906	19,549	N/A
Completions: 1 October to 31 March	34,249	36,307	N/A
Completions: total for year	53,155	55,856	N/A
4. Energy efficiency of new build housing (average Standard Assessment Procedure energy rating score)			
1 April to 30 June	79.3	80.8	N/A
1 July to 30 September	80.0	80.3	N/A
1 October to 31 December	80.2	81.7	N/A
1 January to 31 March	80.2	82.4	N/A
Arithmetic mean of published quarterly average scores [c]	79.9	81.3	N/A
5. Households in temporary accommodation, seasonally-adjusted	*(Temporary accommodation figures are provisional for 2010-11)*		
As at 30 June	60,140	50,270	N/A
As at 30 September	56,420	49,190	N/A
As at 31 December	53,840	48,490	N/A
As at 31 March	51,460	48,380	N/A
6. Fire-related casualties (number per 100,000 population)		*(All fire casualties figures are provisional)*	
1 April to 30 June	3.7	3.6	N/A
1 July to 30 September	3.3	3.5	N/A
1 October to 31 December	3.8	4.1	N/A
1 January to 31 March	3.8	3.6	N/A
Average for year	3.7	3.7	N/A
7. Decentralisation of central government funding through percentage of un-ringfenced grants [d]	93.2%	N/A	N/A
8. The number of planning applications granted as a percentage of all applications for major and minor schemes	81.5%	82.7%	N/A

Key:

(a) Excluding police funding. City of London non-police figures have been estimated for 2009-10 and 2010-11.
(b) The annual total is not necessarily equal to the sum of the seasonally-adjusted figures for each quarter.
(c) The annual figures have not been calculated using the underlying data and so are not precise averages. They are nevertheless fit for purpose: precise averages using data for the whole of the financial year will be published in due course.
(d) The calculation excludes the published £1.2 billion 'Other grants within Aggregrate External Finance' figure for 2009-10, which cannot be robustly broken down into ringfenced and unringfenced elements
… = not available because the Affordable Rent scheme and the New Homes Bonus did not exist before 2011
N/A = not available at the time of publication
Full technical details for each indicator - and new data - can be found in the indicator measurement annex at:
http://www.communities.gov.uk/publications/corporate/businessplan2011

4 The Public Accounts Committee and Parliamentary Ombudsman

Public Accounts Committee recommendations

4.1 The Department is responsible for implementing most of the recommendations and conclusions accepted or partially accepted in three Treasury Minutes, encompassing Government responses to Public Accounts Committee reports, published during 2010-11. These were:

- Regenerating the English coalfields – Treasury Minute published 15 July 2010 (Cm 7885)
- The Decent Homes programme – Treasury Minute published 15 July 2010 (Cm 7885)
- Private Finance in Housing – Treasury Minute published 24 March 2011 (Cm 8042).

4.2 Details of progress made to implement recommendations can be found on the Department's website:

http://www.communities.gov.uk/publications/corporate/pacreport2011

Complaints to the Parliamentary Ombudsman

4.3 There have been no cases against the Department accepted for investigation by the Parliamentary Ombudsman. Consequently there have been no investigations reported nor recommendations made.

5 Introduction to the Resource Accounts

5.1 The Report and Accounts present the consolidated results for the financial year 2010-11 of the following principal entities: the Department for Communities and Local Government, comprising the central Department and Government Offices – the core Department – and its Executive Agency the Planning Inspectorate (PINS). Note 33 (and Annex A) to these Accounts provides a full list of the public bodies that make up the Departmental Group.

5.2 These accounts have been prepared in accordance with the Direction given by the Treasury in pursuance of the Government Resources and Accounts Act 2000. The Department produces a number of performance reports during the year and these can be found on the corporate publications section of the Department's website:

http://www.communities.gov.uk/corporate/publications

5.3 The Planning Inspectorate publishes a separate Annual Report and Accounts which will be available on its website www.planning-inspectorate.gov.uk.

6 Management commentary

Financial organisation of the Department

6.1 The Department operates a system of delegated resource management responsibilities for programme and administrative expenditure, the aim being to give managers as much discretion as possible to make the most effective use of resources while still securing propriety, regularity and best value for money. Senior managers are held accountable through a requirement to report periodically on the discharge of their management responsibilities and control of resources entrusted to them. For 2011-12 the Department is strengthening these controls and expanding the principles to include its Arms Length Bodies, in particular in relation to the new administration budget controls.

6.2 The Department has a number of management systems in place designed to ensure that objectives are met efficiently and effectively. The business planning process allows ministers and the Board to review and agree key priorities and how these should be delivered in the context of the Departmental objectives and budgets agreed during the 2010 Spending Review.

The Future

6.3 The Coalition Government announced a package of measures on 24 May 2010 designed to make an immediate start on reducing the government deficit. Further changes were incorporated in the 2010 Spending Review announcement made on 20 October 2010, which covered the years 2011-12 to 2014-15.

6.4 The core Department's budget settlement (the 'Communities' budget) over the Spending Review period is £15.9bn, of which £6.5bn is resource and £9.4bn capital. This represents a 51 per cent reduction in resource funding and a 74 per cent reduction in capital against our 2010-11 baseline. As part of the settlement, the Department transferred £6.7bn over the Spending Review period into Formula Grant.

6.5 The Department is also responsible for the Local Government resource budget and the settlement over the Spending Review period is a real-terms decrease of 28 per cent. When grants from other departments are included, the overall reduction in revenue grants will be 26 per cent in real terms. Local authorities also receive income from other sources, such as council tax.

6.6 Through a transition grant, the department has ensured that no council will see its overall spending power decreased by more than 8.8 per cent in either 2011-12 or 2012-13.

6.7 The impact of the Spending Review settlement – combined with the Coalition Government's ambition to achieve a smaller, more enabling state and a shift in power away from Whitehall – has been a move to a smaller, stronger Department. The number of programme streams in the Department has more than halved since 2009-10, reflecting the changing nature of programme making in the Department and also the reduction in resources, with smaller programme streams being rationalised.

6.8 The expenditure plans in Table 1 represent the Departmental position following Budget 2011. Between the Spending Review announcement and Budget the Department received an additional £210m towards housing programmes and various inter-departmental transfers were made. The DCLG Communities budget has an annual contingency of approximately 1 per cent on capital and 2 per cent on resource which will help the Department manage emerging financial risks and pressures.

6.9 The HM Treasury led Clear Line of Sight project is aligning budgets, estimates and accounting definitions. From 2011-12, accounts of the Department's Non Departmental Public bodies will be consolidated with the Department's accounts. Tables 1a-4b have been prepared on this consolidated basis and therefore do not correspond exactly to numbers in the Statement of Parliamentary Supply which relates only to the core department and it's Agency.

Table 1a: Past, current and future Departmental resource spending

	2006-07 outturn £'000	2007-08 outturn £'000	2008-09 outturn £'000	2009-10 outturn £'000	2010-11 outturn £'000	2011-12 plan £'000	2012-13 plan £'000	2013-14 plan £'000	2014-15 plan £'000
Spending in DEL - DCLG Communities									
Voted expenditure									
Of which:									
Localism	354,794	1,000,880	967,803	1,013,327	2,436,135	413,558	331,999	241,446	229,665
Neighbourhoods	1,996,471	2,003,699	1,932,709	2,044,247	197,491	305,237	523,068	351,648	357,406
Local Economies, Regeneration & European Programmes	654,326	627,421	631,087	509,437	403,999	354,696	318,288	272,806	40,987
Research, Data and Trading Funds	6,618	3,764	-4,465	-169	22,709	76,593	80,169	78,379	78,567
Administration	493,293	462,072	514,988	500,157	495,546	525,849	392,677	355,306	308,783
Departmental Unallocated Provision	-	-	-	-		106,824	164,142	356,648	251,864
Localism (NDPB)(net)	7,040	-	-	-2		1,566	-	-	-
Neighbourhoods (NDPB)(net)	-161,183	-142,688	69,946	81,291	36,875	33,060	2,638	2,545	2,306
Local Economies, Regeneration & European Programmes (NDPB) (net)	95	47	-7,381	161,568	121,139	236,894	10,000	9,000	9,000
Total Spending in DEL - DCLG Communities	3,351,454	3,955,195	4,104,687	4,309,856	3,713,894	2,054,277	1,822,981	1,667,778	1,278,578
Spending in DEL - DCLG Local Govt									
Voted expenditure									
Of which:									
Revenue Support Grant	3,442,866	3,162,931	2,909,446	4,547,431	3,167,008	5,905,455	22,944,248	23,203,143	21,864,266
Non-Domestic Rates Payments	17,500,000	18,500,000	20,500,000	19,500,000	21,500,000	19,000,000	-	-	-
London Governance	37,871	38,362	46,432	46,472	46,540	63,419	49,895	46,173	44,430
Other grants and payments	1,359,140	836,367	989,923	1,208,061	1,054,605	779,759	783,738	771,334	768,164
Valuation Services	166,250	169,450	166,000	163,800	150,196	152,000	149,000	154,000	150,000
Audit Commission Disbanding	23,006	23,339	20,579	20,943	10,811	56,100	25,003	3,927	10
Local Government (NDPB)(net)	11,115	19,745	18,495	30,020	28,121	44,739	22,557	20,290	23,400
Total Spending in DEL - DCLG Local Govt	22,540,248	22,750,194	24,650,875	25,516,727	25,957,281	26,001,472	23,974,441	24,198,867	22,850,270
Spending in Annually Managed Expenditure (AME)									
Voted expenditure									
Of which:									
Localism	171,778	167,110	251,603	260,268	383,797	323,091	340,803	378,373	396,311
Neighbourhoods	132,448	48,472	-228,680	-86,487	-581,910	-642,156	-825,942	-1,007,539	-1,167,964
Non-Domestic Rates Outturn adjustments	1,036,632	842,085	661,327	283,895	1,110,845	300,000	300,000	300,000	300,000
Neighbourhoods (NDPB)	12,711	27,727	311	2,157	-20,766	35,503	54,025	55,029	56,532
Local Economies, Regeneration & European Programmes (NDPB) (net)	-	8,317	574,964	17,367	125,905	34,827			
Local Economies, Regeneration & European Programmes	41,756	68,426	3,306	66,591	-71,450				
Administration	*10,950*	*3,069*	*12,968*	*-10,870*	*19,635*	-	-	-	-
Localism (NDPB)	2								
Total Spending in AME revised	1,406,277	1,165,206	1,275,799	532,921	966,056	51,265	-131,114	-274,137	-415,121
Total for Estimate revised	**27,297,979**	**27,870,595**	**30,031,361**	**30,359,504**	**30,637,231**	28,107,014	25,666,308	25,592,508	23,713,727
Of which:									
Voted expenditure	27,297,979	27,870,595	30,031,361	30,359,504	30,637,231	28,107,014	25,666,308	25,592,508	23,713,727
Non-voted expenditure									

Table 1b: Past, current and future Departmental capital spending

	2006-07 outturn £'000	2007-08 outturn £'000	2008-09 outturn £'000	2009-10 outturn £'000	2010-11 outturn £'000	2011-12 plan £'000	2012-13 plan £'000	2013-14 plan £'000	2014-15 plan £'000
Spending in DEL - DCLG Communities									
Voted expenditure									
Of which:									
Localism	251,694	335,958	317,123	251,245	163,353	115,400	93,500	79,000	71,500
Neighbourhoods	1,974,241	2,339,810	2,029,440	2,266,544	1,819,084	578,810	596,710	653,710	818,710
Local Economies, Regeneration & European Programmes	1,032,706	1,049,892	996,212	767,958	333,385	158,782	343,375	58,750	17,125
Research, Data and Trading Funds	-	-	-	-	20,030	15,000	-	-	-
Administration	12,498	9,773	9,891	19,342	2,807	10,000	10,000	10,000	10,000
Departmental Unallocated Provision						29,890	28,415	23,540	53,665
Localism (NDPB) (net)	80	21	317	1,382	15,099				
Neighbourhoods (NDPB) (net)	2,269,273	2,384,343	3,413,221	4,957,081	3,686,262	2,126,000	1,095,000	1,039,000	976,000
Local Economies, Regeneration & European Programmes (NDPB) (net)	61,231	114,035	343,277	671,175	379,929	428,718	126,000	-50,000	14,000
Total Spending in DEL - DCLG Communities	**5,601,723**	6,233,832	7,109,481	8,934,727	6,419,949	3,462,600	2,293,000	1,814,000	1,961,000
Spending in DEL - DCLG Local Govt									
Voted expenditure									
Of which:									
Revenue Support Grant									
Non-Domestic Rates Payments									
London Governance	-	-	1,600	1,600	1,600				
Other grants and payments	221,732	31,753	119,992	256,737	-69,109				
Valuation Services									
Audit Commission Disbanding									
Local Government (NDPB) (net)	1,542	311	484	2,017	716				
Total Spending in DEL - DCLG Local Govt	**223,274**	32,064	122,076	260,354	-66,793	-	-	-	-
Spending in Annually Managed Expenditure (AME)									
Voted expenditure									
Of which:									
Localism									
Neighbourhoods	542,903	1,212,864	516,448	170,736	842,973	658,000	658,000	658,000	658,000
Non-Domestic Rates Outturn adjustments									
Neighbourhoods (NDPB)									
Local Economies, Regeneration & European Programmes (NDPB) (net)									
Local Economies, Regeneration & European Programmes									
Administration									
Localism (NDPB)									
Total Spending in AME	**542,903**	1,212,864	516,448	170,736	842,973	658,000	658,000	658,000	658,000
Total for Estimate	**6,367,900**	**7,478,760**	**7,748,005**	**9,365,817**	**7,196,129**	**4,120,600**	2,951,000	2,472,000	2,619,000
Of which:									
Voted expenditure	6,367,900	7,478,760	7,748,005	9,365,817	7,196,129	4,120,600	2,951,000	2,472,000	2,619,000
Non-voted expenditure									

Table 2: Administration budgets

	2005-06 Outturn £'000	2006-07 Outturn £'000	2007-08 Outturn £'000	2008-09 Outturn £'000	2009-10 Outturn £'000	2010-11 Outturn £'000	2011-12 Plans £'000	2012-13 Plans £'000	2013-14 Plans £'000	2014-15 Plans £'000
Administration Expenditure										
Paybill	266,816	312,726	299,928	280,187	318,190	335,878	253,637	227,921	185,295	182,130
Other	265,234	267,520	245,289	285,983	248,370	168,633	203,756	197,936	204,089	176,402
Total administration expenditure	**532,050**	**580,246**	**545,217**	**566,170**	**566,560**	**504,511**	**457,393**	**425,857**	**389,384**	**358,532**
Administration income	-89,988	-104,864	-95,073	-63,647	-79,596	-67,859	-38,306	-45,680	-46,578	-49,749
Total administration budget	**442,062**	**475,382**	**450,144**	**502,523**	**486,964**	**436,652**	**419,087**	**380,177**	**342,806**	**308,783**

Notes:
Outturn for 2010-11 includes final data for the Department and agency and provisional data for NDPB.

6.10 The administration costs regime has been reformed to capture the costs of policy, funding and regulation more accurately.

6.11 The Spending Review resulted in the allocation of a Single Administration Budget to cover administration expenditure in Arms Length Bodies, the Central Department and the initial costs arising from the closure of the Government Office Network. The Single Administration Budget allocated for 2014-15 is a third lower in real terms than the 2010-11 baseline. The Department has started its delivery of this challenging target by adopting a number of measures including:

- a phased programme of staff reductions, controlled carefully to avoid an adverse impact on operational delivery combined with close scrutiny of all proposals for the use of consultants and temporary staff to ensure they are unavoidable
- delivery of back office savings, including shared service initiatives both within the group and with other government organisations.

6.12 The Central Department already has a well established quarterly review process. Arrangements are being made to include Arms Length Bodies in the process, thereby enabling them to surrender budgets which are not needed so that those funds can be used elsewhere in the group or for other bodies to seek additional funding when new pressures have arisen.

Capital

6.13 Table 3 below provides detail of the capital employed by the Department to meet its objectives.

Table 3: Capital employed

Assets and liabilities in the Statement of Financial Position at year end:	2006-07 Outturn £'000	2007-08 Outturn £'000	2008-09 Outturn £'000	2009-10 Outturn £'000	2010-11 Outturn £'000	2011-12 Plans £'000	2012-13 Plans £'000	2013-14 Plans £'000	2014-15 Plans £'000
Assets									
Non-Current Assets (>1 year)									
Intangible Assets	1,439	60,847	69,345	79,936	25,235	16,347	6,552	6,107	5,362
Property, plant and equipment	171,662	99,936	69,263	71,945	118,661	91,246	94,761	89,039	79,509
of which									
Land and Buildings	33,270	10,669	10,531	12,808	73,992	66,991	62,731	56,973	54,747
Plant and machinery	26,071	16,506	8,287	9,349	7,689	3,987	3,291	3,182	3,088
Vehicles	47,440	52,206	26,666	24,171	21,674	0	0	0	0
Information technology	29,529	4,729	4,262	7,136	4,777	4,038	11,093	11,124	9,607
Payments on account and assets under construction	35,190	15,286	16,919	13,952	6,698	6,826	13,114	10,957	9,511
Other	162	540	2,599	4,527	3,832	9,404	4,532	6,803	2,556
Financial assets: investments	45,859	71,100	66,420	69,791	95,573	98,345	101,197	103,727	106,528
Trade and other receivables	0	35	125,551	170,334	174,328	178,153	182,063	186,059	190,143
Current Assets (<1 year)	1,008,320	1,160,584	678,931	711,507	766,524	647,375	587,801	571,914	542,127
Liabilities									
Current liabilities (<1 year)	-1,604,199	-2,417,037	-1,040,014	-1,157,656	-1,218,027	-1,028,696	-934,031	-908,787	-861,454
Non-current liabilities (>1 year)	-253,412	-354,728	-503,495	-194,997	-295,858	-299,683	-303,593	-307,589	-311,673
Provisions	-33,022	-107,201	-155,398	-151,282	-91,474	-64,327	-61,341	-60,040	-57,541
Capital employed within main department	**-663,353**	**-1,486,464**	**-689,395**	**-400,422**	**-425,037**	**-361,240**	**-326,591**	**-319,569**	**-306,999**
Non-Departmental Public Bodies' total assets less liabilities	**1,492,269**	**1,435,915**	**1,002,448**	**1,225,960**	**1,408,496**	**1,396,395**	**1,430,412**	**1,302,456**	**1,162,252**
Total capital employed in departmental group	**828,916**	**-50,549**	**313,053**	**825,538**	**983,459**	**1,035,156**	**1,103,822**	**982,886**	**855,252**

Notes:

Outturn for 2010-11 includes final data for the Department and agency and provisional data for NDPB.

Capital employed is the funding required by an organisation to set it up and continue its existence. Capital consists of funding invested in the organisation (shareholders' equity in private sector organisations) and loans to the organisation (either directly as money lent or indirectly as credit allowed in business activity e.g. time allowed to pay invoices).

The capital employed by an organisation is reported in the Statement of Financial Position in its financial statements. The Statement of Financial Position lists the organisation's assets and its liabilities.

Assets can be "non-current assets" (providing benefit for more than one year after acquisition) or "current assets" providing benefit within one year of acquisition. Examples of non-current assets are land and buildings. Examples of current assets are receivables (third parties who owe the organisation payments for purchases from it), and balances in bank and cash accounts.

From 2009-10 the figures are based on International Financial Reporting Standards (IFRS) and International Generally Accepted Accounting Practice (IGAAP). 2007-08 and 2008-09 are restated in IFRS/IGAAP. 2006-07 is stated in UK Financial Reporting Standards/UK GAAP.

Investments are assets that represent funding provided to other organisations as equity (e.g. public dividend capital) or as loans.

Liabilities show payment owed by the Department to third parties. Liabilities are analysed between those having to be paid within one year, and those for which payment will be after one year.

Provisions are liabilities of uncertain amount or timing. A provision is recorded if a sufficiently reliable estimate can be made.

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

Investment and funding

6.14 The Department is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans was sought through Supply Estimates presented to the House of Commons, specifying the estimated expenditure and requesting the necessary funds. The Department then drew down funds in year from the Consolidated Fund as required.

6.15 Tables 4a to 4d on pages 45 – 51 of this Report and the Statement of Parliamentary Supply, on Page 106, show outturn figures against Estimates.

6.16 The Consolidated Statement of Cash Flows on Page 109, analyses the net cash flow from operating activities, identifies cash spent by the Department on capital expenditure and investment and shows the funding that the Department drew down from the Consolidated Fund in order to finance its activities during the year.

Table 4a: 2010-11 Resource outturn against budget

	2010-11		
	final budget £'000	outturn £'000	variance against final budget £'000
Spending in DEL - DCLG Communities			
Voted expenditure			
Of which:			
Localism	2,456,106	2,436,135	-19,971
Neighbourhoods	198,853	197,491	-1,362
Local Economies, Regeneration & European Programmes	328,858	403,999	75,141
Research, Data and Trading Funds	23,590	22,709	-881
Administration	475,750	495,546	19,796
Departmental Unallocated Provision			-
Localism (NDPB)(net)			-
Neighbourhoods (NDPB)(net)	40,743	36,875	-3,868
Local Economies, Regeneration & European Programmes (NDPB) (net)	255,961	121,139	-134,822
Total Spending in DEL - DCLG Communities	3,779,861	3,713,894	-65,967
Spending in DEL - DCLG Local Govt			-
Voted expenditure			-
Of which:			-
Revenue Support Grant	3,167,008	3,167,008	-
Non-Domestic Rates Payments	21,500,000	21,500,000	-
London Governance	46,536	46,540	4
Other grants and payments	1,070,856	1,065,416	-5,440
Valuation Services	150,196	150,196	-
Audit Commission Disbanding	10,914	-	-10,914
Local Government (NDPB)(net)	30,896	28,121	-2,775
Total Spending in DEL - DCLG Local Govt	25,976,406	25,957,281	-19,125
Spending in Annually Managed Expenditure (AME)			-
Voted expenditure			-
Of which:			-
Localism	384,156	383,797	-359
Neighbourhoods	-508,349	-581,910	-73,561
Non-Domestic Rates Outturn adjustments	1,113,000	1,110,845	-2,155
Neighbourhoods (NDPB)	-4,000	-20,766	-16,766
Local Economies, Regeneration & European Programmes (NDPB) (net)	85,780	125,905	40,125
Local Economies, Regeneration & European Programmes		-71,450	-71,450
Administration	*-69*	*19,635*	*19,704*
Total Spending in AME	1,070,518	966,056	-104,462
Total for Estimate	**30,826,785**	**30,637,231**	**-189,554**
Of which:			-
Voted expenditure	30,826,785	30,637,231	-189,554
Non-voted expenditure			-

Table 4b: 2010-11 Capital outturn against budget

	2010-11		
	final budget	outturn	variance against final budget
	£'000	£'000	£'000
Spending in DEL - DCLG Communities			
Voted expenditure			
Of which:			
Localism	205,384	163,353	-42,031
Neighbourhoods	1,792,050	1,819,084	27,034
Local Economies, Regeneration & European Programmes	232,204	333,385	101,181
Research, Data and Trading Funds	35,000	20,030	-14,970
Administration	18,924	2,807	-16,117
Departmental Unallocated Provision			-
Localism (NDPB) (net)	15,100	15,099	-1
Neighbourhoods (NDPB) (net)	3,705,437	3,686,262	-19,175
Local Economies, Regeneration & European Programmes (NDPB) (net)	484,836	379,929	-104,907
Total Spending in DEL - DCLG Communities	6,488,935	6,419,949	-68,986
Spending in DEL - DCLG Local Govt			
Voted expenditure			
Of which:			
Revenue Support Grant			-
Non-Domestic Rates Payments			-
London Governance	1,600	1,600	-
Other grants and payments	12,340	-69,109	-81,449
Valuation Services			-
Audit Commission Disbanding			-
Local Government (NDPB) (net)	597	716	119
Total Spending in DEL - DCLG Local Govt	14,537	-66,793	-81,330
Spending in Annually Managed Expenditure (AME)			
Voted expenditure			
Of which:			
Localism			
Neighbourhoods	927,000	842,973	-84,027
Non-Domestic Rates Outturn adjustments			
Neighbourhoods (NDPB)			
Local Economies, Regeneration & European Programmes (NDPB) (net)			
Administration			
Total Spending in AME	927,000	842,973	-84,027
Total for Estimate	**7,430,472**	**7,196,129**	-234,343
Of which:			
Voted expenditure	7,430,472	7,196,129	-234,343
Non-voted expenditure			

6.17 The outturn shows the resources consumed by the Department. As well as the Resource Requirement in the Departmental Estimates the Department also has a Resource Budget, which is split between the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

Table 4c: Reconciliation of net resource requirement to resource budget

	2010-11 Plans £'000	2010-11 Outturn £'000
Gross Administration Costs	**514,269**	**488,971**
Less:		
Administration DEL (DCLG Communities) Income	-57,353	-53,852
Administration DEL (DCLG Local Govt) Income	-	-
Net Administration Costs	**456,916**	**435,119**
Gross Programme Costs	**38,418,521**	**37,806,227**
Less:		
Programme DEL (DCLG Communities) Income	-593,293	-333,575
Programme DEL (DCLG Local Govt) Income	-65	0
Programme AME Income	-910,668	-995,534
Non-budget income	-100,000	-118,477
Net Programme Costs	**36,814,495**	**36,358,641**
Total Net Operating Costs	**37,271,411**	**36,793,760**
Of which:		
Resource DEL (DCLG Communities)	3,775,183	3,710,183
Resource DEL (DCLG Local Govt)	25,976,406	25,957,281
Capital DEL (DCLG Communities)	5,599,295	5,466,169
Capital DEL (DCLG Local Govt)	13,940	-67,509
Resource AME	1,079,587	1,003,138
Capital AME	927,000	842,973
Non-budget	-100,000	-118,477
Adjustments to include:		
Departmental Unallocated Provision (resource)	-	-
OCS	-	-
Adjustments to remove:		
Capital in the OCS	-6,440,235	-6,123,378
Non-Budget Consolidated Fund Extra Receipts in the OCS	-100,000	-118,477
Other adjustments	95,609	85,328
Total Resource Budget	**30,826,785**	**30,637,231**
Of which:		
Resource DEL (DCLG Communities)	3,779,861	3,713,894
Resource DEL (DCLG Local Govt)	25,976,406	25,957,281
Resource AME	1,070,518	966,056
Adjustments to remove:		
Consolidated Fund Extra Receipts in the resource budget	-	-
Total Resource (Estimate)	**30,826,785**	**30,637,231**

2010-11 Variances of outturn against Estimate

6.18 The Department has recorded a total underspend of £395m, which was 1 per cent on a budget of £38.1bn (£504m or 1.3 per cent on a budget of £39.5bn in 2009-10). Note 2 to the Accounts provides a detailed breakdown of outturn and Estimates.

6.19 Variance explanations are provided below where the comparison of outturn against Estimate has shown an overspend or an underspend of more than £0.5m and 10 per cent of the Estimate.

Table 4d: Subhead variance against Estimate

Subhead Variance	Explanation
RfR 1 C : Developing communities that are cohesive, active and resilient to extremism £34.2m underspend	£36.5m was added to the budget during the Spring Supplementary process. This was a budget provision set aside to manage risks relating to Fire and HCA . While it was considered unlikely these costs would materialise, it was judged prudent to do make the necessary budget provision.
RfR 1 D : Providing a more efficient, effective and transparent planning system £8.0m underspend	The variance for this Section is mainly from programme reductions after no/minimal spend on: Expanded Sector-Led Support (£2.7m), Community Pubs (£1.7m), Climate Change Skills (£0.7m), Advisory Team for Large Applications (£0.7m), Mine Waste Directorate (£0.6m). The Planning Communication budget (£0.3m) was centralised. There was also underspending on: Climate Change (£0.5m - scaled back), Planning Advisory Service (£0.4m - lower local authority uptake in quarter 1 due to elections), Planning Systems Improvement (£0.4m - some planned projects were not approved), Planning Aid (£218,000 - scaled back), and Regional Aggregate Working Parties (£145,000 - contracts lower than expected). This was partly matched by overspending on Habitats Directive, and new funding for set-up of the Infrastructure Planning Commission (£160,000).
RfR 1 E: Ensuring safer communities by providing the framework to prevent and respond to emergencies £17.7m underspend	New Dimension as a whole showed a resource underspend of £6.7m comprising a £5.3m underspend on depreciation and £1.4m on unringfenced resource. The depreciation underspend was driven by the transfer of New Dimension assets to 32 Fire & Rescue Authorities (FRAs) with an effective date of 1 April 2010, meaning that all related in-year depreciation has been transferred. The resource underspend is attributable to the Babcock maintenance contract costs (for the New Dimension vehicles and equipment) being lower than budgeted by £0.4m; contingency of £0.5m for Enhanced Command Support (ECS) vehicle repair, not being spent this year; and £0.5m for Powered Respirator Protective Suits (PRPS)/Mass Decontamination modules (replacement of expired kit), which was not utilised as the business need was not yet apparent. The Fire & Rescue Service (FRS) Improvement underspend was driven by underspends on the Chief Fire & Rescue Advisor (CFRA) work of £0.7m, Research £0.6m, and the Spectrum project £0.5m. The CFRA underspend was a result of Crown Premises Inspection Group (CPIG) secondee costs being £0.3m lower than budgeted, and a £0.4m underspend on Operational Guidance (due to a move to a more sector-led production and slippage on fire spread modelling findings related to the Lakanal House fire enquiry).

Subhead Variance	**Explanation**
	The Research underspend is driven by lower than expected spend on research and statistics projects. This is linked with the department wide moratorium on new research spend. The Spectrum underspend is due to costs re: FRS radio spectrum not materialising in-year.
	Firelink as a whole showed a Resource underspend of £0.5m. Firelink spend in Wales and Scotland depends on the timing and agreed level of work completed by the Department and Airwave (the main contractor). The underspend is therefore driven by agreed reductions in the cost of work done by Airwave.
RfR 1 G: Government Office Administration (DEL) – £31.2m overspend and RfR 1 X Government Office Administration (AME) £3.5m overspend:	Total overspend across both lines of £34.9m overspend. This was the result of the closure of GON where the original Estimate did not include cover for the closure and it was therefore agreed with HMT that this be covered by other lines in the Estimate.
RfR 1 I: European Structural Funds - income relating to 2007-13 programmes - £274.7m under recovery RfR 1 T: European Structural Funds - payments to London Development Agency for 2007-13 programme - £8.3m underspend RfR 1 AC: European Structural Funds - payments to Regional Development Agencies for 2007-13 programme - £266.5m underspend	The budget is allocated over a six year period. Where Regional Development Agencies spend less than their annual allocation, their claims are lower than expected, hence the under recovery of income against budget, subject to subsequent adjustments in respect of disallowable expenditure. However all expenditure in 2010-11 is matched by the income.
RfR 1 J: European Structural Funds - Communities and Local Government £56.4m underspend. RfR 1 European Structural Funds - Communities and Local Government - £71.5m over recovery	The budget was based on previous year's losses however the 2010-11 outturn was substantially reduced due to a programme of work designed to reduce exposure. The requirement to reclassify unrealised losses and write-offs as AME instead of DEL was overlooked at Estimates stage.
RfR 1 N: Building prosperous communities, promoting regeneration and tackling deprivation £39.5m overspend	HM Treasury agreed an end of year request to bring forward part of the Olympic Park Legacy Company's (OPLC's) 2011-12 funding to cover changes in the programme of work.
RfR 1 O: Developing communities that are cohesive, active and resilient to extremism £1.8m underspend	This underspend relates to the Migration Impacts Fund for which the majority of payments were made to Local Authorities and so the budget was held on this Estimate line. However some payments were made to the Voluntary Sector (totalling £1.9m) and the expenditure for this shows on a different Estimate line. The budget for this was not moved through a Supplementary Estimate and so it shows as an underspend of £1.8m. The total variance between budget and spend was negligible.
RfR 1 P: Providing a more efficient, effective and transparent planning system £1.4m overspend	There were a number of small under-spends against Planning programmes, the most significant being a £0.6m underspend on Mine Waste Directive costs as no claims for compensation were received during the year.

Subhead Variance	Explanation
RfR 1 Q: Ensuring safer communities by providing the framework to prevent and respond to emergencies £72.6m underspend	The Department agreed to carry out the transfer of New Dimension Assets to 32 FRAs and treat it as a transfer of function (which requires the use of merger accounting). The total value of the New Dimension assets transferred in 2010-11 was £38m out of a total balance of £65m on the Department's asset register. The Department is working to transfer the remaining assets during 2011-12. Although the merger accounting approach had previously been identified as the correct approach, further discussions with the Treasury and NAO suggested that a different treatment might be appropriate. To accord with the Supplementary Estimate timetable a budget neutral adjustment of £65m was made, balancing capital asset disposal credits (non-operating appropriation in aid) against capital grants in kind (accounted for in the operating cost statement but charged to the capital budget). This was a contingency measure to avoid the possibility of an operating costs excess vote were an alternative accounting treatment to be applied. In the event this was not required.
	Fire as a whole showed a Resource underspend of £10m. The main components of this were £6m relating to asset transfers and £1.2m from an underspend on New Burdens. As part of the closure of FiReControl there were a number of residual assets that are being used by the FRAs (value £3.5m). These assets will be transferred as a Capital Grant in Kind in 2011-12 once agreement has been reached with FRAs to progress. Initially it was expected that the transfer would happen in 2010-11, and £6m was earmarked to cover the eventuality of the transfer going through (higher than £3.5m due to exact details of which assets the FRAs would agree to take on not being known at time of the Spring Supplementary process). The New Burdens underspend is due to the budget reflecting the potential worst case scenario from the closure of the project, and these potential additional payments not materialising.
RfR 1 W: Central Administration £15.1m overspend	This overspend is against the Department's AME budget which is very difficult to forecast accurately. The most significant part of the overspend (£13.0m), is an increase in the provision liability for the anticipated costs of future staff redundancies in line with revised accounting treatment under International Financial Reporting Standards. The provision could not be estimated sooner because sufficient details about the restructuring of the Department were not available. A further £2.1m relates to a provision for compensation payments to ex Property Services Agency staff. These are a legal obligation placed upon the Department. The provision budget for this was overlooked when provisions were moved from DEL to AME under Treasury's the Clear Line of Sight project.
RfR 1 AB: Ensuring safer communities by providing the framework to prevent and respond to emergencies £2.8m underspend	A £2.8m budget relating to the costs incurred in respect of the closure of Community Development Foundation was requested and approved against this line in the Estimate. However, the subsequent expenditure was allocated correctly to line C causing this line to show an underspend.

Subhead Variance	Explanation
RfR 2 G: Other Grants and Payments £99.1m underspend	£73.8m of the underspend relates to Local Area Agreement Reward Grant. The 2010-11 budget for this programme was cut as part of the June 2010 emergency budget reductions. However, the reversal of accruals made in the previous year covered payments for the revised final year of the scheme's operation. The exact value of these payments was not known until all the claims were received and validated close to year end, and the under spend was not available to be used for other purposes. The Improvement Transformation and Efficiency programme under spent by £15.1m. Most of this under spend arose because a proportion of the Regional Improvement and Efficiency Partnerships funding for 2010-11 had been re-profiled from the 2009-10 budget to potentially free up funding for other spending priorities. In addition a £3m Capital grant for Local Information Partnerships was cut as part of the 2010 grant re-approvals exercise. Further savings were made from the decision not to go ahead with the Information on Council Tax grant. The other significant under spend in this Section was a £7.6m under spend for emergency payments under the Bellwin scheme. This was a result of there being no activations of the scheme in 2010-11.

6.20 The Department's Net Cash Requirement is the amount of cash needed to support the Department's activities. Note 4 provides a reconciliation of the Estimate to the Net Cash Requirement and shows an overall variance of £328m (0.9 per cent) against the Estimate provision for the Net Cash Requirement of £38.0bn (2009-10: £264m (0.7 per cent) against an Estimate of £39.5bn). Variance explanations are provided below where the comparison of outturn against Estimate has resulted in a variance of the greater of £0.5m and 10 per cent of the Estimate.

Table 4e: Variance against net cash requirement Estimate

Variance	Explanation
Capital: Acquisitions of Assets: £60.2m variance against the Estimate of £164.3m	Estimate cover was taken to cover the recognition of Finance Leases in respect of FiReControl and to cover the transfer of New Dimension assets to FRAs in the event the Department had to effect the transfer using the Capital Grant in Kind route. The variance is in respect of New Dimension assets which were transferred using the planned and agreed Machinery Of Government change route.
Investments: -£20.0m variance against the Estimate of nil	The variance is in respect of Investment in Ordnance Survey not included in the original net cash requirement estimate.
Non operating A-in-A: -£164.2m variance against Estimate of £164.3m	The variance is in respect of New Dimension Asset transfer cover taken in the Spring Supplementary process in the event the Department had to treat the transfer as a Capital in Kind transfer which would therefore require Appropriations in Aid cover, however, as above, the transfer was effected under Machinery of Government changes and therefore the cover was not required.

Variance	Explanation
Changes in working capital other than cash: -£6.9m variance on non cash, £102m on Inventories, -£174.7m variance on receivables, £130.2m variance on payables against an overall Estimate of -£97.5m	The variance is in respect of the reclassification of Regional Control Centres as Finance Leases which were previously classified as Inventories. The other items report balances at a particular date and are inherently difficult to forecast. For this reason, the Department only includes a nominal amount in the Estimate in respect of changes in working capital.
Use of Provisions: £6.9m variance against an Estimate of £11.4m	The variance arises from the change in banking arrangements for Early Exit compensation payments. Payments are now made one month in arrears so an invoice accrual is available at each month-end before payment is made. So, to account better for the liability, the estimated liability is written back and replaced by an invoice accrual. Payments are consequently accounted for as accrual release instead of use of provision.

6.21 A National Statistical analysis of Departmental expenditure by the countries within the UK and by English areas for the years to 2009-10 can be accessed via the Treasury website (http://www.hm-treasury.gov.uk/pespub_index.htm).

Auditors

6.22 The audit of the Department's Resource Accounts was carried out by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. Total auditor's remuneration disclosed in these accounts is £455,000; this comprises: £379,000 for the core Department, £35,000 for the core Department in respect of the Trust Statement and £41,000 for the Planning Inspectorate.

6.23 The National Audit Office also performed other statutory audit work including Value for Money studies and other reports to management at no cost to the Department.

6.24 So far as the Accounting Officer is aware, there is no relevant audit information of which the External Auditors are unaware.

6.25 The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information, and to establish that the Department’s auditors are aware of that information.

Going concern

6.26 The Statement of Financial Position as at 31 March 2011 shows negative Taxpayers’ Equity of £420m. This reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the Consolidated Fund. Such drawings will be from grants of Supply, approved annually by Parliament, to meet the Department’s Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund, other than is required for the service of the specified year, or retained in excess of that need. All unspent monies, including those derived from the Department's income, are to be surrendered to the Fund.

6.27 In common with other government departments, the future financing of the Department's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Whilst such approval for amounts required for 2011-12 has yet to be given, there is no reason to believe that approval for 2011-12 and future years will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Significant events since the end of the financial year

6.28 As recently announced as part of the proposed closure of Regional Development Agencies, Ministers have agreed that, in principle, the majority of the land and property assets and liabilities held by Regional Development Agencies will be transferred to the Homes and Communities Agency (HCA) for management under their stewardship. Subject to completion of the necessary detailed work and arrangements the transfer is currently planned for 19 September 2011. The HCA is a non-departmental public body of the Department.

6.29 In addition to the above, as part of the closure process, the European Regional Development Fund (ERDF) function currently carried out by Regional Development Agencies will transfer to the Department with effect from 1 July 2011. This transfer of function will be accounted for under Machinery of Government rules (merger accounting) and the 2011-12 accounts will be prepared on this basis.

6.30 The Rent Assessment Panels will move to Ministry of Justice from 1 July 2011 and the transfer will be accounted for under Machinery of Government rules.

Payment performance

6.31 From April 2010 the Department's policy has been to pay all undisputed supplier invoices within 5 days of receipt, or within contractual terms if less, in line with the cross Whitehall policy and in line with the Confederation of British Industry's "Prompt Payment Code". Previously, it had been the Department's policy to pay all undisputed supplier invoices within 10 days of receipt, or within contractual terms if less. The Department discloses the following information in accordance with Regulations SI 1997/571.

6.32 The combined 5 day prompt payment performance for the central Department, the Government Office Network and Planning Inspectorate was 79.33 per cent in 2010-11 against a target of 80 per cent. Performance at the beginning of the year was below the target but process improvements throughout the year raised performance. In 2009-10 the combined 10 day prompt payment performance (for the same group as above) was 90.75 per cent against the Department's target not to let prompt payment performance drop below 90 per cent.

6.33 We are planning further process improvements and system developments during 2011-12 to improve efficiency and deliver prompt payment performance above our target.

Payments to charities

6.34 Section 70 of the Charities Act 2006 sets out a power for ministers to give financial assistance to charitable, benevolent or philanthropic institutions and requires that payments made under this power are reported.

6.35 In the normal course of business, the Department provides financial assistance to a range of bodies which provide services in support of the Department's objectives. Organisations supported include charities and funding is mostly to community related bodies.

6.36 The following table sets out the financial assistance provided by the Secretary of State under this power for the year 2010-11, totalling £71.3m (2009-10, £45.8m).

Table 4f: Payments to charities

£'000

Institution	Payments 2010-11	Purpose
Action for Market Towns	85	To support the Voluntary and Social Enterprise sector as it works towards helping build more, cohesive, empowered and active communities.
Adventure Capital Fund	40,052	Grant supports neighbourhood-based, community-led organisations to become more sustainable.
After Adoption - Stepping Stones Project	85	The pilot works with female prisoners who have lost their children to adoption or who are at risk of losing their children to adoption.
Al-Khoei Benevolent Foundation	100	Mosques and Imams' National Advisory Board (MINAB) brings together over 600 mosques and other Muslim organisations (e.g. training institutes) as members of MINAB. MINAB also agreed to use this grant to assist in becoming a sustainable organisation.
Al-Khoei Benevolent Foundation	4	Inter Faith Week 2010.
Arts Versa Consultancy UK Ltd	5	The purpose of the grant is to support the launch of 'Radical Extremes' project on 30 March 2010 in the form of sponsorship for the event. By supporting the event, the Department aims to promote positive alternative activities and highlight Muslim role models and celebrate and publicise the achievements of those who can act as important role models for the wider community.
Ashram Housing Association	50	Inter Faith Week 2010.
British Association of Settlements and Social Action Centres (BASSAC)	200	Inter Faith Week 2010.
Board of Deputies of British Jews	2	Inter Faith Week 2010.

£'000

Institution	Payments 2010-11	Purpose
Bold Creative	70	To support a tool that encourages debate and discussion amongst young people about issues relating to faith, citizenship and identity.
British Sikh Consultative Forum	2	Inter Faith Week 2010.
Black Training and Enterprise Group (BTEG)	100	The delivery of the REACH community engagement programme.
Carnegie UK Trust	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Centre for Sustainable Energy	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Charlton Athletic Community Trust	9	Fund to manage transitional impacts of immigration.
Children's Society	19	Fund to manage transitional impacts of immigration.
Christian Muslim Forum	3	Inter Faith Week 2010.
Churches Together in England	4	Inter Faith Week 2010.
Citizens' Foundation	40	Address issues around the alienation of Muslim youth.
Civic Voice	80	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Coexistence Trust	4	Campus Ambassadors Programme 2010 to address Islamophobia and anti-Semitism at selected universities.
Coexistence Trust	4	Inter Faith Week 2010.
Community Development Foundation	1,423	Sponsorship of the Community Development Foundation a Departmental NDPB.
Community Development Foundation	1,070	Grant paid in order to support the work of the Office of the Champion for Digital Inclusion in the first to third quarters of 2010-11
Community Development Foundation	512	Regional Faith Forums (RFF) conduit funding £476,000 and conduit funding for Inter Faith Week 2010 £36,000.
Community Development Foundation	2,000	Grant to support improvement in community empowerment across England.
Community Development Foundation	65	Grant to manage, support and evaluate a project to test an expanded remit for Local Involvement Networks (LINKS).

£'000

Institution	Payments 2010-11	Purpose
Community Development Foundation	5,857	Community Development Foundation was the Managing Agent of the grant programme to support 26 voluntary and community sector organisations for project activities to tackle race inequality issues.
Community Development Foundation	2,900	Community Development Foundation grant to 18 pathfinder local authority areas.
Community Development Foundation	1,063	Co-ordinating and improving empowerment activities nationally.
Community Development Foundation	3,810	Faiths in Action Round 1 and 2 conduit funding. Faith in Action's small grants programme to support innovative local faith projects, administered for the Department by the Community Development Foundation.
Community Matters	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Council for Voluntary Service - Arunwide	77	Fund to manage transitional impacts of immigration.
Council of Christians and Jews	3	Inter Faith Week 2010.
Development Trust Association	45	The Development Trust Association works in partnership with Co-operatives UK to carry out an action research project on Community Shares and Bond Issues.
Dialogue Society	33	To encourage, equip and empower Muslim community organisations, leaders, Imams and youth workers in the practice of interfaith and intercultural dialogue, emphasising dialogue in Islam.
Elderly Accommodation Counsel (EAC)	50	Supporting People Special Grant.
Elderly Accommodation Counsel - First Stop Project	1,068	FirstStop is a service that has been developed by four national organisations to deliver quality advice on housing and related areas for older people in England.
Environmental Law Foundation	85	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Ethnic Minority Benevolent Association Ltd	50	Inter Faith Week 2010.
Ethnic Minority Foundation	113	The Leadership in Action programme seeks to empower British Muslim women through development of key skills.
Faith Based Regeneration Network UK	140	Strategic Funding £130,000 and publication of "Practical Spirit" for Inter Faith Week 2010 £10,000
Faith Matters	22	To provide leadership opportunities for Muslim young people.

£'000

Institution	Payments 2010-11	Purpose
Forensic Therapies - HMP Holloway Project	88	The clients are prisoners diagnosed with Borderline Personality Disorder and are at risk of suicide or self-harm.
GW Theatre Company	75	Build organisational infrastructure to deliver a national tour of their theatrical production' One Extreme to the Other'.
Housing Associations' Charitable Trust	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Harrogate and Area Council for Voluntary Service	24	Fund to manage transitional impacts of immigration.
Henna Foundation	109	Grant to two projects: 1) Build capacity to extend their work with Muslim families.2) The 'Joining Hands Against Forced Marriage' aim to support Muslim women at risk of being forced into marriage.
Hindu Council UK	2	Inter Faith Week 2010.
Hindu Forum Britain	4	Inter Faith Week 2010.
Holocaust Memorial Day Trust	750	Grant Funding 2010-11.
IKI Human Welfare Foundation	5	To support the Muslim Arts Awards on 30th March 2010.
Information Network Focus On Religious Movements (INFORM)	140	To assist with the cost of running the organisation while recruitment of the CEO and the reform process goes on.
Inter Faith Network for UK	348	Strategy Funding £280,000, Inter Faith Week 2010 £55,000 and Inter Faith Week 2009 £13,000.
Inter Faith Youth Trust	6	Inter Faith Week 2010.
Interfaith Action	3	Inter Faith Week 2010.
Jain Network UK	3	Inter Faith Week 2010.
Joseph Interfaith Foundation	2	Inter Faith Week 2010.
Kali Theatre	13	Create a platform to 'speak out' on radicalisation through drama for Muslim women.
Karimia Institute	50	Develop the work of the Muslim Youth Development Partnership.
Khayaal Theatre Company	74	Build capacity to deliver performances of their two plays 'Hearts and Minds' and 'Sun and Wind' in schools across the country.
Lambeth Palace	2	Inter Faith Week 2009
Leadership Centre for Local Government	619	To benefit local communities by increasing the capability of local leaders to facilitate discussions among the

£'000

Institution	Payments 2010-11	Purpose
		community.
League of British Muslims	25	Using regional Communication Development programmes to build the capacity of Muslim faith and community leaders.
Learning Partnership (Safe and Self-sufficient Communities SASCO)	100	Fund to manage transitional impacts of immigration
Learning Partnership (Transequal 4 All)	35	Fund to manage transitional impacts of immigration
London Metropolitan University	80	Imam training course to equip young, newly qualified Imams to engage with British culture and humanitarian values.
Media Trust	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Medical Foundation for Care of Victims of Torture	15	Fund to manage transitional impacts of immigration
Migration Workers North West IRIF Project	40	Fund to manage transitional impacts of immigration
Minorities Europe	3	Inter Faith Week 2010
Mitzvah Day UK	3	Inter Faith Week 2010
Mosques & Imams National Advisory Body	150	MINAB brings together over 600 mosques and other Muslim organisations (e.g. training institutes) as members of MINAB. The Department supported MINAB in 2010-11 to carry out a wide ranging programme of support, consisting of guidance, capacity building and monitoring of British Mosques. Grant was also to assist MINAB to become a sustainable organisation.
Multi-Faith Centre at the University of Derby	3	Inter Faith Week 2010.
Muslim Aid	5	Support the Muslim Aid's 25th Anniversary Dinner on 24 March 2010 in form of sponsorship for the event.
Muslim Youth Helpline	65	Develop Helpline's support and extend its reach to vulnerable young people.
Muslim Women's Network	30	Develop organisational infrastructure and sustainability to provide support and advice to over 200 women's organisations.
National Association of Local Councils (NALC)	239	NALC manage a partnership programme to promote the local council sector.
National Institute of Adult Continuing Education (NIACE)	1,976	To help older people in sheltered accommodation learn how to use digital technology.

£'000

Institution	Payments 2010-11	Purpose
Network of Buddhist Organisations	1	Inter Faith Week 2010.
Network of Sikh Organisations	4	Inter Faith Week 2010.
Norfolk Community Alcohol Service (NORCAS)	6	Fund to manage transitional impacts of immigration.
Northern Housing Consortium	139	Pilot social housing and employment mobility scheme.
Northern Refugee Centre	75	Fund to manage transitional impacts of immigration.
Norwich & Norfolk Racial Equality Council	63	Fund to manage transitional impacts of immigration.
Novas Scarman	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Novas Scarman (Leicester Project)	28	Fund to manage transitional impacts of immigration.
Novas Scarman (Nottingham Project)	30	Fund to manage transitional impacts of immigration.
Operation Black Vote	85	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Oxfam UK	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Oxfordshire Community Voluntary Action	167	Fund to manage transitional impacts of immigration.
Poor African Refuge Community Association (PARCA)	27	Fund to manage transitional impacts of immigration.
Prince's Trust	80	Provide leadership opportunities for Muslim young people and enable groups of 14 - 25 year olds to design and deliver their own community projects.
Prism Youth Project	30	Engagement of young people to examine the relationship between peace, violence, conflict and war with a particular emphasis on questions of applied ethics.
The Royal Association for Disability Rights (RADAR)	177	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country.
Refuge & Migrant Centre	38	Fund to manage transitional impacts of immigration.
Riverside Community Health Project	52	Fund to manage transitional impacts of immigration.

£'000

Institution	Payments 2010-11	Purpose
Royal Society for the Arts (RSA)	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
School for Social Entrepreneurs	410	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Scotswood Area Strategy	21	Fund to manage transitional impacts of immigration.
Sheila McKechnie Foundation	85	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Shelter National Campaign for Homeless People	10	Fund to manage transitional impacts of immigration.
Social Firms UK	85	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Somali Family Support Group	34	The 'Tawjeeh project' will help build a network of Somali women to develop their understanding of and participation in wider UK society.
St Philips Centre Ltd	2	Inter Faith Week 2010.
Surrey Community Action	50	Fund to manage transitional impacts of immigration.
Three Faiths Forum	3	Inter Faith Week 2010.
Timebank (One20)	50	A two-year mentoring project to empower Muslim women to equip them with the practical tools needed to play a full and active role in society.
Tenant Participation Advisory Service (TPAS)	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Ulfah Arts	30	Build organisational capacity to enable them to deliver arts-based projects with young Muslims and Muslim women, to explore issues around faith and identity and challenge extremist interpretations of Islam.
Unity FM	34	Production of radio drama developed by Muslim women in three different languages to explore social exclusion and cultural differences.
Urban Forum	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take

£'000

Institution	Payments 2010-11	Purpose
		forward the key themes of empowerment.
Urban Nexus	72	Beacon Mosques project - Building the capacity of mosques in order to create 'beacon mosques' through the provision of training.
Urdu Times / Rahabar Trust	20	Increasing the number of Muslim faith leaders with skills to act as speakers, spokespersons and role models in society and in the media.
Voice UK	19	Voice held a 1 day seminar in each of its three regional office areas to raise awareness for Disability Hate Crime and shared best practice approaches, as well as identifying a common approach from all three regional agencies towards addressing Hate Crime to increase the confidence of victims.
Voluntary Action - Cumbria	90	To support community-led projects in Eden Vanguard, ranging from transport studies to renewable projects.
Voluntary Action - Coventry	135	Fund to manage transitional impacts of immigration.
West Norfolk Voluntary and Community Action	29	Fund to manage transitional impacts of immigration.
Workers Education Association	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Young Advisors' Company	134	A three year grant funding arrangement to support, develop and expand the national network of Young Advisors' schemes.
Young Foundation	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
YWCA England and Wales	200	The Empowerment Fund is supporting organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the key themes of empowerment.
Zakat Trust	5	Support for the young Muslims National Talent Search Finale on the 5 December 2009 in the form of sponsorship for the event. By supporting the awards, the Department aims to promote positive alternative activities and highlight Muslim role models and celebrate and publicise the achievements of those who can act as important role models for the wider community.
Zoroastrian Trust Funds of Europe	4	Inter Faith Week 2010.
Total	71,314	

Human resources

6.37 The core role and purpose of the Department's Human Resources activities is to support and enable the business to deliver efficiently and effectively for Ministers and communities through effective management and development of our people resources. In doing so, all of the Department's people activities are underpinned by the Departmental values:

- we are ambitious and creative
- we act openly, and as one Department
- we give people the chance to shine
- we give people a voice.

6.38 During 2010-11, the Department reorganised its human resource function to be more effective. In particular, the Human Resources and Change teams were brought together in a single, integrated People, Capability and Change team, building on work in previous years to combine human resources and transactional services across the Department and Government Office Network. Looking forward, we will change further to align and integrate with the cross-government human resources services developed through the Next Generation Programme and which came on line from 1 April 2011.

Change and restructuring

6.39 Since October 2010, the core focus of human resources activity has been to deliver the programme of activities required to respond to the changing role of the Department – in particular, the move to a smaller, enabling state – and to the outcome of the 2010 Spending Review.

6.40 This programme consists of two broad strands. First, a restructuring programme to reduce the Departmental workforce in line with the reduction in the Department's work and future budget. The primary focus has been on doing this in a way which minimises compulsory redundancies, and a number of Approved Early Retirement, Voluntary Redundancy and Voluntary Exit Schemes have therefore been run since October 2010. Alongside that, the Department has commenced restructuring on a grade-by-grade basis, with individuals first selected to remain within the organisation and subsequently posted to teams. Restructuring for all Senior Civil Service (SCS) grades was completed within 2010-11. Restructuring for grades below the SCS began on 5 April 2011, and is due to complete by the end of October 2012. Throughout we have and will continue to provide support packages and workshops to offer information and guidance to staff on all aspects of the process.

6.41 Second, we are also focusing on priority activities to make DCLG a top-performing Department. This work is closely informed by the results of the 2010 People Survey (as set out below), and is the Department's primary response to the challenges arising from that survey. Ten attributes for a high-performing DCLG have been identified and, given the need to enable staff to focus on and compete in restructuring, the Department is currently focusing on improving against four priority attributes:

- strong and visible leadership
- powerful at influencing
- excellent at growing our people
- getting the basics right.

6.42 Alongside this, the Department has also managed and supported the implications of closure of the Government Office Network and reform of Departmental and other departments' Arms Length Bodies – in particular, support and deployment for staff returning to the Department following closure of the Government Office for London; recruitment into the functions taken on by the Department as a result of closure of the Government Office Network; and preparations for the transfer of functions and staff as a result of closure of the Regional Development Agencies.

Government Office Network closure

6.43 In 2010-11 the Department was given formal lead responsibility for closing the Government Office Network. Working in conjunction with other Government Office sponsor Departments, the Department negotiated and implemented a 'single table agreement' with the Trade Unions which delivered Ministers' desire for a consistent cross-government approach to closure. An interim pre-closure equalities impact assessment was published in the final quarter of 2010-11 and a further post closure equalities impact assessment will be published in the second quarter of 2011-12.

6.44 The closure of the Government Office for London was completed on 1 September 2010, with the remaining eight Government Offices closing on 31 March 2011. The Department facilitated the process for Government Offices staff to apply for and obtain posts in continuing functions in several departments following closure and also established a redundancy swaps scheme with the aim of redeploying those staff who wished to remain in the Civil Service. Prior to closure staff were given the opportunity to apply for two separate voluntary release schemes. On 30 March 2011 compulsory redundancy notices were issued to those staff who had not yet obtained another post or who had not formally accepted previously approved voluntary redundancy terms. It is anticipated that the closure programme will be completed by the end of September 2011.

6.45 Of the 1,691 staff in post in July 2010 (and excluding staff who may yet obtain another post during their period of notice) it is currently anticipated that approximately 465 staff will leave on voluntary redundancy terms, a maximum of a further 184 staff will leave via a compulsory redundancy process and approximately 88 staff will be redeployed via a departmentally funded redundancy swaps scheme. The remainder will be redeployed within the civil service or leave on non-funded exits. The estimated cost of funding voluntary and compulsory redundancies and the programme of redundancy swaps is approximately £43m (see paragraph 7.5).

Learning and development

6.46 Throughout 2010-11 the Department sought to offer a range of learning and development which covered leadership, policy and personal development. This included internal provision ranging from developmental courses to coaching and mentoring schemes. Staff also had access to the Core Learning Programme from the National School of Government which provided an allocation of spaces to offer to staff for all courses provided under the programme; this also included the core fast stream provision. Where there were gaps identified in the fast stream provision, the Department is also looking at innovative ways to cover these by tapping into in-house expertise in specific areas.

6.47 The Department is providing a package of support as part of the restructuring of the Department. This includes support workshops for all those involved in the application process (both as applicants and assessors), assistance to help managers lead their teams through restructure, support workshops for staff leaving on voluntary exit and outplacement support.

6.48 From April 2011, a new cross-government organisation has been created to provide a central model for design, provision and supply for all generic learning and development, known as Civil Service Learning. Civil Service Learning will be guided by a common curriculum from which departments will be able to access various learning and development opportunities. The Civil Service Learning portal will make it easier for staff to access opportunities on-line, such as e-learning and support materials.

Civil Service People Survey 2010

6.49 In September and October 2010, 81 per cent of the Department's staff completed questionnaires in the second Civil Service-wide staff engagement survey – our highest ever response rate for a staff survey. While the Department was encouraged by the extent to which staff were engaged in the process, the views expressed were mixed. Levels of staff engagement increased or remained the same in the three theme areas where staff were asked to respond to questions about their line manager, their team and their workload. These results reflect the progress the Department has made in strengthening line management and performance management. However, staff engagement declined in the other six theme areas, most notably where staff were asked to respond to questions relating to the Department's leadership, to learning and career development, and to the Department's purpose and objectives. The Department's overall Employee Engagement Index also declined.

6.50 There was clear consistency in the pattern of responses at theme level between the 2009 and 2010 surveys, suggesting that staff views of the Department's strengths and the challenges it faces remain broadly constant. As noted above, the Department is working with staff to tackle these challenges strategically and consistently across the Department through the Change programme.

Workforce equalities

6.51 The Department has invested significant time to ensure the capture and recording of staff diversity data across the protected groups: gender, ethnicity, nationality, sexual orientation, religion and belief, disability, working pattern and age. As a consequence the Department's diversity data completion rate amongst staff is now at 85 per cent, and the ability to record staff working patterns has been added to the data.

6.52 The Department has increased the promotion of development opportunities for staff in minority groups. These opportunities include Pairing for Performance and Leaders Unlimited and have been delivered in conjunction with our staff networks. These are complemented by a range of coaching and mentoring programmes, some of which are specifically for under-represented groups, such as 'Moving On', aimed at junior staff, or co-coaching targeted at black and minority ethnic and lesbian, gay, bisexual and transgender staff.

6.53 Towards the latter part of the year, the focus has been to look at the impact of the Department's Change programme in the light of new and changing priorities and the outcome of the Comprehensive Spending Review. This has led to the development of a comprehensive Action Plan against which progress is reported to the Change Programme Board each month. Following completion of the Department's restructure, a three year workforce equality strategy will be produced which will set out the vision for the Department and the actions that will be taken to deliver it. In particular, it will focus on improving the representation of women, minority ethnic and disabled staff at senior grades in line with the Civil Service Equality Strategy.

Staffing

Table 5a: Staff in Post – full-time equivalents

	2008-09 Actual (1)	2009-10 Actual (2)	2010-11 Actual (3)
DCLG - Central Department			
Permanent staff (4)	2,084	2,068	1,892
Fixed Term Appointments	182	41	42
Total	**2,266**	**2,109**	**1,934**
Government Office Network (GON)			
Permanent staff (4)	1,903	1,672	923
Fixed Term Appointments	-	-	7
Total	**1,903**	**1,672**	**930**
Total Core Department	**4,169**	**3,781**	**2,864**
Planning Inspectorate			
Permanent staff (4)	740	719	610
Fixed Term Appointments	-	2	-
Total PINS	**740**	**721**	**610**
Total Department			
Permanent staff (4)	4,727	4,459	3,425
Fixed Term Appointments	182	43	49
Total	**4,909**	**4,502**	**3,474**
DCLG staff within GON staff numbers reported above were as follows			
Permanent staff (4)	595	517	309
Fixed Term Appointments	12	20	4
Total	607	537	313

(1) Full Time Equivalent Figures (FTE) (rounded) as at 31 March 2009.
(2) FTE figures (rounded) as at 31 March 2010
(3) FTE figures (rounded) as at 31 March 2011
(4) Includes staff on inward loan and inward secondment and staff on paid maternity leave, paid outward loans and secondment and long-term sick.

The figures above differ from those reported in Note 8 for two reasons.

- Note 8 figures, in accordance with the Financial Reporting Manual (FReM) requirements show average numbers for the year whereas the figures above are staff in post at 31 March 2011
- Note 8 figures are compiled according to FReM definitions whereas the figures above follow Office for National Statistics (ONS) definitions.

Reconciliation between the table above and numbers in Note 8 for core Department staff is below:

Table 5b: Staff in Post reconciliation

	Core	PINS
2010-11 Average Staff Numbers as per Note 8	**3,081**	**692**
Difference arising from use of Staff in Post figures	-173	-67
March Actual	**2,908**	**625**
Excluded from ONS numbers:		
Excluded as not paid through DCLG Payroll:		
Reimbursed Secondment In	-26	-10
Reimbursed Loan in	-10	
Career Break		-5
Excluded as not defined as civil servants:		
Ministers	-6	
Special Advisors	-2	
ONS (FTE) Staff Numbers Table 5a above	**2,864**	**610**

6.54 A combination of approved early retirements and the recruitment freeze throughout 2010-11 resulted in the main Department full-time equivalent (FTE) numbers reducing by 8 per cent against 2009-10 figures and 15 per cent against 2008-09, a reduction of 175 and 332 FTE respectively.

6.55 Additional staff were added to main Department figures in 2010-11 as a result of the closure of the National Housing and Planning Advice Unit and the Government Office for London. Over the same period, numbers of Departmental employees in the Government Office Network fell by 224 FTE against 2009-10 figures and by 294 against 2008-09 to total 313 at 31 March 2011.

6.56 The table below provides details of staff recruited to the central Department from outside the civil service by type of appointment and diversity. The Department has been operating a recruitment freeze since May 2010. The figures below represent recruitment activities carried out prior to the freeze and those that have been granted as exception since. All recruitment is carried out in line with the Civil Service Commissioners' Recruitment Principles.

Table 5c: Recruitment 2010-11

Pay Band	Non-civil Servants	Fixed-term appointments	Permanent	Casual	Total recruitment	Women	BME	Disabled
1	-	-	-	-	-	-	-	-
2	1	5	1	-	7	4	-	-
3	2	2	-	-	4	3	1	-
4	12	2	22	-	36	24	3	4
5	3	-	6	-	9	3	-	-
6	2	-	3	-	5	2	-	-
7	-	2	-	-	2	1	2	-
SCS	1	-	1	-	2	1	-	-
Totals	21	11	33	-	65	38	6	4

Non Civil Service figures include agency staff.

Equal Opportunities figures provided are where there is a corresponding data entry in the Department's people data system.

6.57 The table below shows where posts were filled using an exception to fair and open competition, on merit, as permitted by the Civil Service Commissioners' Recruitment Principles:

Table 5d: Exceptions to the Civil Service Recruitment Code

Category	Number
Casual appointment extended over 12 months	-
Recurrent short-term appointments	-
Short-term appointments where highly specialised skills requested	-
Conversion of short-term appointments to permanency (or extended beyond publicised period)	-
New inward secondments	-
Outward secondments	-
Extension of existing inward secondments	13
Re-appointments of former civil servants	1
Transfer of staff with work	-
Transfer of staff from other public services without	-
Surplus acceptable staff	-
Disabled candidates	-
Exceptions reserved for the Commissioners	-

6.58 Reporting of Civil Service and other compensation schemes – exit packages

Table 5e: Exit packages

Exit package cost band	2010-11						2009-10	
	Number of compulsory redundancies (incl notices issued)	Cost of compulsory redundancies (incl notices issued)	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Total number of exit packages	Total cost of exit packages
<£10,000	7	12,598	123	760,133	130	772,731	27	146,171
£10,001 - £25,000	94	1,641,919	298	4,925,133	392	6,567,052	50	829,509
£25,001 - £50,000	77	2,583,070	326	12,133,284	403	14,716,354	54	2,070,975
£50,001 - £100,000	6	350,342	368	25,060,932	374	25,411,274	87	6,151,519
£100,001 - £150,000	0	0	66	7,706,805	66	7,706,805	10	1,181,637
£150,001 - £200,000	0	0	13	2,251,065	13	2,251,065	3	538,365
£200,001 onwards	0	0	3	687,239	3	687,239	1	201,481
Totals	**184**	**4,587,929**	**1,197**	**53,524,591**	**1,381**	**58,112,520**	**232**	**11,119,657**
other accrued exit costs		6,200,311		12,988,641		19,188,952		
Totals	**184**	**10,788,240**	**1,197**	**66,513,232**	**1,381**	**77,301,472**	**232**	**11,119,657**

6.59 Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Senior Civil Service (SCS) salaries as at 31 March 2011

6.60 As at 31 March 2011, there were 109 SCS staff in the core Department (including the Permanent Secretary). These figures are derived from the Office for National Statistics definitions of staff in post.

Table 5f: SCS salaries as at 31 March 2011

Salary band	Number	Salary band	Number
£55,000 – £59,999	9	£120,000 – £124,999	-
£60,000 – £64,999	18	£125,000 – £129,999	1
£65,000 – £69,999	22	£130,000 – £134,999	1
£70,000 – £74,999	19	£135,000 – £139,999	1
£75,000 – £79,999	8	£140,000 – £144,999	-
£80,000 – £84,999	7	£145,000 – £149,999	1
£85,000 – £89,999	2	£150,000 – £154,999	-
£90,000 – £94,999	3	£155,000 – £159,999	-
£95,000 – £99,999	5	£160,000 – £164,999	-
£100,000 – £104,999	4	£165,000 – £169,999	1
£105,000 – £109,999	3	£170,000 – £174,999	-
£110,000 – £114,999	1	£175,000 – £179,999	1
£115,000 – £119,999	1	Total SCS	108

Not including Permanent Secretary

Table 5g: Number of SCS by pay band as at 31 March 2011

SCS pay band	Number
SCSPB1	85
SCSPB1A	1
SCSPB2	19
SCSPB3	3
Permanent Secretary	1
	109

Note: There were two SCS members included whose last day of service was 31 March 2011.

Sickness absence

6.61 The quarterly sickness absence statistics produced by the Department contribute to the Cabinet Office's analysis of absence for the civil service as a whole. An aggregate data set is for the Departmental Group excluding the former Government Office Network. The data draws from individual and manager recorded sickness absence and is broken down into a number of categories including location, age, gender, short v long-term absence and reasons for absence.

6.62 The quarterly statistics for the year to 30 September 2010 show that the overall Average Working Days Lost (AWDL) for the Civil Service was at 8.5. The figure for the Departmental Group at 31 December 2010 stood at 5.8 and at 6.3 for the Main Department only.

6.63 The Departmental Group reported a decrease across the last four quarters of 2010 from 6.3 AWDL at the end of 2009, to 5.8 at the end of 2010. The rate for the Department only increased to 6.3 AWDL in the last quarter of 2010. The percentage of civil servants taking no sick leave in Q4 for 2010 for the Department was 52 per cent.

Sustainable development

Introduction

6.64 The Department is fully committed to operating an efficient estate and to reducing the environmental impact of its operations and their associated costs. This is the first year that the Department has reported non-financial and financial indicators of its sustainability performance in its Annual Report and Accounts. The report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability Reporting' published at www.financial-reporting.gov.uk. Sustainability data and delivery plans are also reported more frequently to the Cabinet Office.

6.65 In this first year of reporting, the Department has confined its reporting to a complete data set for the Department and residual Government Office estate, therefore excluding data from any of its executive agencies and non-Departmental Public Bodies (NDPBs). This was in the absence of more complete and verified data at the time of drafting this report. However, the Department will be working towards a wider scope for 2011-12 and to ensure a consistent data set with the new Greening Government Commitments: Operations and Procurement (GGCOP) reporting requirements.

Targets

6.66 The Department is in the process of aligning its Sustainable Operations delivery plan to the GGCOP (http://sd.defra.gov.uk/gov/green-government/commitments/). However, during 2010-11 the Department has been working to deliver the Prime Minister's commitment to reduce emissions from central government office buildings by 10 per cent in twelve months and to achieve the Sustainable Operations on the Government Estate (SOGE) targets, which expired on 31 March 2011 (http://www.ogc.gov.uk/sustainability_soge_targets.asp).

Table 6: Summary of performance against key sustainability targets

	Carbon Emissions	Water Consumption	Waste Production	Recycling Rate
Performance	26% Decrease	13% Decrease	19% Increase	75%

Greenhouse Gas emissions

6.67 Targets for Greenhouse Gas emissions are:

- reduce greenhouse gas emissions from a 2009-10 baseline from the whole estate and business-related transport in line with GGCOP targets*
- cut carbon emissions from Central Government offices by 10 per cent in 2010-11 and all ministerial HQs to publish online real time energy use information
- cut domestic business travel flights by 20 per cent by 2015 from a 2009-10 baseline.

(Note *: Government is still establishing the percentage reduction to be achieved by 2015)

Table 7: Summary table of Greenhouse Gas emissions

Greenhouse Gas Emissions		**2008-09**	**2009-10**	**2010-11**
Non-Financial Indicators (tonnesCO_2e)	Total Gross Emissions for Scopes 1 & 2.	11,362	10,415	8,700
	Gross emissions attributable to Scope 3 official business travel	1,280	1,269	1,010
	Other Scope 3 emissions measured	N/A	N/A	N/A
Related Energy Consumption (kWh)	Electricity: Non-Renewable	15,369,992	14,706,677	12,948,379
	Electricity: Renewable	0	0	0
	Gas	14,427,309	11,403,698	8,155,454
	LPG	0	0	0
	Other	0	0	0
Financial Indicators (£'000)	Expenditure on Energy	1,776	1,718	1,389
	CRC Licence Expenditure (2010 onwards)	N/A	N/A	1
	CRC Income from Recycling Payments	N/A	N/A	N/A
	Expenditure on accredited offsets (e.g. GCOF).	3	1	N/A
	Expenditure on official business travel.	5,259	4,254	2,755

Definition of terms:

Scope 1 - Direct Greenhouse Gas Emissions: these occur from sources owned or controlled by the Department, i.e. emissions from combustion in boilers owned or controlled by the Department, and DCLG-owned fleet vehicles.

Scope 2 - Indirect Energy Emissions: electricity used by the Department but generated and supplied by another organisation.

Scope 3 - Other Indirect Emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the Department, out-sourced activities, waste disposal, etc.

6.68 The Department has maintained its downward trajectory by reducing total in-scope carbon emissions through 2010-11, with the headquarters Eland House improving its Display Energy Certificate rating from E to D. The Department has met the previous Administration's Sustainable Operations on the Government Estate targets for carbon emission related to both energy use (gas and electricity) and administrative road travel. The Department is also on course to meet the Prime Minister's target to reduce emissions from offices by 10 per cent over 12 months from May 2010 (an announcement on this is due shortly). Reductions have primarily been achieved through low-cost energy efficiency measures, such as reduced plant operating hours, and through rationalisation of our estate by using space more efficiently and co-locating with other organisations.

6.69 The most significant aspects of the Department's greenhouse gas emissions are from electricity use and fuel consumption by vehicles and gas boilers. The Department is currently reviewing its delivery plans to ensure emissions are reduced in line with GGCOP requirements.

6.70 The Department influences greenhouse gas reduction in the built environment through its responsibilities for housing and the building regulations. Specific policies include: enabling new homes to be Zero Carbon from 2016 and new non-domestic buildings from 2019. Revisions to Part L of the Building Regulations (Conservation of fuel and power) came into effect in October 2010 and introduced a 25 per cent improvement on 2006 energy efficiency standards. The Department is responsible for implementing the EU Energy Performance of Buildings Directive, including through maintaining Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs), which can help improve the energy efficiency of buildings. The Department is also responsible for the Code for Sustainable Homes, the national voluntary standard for the sustainable design and construction of new homes.

6.71 The Department also has an impact on greenhouse gas reduction through its responsibilities for national planning policy - currently including the Planning and Climate Change Supplement to Planning Policy Statement 1 and Planning Policy Statement 22 on Renewable Energy. These encourage new homes, jobs and infrastructure to be planned in ways that cut carbon emissions. They also encourage local planning decisions to support renewable energy generation.

6.72 The Department has been working with its facilities management provider to reduce the emissions of their goods and services. Information and Communication Technology (ICT) teams have also been reducing the embedded carbon of their services by replacing equipment less frequently. In addition clauses are being incorporated into new contracts to help ensure suppliers are meeting the Government Buying Standards. In 2010, the Department participated in the Defra-sponsored Carbon Footprint of Government project (http://sd.defra.gov.uk/2010/12/the-carbon-footprint-of-government/). This has improved our understanding of the main impacts of our supply chain and this information will be used to help drive forward further efficiencies.

Waste

6.73 Targets for waste are:

- reduce the amount of waste generated by 25 per cent from a 2009-10 baseline by 2015
- cut paper use by 10 per cent in 2011-12
- Government will go to market with a requirement for "closed loop" recycled paper in 2011 (subject to approval from the Government's Procurement Executive Board)
- ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled.

Table 8: Summary table of performance on waste disposal

<table>
<tr><th colspan="3">Waste</th><th>2008-09</th><th>2009-10</th><th>2010-11</th></tr>
<tr><td rowspan="5">Non-Financial Indicators (tonnes)</td><td colspan="2">Total waste [Minimum Requirement]</td><td>1,138</td><td>1,345</td><td>1,607</td></tr>
<tr><td>Hazardous waste*</td><td>Total</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td rowspan="3">Non-hazardous waste*

* Report if possible</td><td>Landfill</td><td>239</td><td>174</td><td>208</td></tr>
<tr><td>Reused/Recycled</td><td>747</td><td>982</td><td>1,210</td></tr>
<tr><td>Incinerated/energy from waste</td><td>152</td><td>189</td><td>359</td></tr>
<tr><td rowspan="5">Financial Indicators (£'000)</td><td colspan="2">Total disposal cost [Minimum Requirement]</td><td>132</td><td>116</td><td>95</td></tr>
<tr><td colspan="2">Hazardous waste - Total disposal cost*</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td rowspan="3">Non-hazardous waste - Total

* Report if possible</td><td>Landfill</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Reused/Recycled</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Incinerated/energy from waste</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
</table>

6.74 While total waste has increased in recent years, this has been due to the Department's estate rationalisation programme, associated refurbishments and consequential surplus equipment such as office furniture. During the same period, the Department has achieved a high recycling rate which has increased from 66 per cent in 2008-09 to 75 per cent in 2010-11.

6.75 As the Department continues to rationalise its estate, it will continue to develop ambitious waste management plans, to maintain its high recycling rate and to reduce waste wherever possible. In recent refurbishment projects (required to enable co-location and to realise associated efficiencies), the Department has sought to redeploy equipment within the wider Group. Its main ICT contracts require that all redundant ICT equipment is either reused or recycled.

6.76 The Department also has an impact on waste management through its planning policy - PPS10: Planning for Sustainable Waste Management. Positive planning has an important role in delivering sustainable waste management through the development of appropriate strategies for growth, regeneration and the prudent use of resources and, by providing sufficient opportunities for new waste management facilities of the right type, in the right place and at the right time.

Finite resource consumption – water

6.77 The Department's in-scope water consumption has been reduced over recent years in line with the SOGE reduction target. However, further work is required to bring consumption within GGCOP benchmarks.

6.78 Targets for water usage are to reduce water consumption from a 2009-10 baseline, and report on office water use against best practice benchmarks:

- ≥6 m^3 water consumption per FTE poor practice

- $4m^3$ to $6m^3$ per FTE good practice
- $\leq 4m^3$ per FTE best practice
- per cent of offices meeting best/good/poor practice benchmark.

Table 9: Summary table of finance resource consumption – water

Finite Resource Consumption - Water			**2008-09**	**2009-10**	**2010-11**
Non-Financial Indicators (M^3)	Water Consumption	Supplied	46,792	46,308	40,379
		Abstracted	0	0	0
Financial Indicators (£'000)	Water Supply Costs		120	76	57

6.79 The Department's primary water office consumption is from tea points, canteens and toilets, as well as from cooling plant. Reductions have been achieved through staff awareness work and leak reduction work.

6.80 The Department has an impact on water efficiency in new homes through its responsibilities for Part G of the Building Regulations (Sanitation, hot water and water efficiency) and the Code for Sustainable Homes. Revisions to Part G came into force in April 2010, requiring all new homes to meet water efficiency requirements of 125 litres per person per day (compared to the current average consumption of 150 litres per person per day).

6.81 The Code (mentioned above) measures the sustainability of a new home against nine categories of sustainable design, including reducing the consumption of potable water in the home from all sources, including borehole and well water, through the use of water efficient fittings, appliances and water recycling systems.

Personal data related incidents

6.82 The Department and its Agencies and NDPBs manage a range of data which relates to staff and citizens and has procedures and processes in place to protect information and data and to ensure it is only used for the purposes it was collected for. Most of the data relating to citizens does not allow us to identify individual citizens and is used to support policy analysis and review. The recommendations of the Data Handling Review have been implemented and a coordinated approach to compliance adopted across the Department's Group.

6.83 The Department has no significant Personal Data Related Incidents to report in 2010-11. The following table summarises minor Personal Data Related Incidents during the year.

Table 10: Summary of other protected personal data related incidents in 2010-11

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

7 Other financial information

7.1 The information in the following paragraphs gives additional information about entries included in the financial statements and notes.

Closure of Government Offices

7.2 The Coalition Government's Programme for Change announced the decision to close the Government Office for London and to consider the case for abolition of the remaining eight Government Offices. On 22 July 2010 a decision was taken in principle by the Government to close the remaining eight Government Offices. The Government Office for London was closed on 1 September 2010. On 20 October 2010 (as part of the Spending Review Settlement) the Coalition Government confirmed that the remainder of the Government Office Network would close by 31 March 2011. This Department was the lead department in the Government's regional office network.

7.3 As a result of this restructuring the Department faced a number of accounting and finance issues, which are addressed in the following paragraphs.

Staff

7.4 In July 2010 there were 1,691 staff in post in the Government Office Network (GON). These staff came from a number of departments and following the closure decision, arrangements were made, wherever possible and practical, for staff to return to their parent department or to be redeployed elsewhere in the Civil Service. The Department also offered a voluntary exit scheme followed by a voluntary redundancy scheme. Any GON staff who did not exit voluntarily or who did not secure alternative employment were subject to a compulsory redundancy process, with a six month notice period ending 30 September 2011 in all but a small number of cases. In order to maximise redeployment and minimise the need for compulsory redundancies the Department introduced a 'redundancy swaps' scheme whereby GO staff were, with the agreement of other Departments, transferred to other posts elsewhere in the Civil Service replacing other staff whose voluntary severance or retirement costs were borne by the Department.

7.5 Even though the cash implications of these restructuring measures fall in 2011-12 the Department takes the view that, since the work of the GON was complete as at 31 March 2011, the liability existed at that date and, since the costs could be estimated accurately, it is appropriate to accrue for the costs in the 2010-11 accounts. 737 staff are expected to be the subject of voluntary or compulsory exits or departmentally funded redundancy swaps with an expected total cost of £43.2m, of which £42.9m was accrued in 2010-11. The total cost is broken down as follows:

Category	No of staff	Cost
Voluntary redundancy	465	£29.3m
Compulsory redundancy	184	£8.7m
Redundancy swaps	88	£5.2m

7.6 These redundancy costs are not treated as staff costs as they do not relate to costs incurred through running the Department but are the costs of staff leaving. They are included in the non-staff administration costs line in Note 9.

Building leases

7.7 The GON occupied 14 buildings in various locations in England. These buildings were leased – treated as operating rather than finance leases in the Department's accounts – and with varying periods to the next break point. Each lease was assessed separately with a view to minimising costs of closure to the Department. As a result the leases have been categorised in three ways:

- buildings vacated by Departmental/GON staff 31 March 2011 or shortly thereafter – all costs accrued in 2010-11
- buildings vacated and the lease handed over to new tenants at a later but known date - costs attributable to 2010-11 accrued in 2010-11 including impairment costs associated with capitalised costs in respect of buildings. Any lease costs incurred in 2011-12 to be met by the Department
- buildings for which there is no known date of transfer of the lease. All these buildings are partially sub let and the Department is seeking to transfer the head leases to other organisations or return the leases to the landlord. Whilst the Department is actively pursuing these options, there is considerable uncertainty about the future ability to secure additional tenants and it is therefore possible that the Department will be left with net residual ongoing costs. As there is a requirement to match future income against future expenditure and due to the uncertainty, it is inappropriate to provide for these potential liabilities, however, the Department has raised a contingent liability based on current tenancies to reflect costs which might arise should the actions above not be successful.

Assets

7.8 At the start of 2010-11 there were a number of Property, Plant and Equipment assets on the GON asset register. These assets comprised IT equipment or capitalised improvements to leased buildings. Each asset has been assessed to determine its remaining useful life and impaired as appropriate in 2010-11 with the £2m charge being reflected in the 2010-11 Accounts. Where the asset is still in use by ex-Government Office staff (who remain in the Civil Service) to manage the closure, the asset has been impaired to the expected end date and any depreciation costs falling in 2011-12 will be met by the Department. Any assets which are no longer in use have been written off and the £2.3m charge has been shown in the 2010-11 Accounts.

ERDF liabilities: accruals, provisions and contingent liabilities

7.9 The European Regional Development Fund (ERDF) was set up in 1975 to stimulate economic development in the least prosperous regions of the European Union (EU). For the past 10 years, the Department has been managing the 2000-06 ERDF programmes in conjunction with Government Offices. The closure of these 2000-06 programmes was completed at 31 March 2010 when final declarations and reports were forwarded to the European Commission (EC). These are subject to audit and challenge by the EC over a period of years before final sign off.

7.10 Where ERDF spending is not in conformity with ERDF Regulations it becomes ineligible for grant funding. The liabilities in respect of such ineligible expenditure fall to the Department where it is unable to recover the funds from the grant recipient. In parallel with the closure process, the Department undertook a full review of the current state of ERDF supported projects to identify all potential liabilities. The liabilities were then categorised as an Accrual, Provision or Contingent Liability.

7.11 For example:

- An accrual is a charge to the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) when a payment is expected to be made, although the amount payable may remain an estimate.
- A provision may be a contractual requirement to repay overpaid grant funding to the funder (i.e. the EC). Where the amount of a known overpayment is in dispute, but where it is considered probable (i.e. more likely than not) that the dispute will be lost, an estimate of the liability has been calculated using assumptions based on correspondence with the funder (e.g. if there is a 50 per cent or greater likelihood that the disputed amount will be irrecoverable, the Department has recorded the potential liability as a provision).
- A contingent liability may be a possible liability to repay overpaid grant funding to the funder, but the occurrence of the repayment is dependent on the outcome of a future event, (e.g. an EC hearing, or result of a court case).

7.12 As part of the closure process, the Department has calculated potential liabilities from the following three categories (labelled a to c below):

a) Debt at risk - background

7.13 Debt at risk relates to recognised debt that the Department is seeking to recover from grant recipients who have failed to comply with the requirements of the grant. Where this does not prove possible, before any amount is agreed to be written off, proposals must be submitted to a Department debt panel for approval. Additionally, material write offs (>£500,000) must be approved by HM Treasury. Only after this process has been followed can write offs be sanctioned and charged to the CSoCNE. This category has a potential liability of £23.6m.

a) Debt at risk - accounting treatment

7.14 The Department has thoroughly reviewed the current debt list, and has taken the view that, although the recovery and write-off process has not been completed in all cases, there is little hope of recovery of £13.4m and has categorised this as a charge, the balance of £10.2m being possible to recover and therefore reported as a contingent liability.

b) Capping - background

7.15 Capping relates to the proportion of match funding against the ERDF grant funding, which was agreed at the start of or during the programmes by the EC. Failure to deliver the agreed proportion of match funding can lead to a liability for the department.

7.16 Details of final match funding were included in the closing statements for the grants submitted by 31 March 2010. The EC will determine the actual liability based on a standard formulaic approach using the information provided in the closing statements for the programmes. The liability for this category has been estimated at £28.1m.

b) Capping - accounting treatment

7.17 The fact that the regulations state that a capping penalty will apply, and is calculable using prescribed formulae applied to figures from the final declarations, allows the amount of liability anticipated by programme to be calculated and categorised. Where there is a possible exceptional case argument the Department is treating the anticipated penalty as a contingent liability (£6.0m); for all other sums the calculated penalty is being accrued as a charge to the CSoCNE (£22.1m).

c) Estimated potential corrections - background

7.18 The estimated potential corrections relate to either:

- The outcome of audit work carried out by the Audit Authority, European Commission, or European Court of Auditors on records held for the ERDF programmes. The audit bodies identify potential liabilities arising from a failure to comply with ERDF regulations or requirements and it is then for the Managing Authority to either prove there is no liability (usually through providing adequate additional evidence), or the scale of the liability has to be negotiated and agreed with the audit bodies and/or the EC.
- Potential corrections being investigated by the Managing Authority relating to handling of asset disposals.

c) Estimated potential corrections - accounting treatment

7.19 There is an accrual charged to the CSoCNE of £2.6m relating to known corrections arising from audit work. These sums are yet to be confirmed with the EC. The provision of £34.7m reflects the error rate amounts up to 2 per cent (£21.4m), potential corrections relating to asset disposals (£8.2m) and corrections arising from audit work that the Managing Authority is challenging the EC on its findings (£5.1m). A contingent liability is noted for the £83.6m of potential liabilities relating to the remaining audit points. The EC had received evidence to clear the outstanding points and when a response is received it is expected to remove any liability arising from these cases.

Summary of ERDF liabilities

7.20 The following table summarises the ERDF liabilities presented in these accounts:

	Charge	Provision	Contingent Liability
Debt at Risk	£13.4m	-	£10.2m
Capping	£22.1m	-	£6.0m
Estimated Potential Corrections	£2.6m	£34.7m	£83.6m
Totals	**£38.1m**	**£34.7m**	**£99.8m**

ERDF 2007-13 programme

7.21 The Department is responsible for administering the ERDF 2007-13 programmes. At the end of the reporting period, 6 out of 10 programmes had their reimbursement from the EC interrupted due to the interim audit findings presented in the Annual Control Report which showed a number of programmes had an unacceptably high error rate.

7.22 Since submission of the Annual Control Report the audit findings have been refined and the Department is expecting that the EC lift the interruption on a further three programmes in July 2011. The average error rate across the whole programme is now approaching the accepted tolerance level and the Department continues to work towards reducing this programme by programme; the Department submitted a formal Action Plan to the EC at the end of June, a decision will then be made by the EC on lifting the residual interruption. The Department expects to be able to recover any identified ineligible expenditure from the projects receiving the grant.

Termination of the FiReControl project

Background

7.23 FiReControl was part of the previous Government's resilience programme and set out to replace the standalone control rooms in England's Fire and Rescue Services (FRS) with a national network of nine regional control centres (RCCs). The aim was to improve national resilience, interoperability and efficiency as well as to enhance the technology available to the FRS.

7.24 Following extensive discussions with Cassidian (formerly EADS Defence & Security), the supplier delivering the technical solution, it was jointly agreed that Cassidian could not deliver the requirements of the project to an acceptable timeframe. In order to secure the best outcome for the taxpayer and the fire and rescue community, the Department announced the termination of the contract with Cassidian and the cancellation of FiReControl in December 2010. As part of this agreement, settlement was reached on a commercially confidential basis.

Accounting treatment

7.25 At the start of 2010-11, the Department held six RCC building leases which, due to the expected short-term nature of the holding, were classified as inventories on the Department's Statement of Financial Position. The lease relating to the London RCC was transferred to the London Fire and Emergency Planning Authority (LFEPA) in March 2011. This left the Department with five RCC leases at the Statement of Financial Position date (31 March 2011). The Department has initiated discussions with other interested parties to make the most effective use of the buildings. However, to reflect the closure of the FiReControl project it has reclassified them as leased Property, Plant and Equipment assets in the Statement of Financial Position in accordance with International Accounting Standard (IAS) 17. Following the cancellation of FiReControl and the subsequent uncertainty surrounding the future use of the buildings and ownership of the leases, this classification better reflects the Department's long term commitments. The total value of the leases has been calculated using the interest rate inherent in the lease agreements and totals £98m. A corresponding liability has also been recorded in the Statement of Financial Position. In addition to the reclassification, the leases have also been revalued in line with the Department's revaluation policy and IAS 16. This has resulted in an impairment charge of approximately £32m in 2010-11.

7.26 In addition to the RCC buildings, the Department procured a number of other assets associated with the implementation of FiReControl. These include IT hardware, software and audio visual equipment as well as development work undertaken by both Cassidian and the Department's national project team in relation to the design, build and delivery of the FiReControl solution. Following the cancellation of the project, assets were sold to Cassidian. In accordance with IAS 16 and IAS 38, the Department undertook a review of the remaining assets and identified those that will have no future economic benefit to either the Department or the Fire and Rescue Authorities (FRAs). These assets have been written off. The remaining assets, consisting of IT hardware, software and audio visual equipment and valued at approximately £6m, are located in RCCs or on FRA premises and have been retained by the Department for future use and continue to be recorded as Non Current Assets on the Statement of Financial Position. It is expected that the majority of these assets will be transferred to FRAs during 2011-12.

7.27 As the project has been cancelled, and in order to disclose the full costs of the project incurred to date (which can be now be considered as losses) together with future cash flows (which can be considered nugatory), the table below details how those costs have been classified together with the relevant note in the Accounts. Losses and nugatory payments have also been included within the losses statement in Note 29.

Costs to date	2010-11	Prior Years	Future (cash flow)	Total Value	Value to be Classified as loss	Value to be classified as nugatory payment	Relevant Note in Accounts
	£m	£m	£m	£m	**£m**		
Net Project Running Costs	19	123		142	**142**		SoCNE
Total Expenditure to be treated as losses	19	123	0	142	**142**	**0**	
Assets Purchased, of which:		57		57			Note 12
written off	-48				**48**		Note 12
retained	-6			-6			Note 12
depreciated	-3			-3			Note 12
Total Asset value to be treated as losses	-57	57	0	48	**48**	**0**	
Finance Lease Assets (RCCs)	98			98			Note 12
Depreciation (2010-11)	-3			-3			Note 12
Impairment				-32	**32**		Notes 9 &12
Total Finance Leased assets to be treated as losses	95	0	0	63	**32**	**0**	
Leased asset funded by:							
Discounted values of future lease liabilities			98	98		**98**	Note 22
Lease payments (2010-11)	-1.2			-1.2		**-1.2**	SoCNE
Lease incentives liabilities			3.5	3.5		**3.5**	Note 22
Total lease liabilities to be treated as nugatory payments	-1.2	0	101.5	100.3	**0**	**100.3**	
Total amount of losses/nugatory payments	55.8	180	101.5	353.3	**222**	**100.3**	
Reported in 2009-10		10		10	**10**		2009-10 losses statement
Reported in 2010-11	55.8	170	101.5	343.3	**212**	**100.3**	2010-11 losses statement

New Dimension assets

7.28 The New Dimension project has delivered part of the Department for Communities and Local Government's contribution to the previous Government's Capabilities Programme and wider work on developing nationally resilient responses to natural disasters and chemical, biological, radiological, nuclear and conventional explosive incidents, however caused. The project delivered the specialist equipment, procedures and support mechanisms required to enable the Fire and Rescue Services (FRS) to deliver a co-ordinated national response to up to three concurrent major emergencies. New Dimension is a national resilience capability, to ensure interoperability across the country, so that any appropriately trained FRS personnel can use any piece of New Dimension equipment during the response to a national emergency. The equipment includes high volume pumps for flooding, urban search and rescue units for building collapse and mass decontamination equipment.

7.29 The transfer of ownership of the New Dimension assets from the Department to the Fire and Rescue Services and the equipment maintenance contract are the final steps in embedding the overall responsibility for the project including the governance, assurance and maintenance of the assets within the Fire and Rescue Authorities and more general Fire sector. The Department agreed to carry out the transfer with 32 Fire and Rescue Authorities during 2010-11 and is working with the remainder to identify when the transfers will take place in 2011-12.

7.30 The Department sought advice on the appropriate accounting treatment and considered that the transfer should be treated as a Transfer of Function (which requires the use of merger accounting). This decision was taken on the basis that the transfer of assets is a final step in the transfer of the management of the New Dimension Project as a whole to the FRS.

7.31 These transfers have taken place with an effective date of 1 April 2010, with all prior year and reserve balances restated to exclude the values associated with the transfer of assets, as required under the application of merger accounting.

Area Based Grant

7.32 Area Based Grant (ABG) was introduced in 2008-09 and combined a number of grants to local authorities into a single unringfenced revenue payment stream. ABG includes funding streams from several government departments, as well as from Communities and Local Government. With the exception of the Department's own funding, each funding stream passes through the Department's Statement of Financial Position and is not, therefore, part of the Department's operating income and expenditure. The totals of grant income and expenditure in 2010-11 were as follows:

Area Based Grant (ABG) Payments and Receipts	**2010-11 (£m)**
Total Receipts from Other Government Departments	2,279
DCLG contribution to ABG	2,166
Total ABG	**4,445**
ABG payments to Local Authorities	**4,445**

8 Remuneration report

Remuneration policy

8.1 The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

8.2 The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com

Service contracts

8.3 The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

8.4 Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

8.5 Further information about the work of the Civil Service Commissioners can be found at http://civilservicecommission.independent.gov.uk/index.html

Remuneration (including salary) and pension entitlements

8.6 The following sections provide details of the remuneration and pension interests of the Ministers and Board Members of the Department and are subject to audit. Equivalent information relating to the Executive Agency consolidated into the Department's Resource Account is provided in its own separate published accounts. The Non-Executive Directors did not receive a salary in their capacity as Board Members and details of fees paid to them are in paragraph 8.11.

Remuneration

Ministers	**2010-11**		**2009-10**	
	Salary £	**Benefit-in-Kind** (to nearest £100)	**Salary** £	**Benefit-in-Kind** (to nearest £100)
The Rt Hon Eric Pickles MP	61,056[(1)]	-	-	-
The Rt Hon Grant Shapps MP	29,099[(2)]	-	-	-
The Rt Hon Greg Clark MP	29,099[(3)]	-	-	-
Bob Neill MP	20,894[(4)]	-	-	-
Andrew Stunnell MP	20,894[(5)]	-	-	-
Baroness Hanham CBE	63,898[(6)]	-	-	-
The Rt Hon John Denham MP	8,847[(7)]	-	63,773[(13)]	-
The Rt Hon John Healey MP	4,589[(8)]	-	40,646	-
The Rt Hon Rosie Winterton MP	4,589[(9)]	-	33,307[(14)]	-
Shahid Malik MP	3,483[(10)]	-	25,024[(15)]	-
Ian Austin MP	3,483[(11)]	-	25,024[(16)]	-
Barbara Follett MP	3,483[(12)]	-	16,111[(17)]	-

2010-11

1 Figure quoted is for the period 12 May 2010 to 31 March 2011. The full year equivalent is £68,827
2 Figure quoted is for the period 14 May 2010 to 31 March 2011. The full year equivalent is £33,002
3 Figure quoted is for the period 14 May 2010 to 31 March 2011. The full year equivalent is £33,002
4 Figure quoted is for the period 14 May 2010 to 31 March 2011. The full year equivalent is £23,697
5 Figure quoted is for the period 14 May 2010 to 31 March 2011. The full year equivalent is £23,697
6 Figure quoted is for the period 14 May 2010 to 31 March 2011. The full year equivalent is £72,470
7 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £78,356
8 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £40,646
9 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £40,646
10 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £30,851
11 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £30,851
12 Figure quoted is for the period 1 April 2010 to 11 May 2010. The full year equivalent is £30,851

2009-10

13Figure quoted is for the period 6 June 2009 to 31 March 2010. The full year equivalent is £78,356
14 Figure quoted is for the period 6 June 2009 to 31 March 2010. The full year equivalent is £40,646
15 Figure quoted is for the period 9 June 2009 to 31 March 2010. The full year equivalent is £30,851
16 Figure quoted is for the period 9 June 2009 to 31 March 2010. The full year equivalent is £30,851
17 Figure quoted is for the period 23 September 2009 to 31 March 2010. The full year equivalent is £30,851

Please see paragraph 8.8 regarding the salaries of Ministers shared between departments.

Please see paragraph 8.9 regarding the remuneration of Ministers who are members of the House of Lords.

A full month's salary is paid if a Minister leaves part-way through a month.

Officials	2010-11			2009-10		
	Salary	Bonus Payments	Benefit-in-Kind	Salary	Bonus Payments	Benefit-in-Kind
	£'000	£'000	to nearest £100	£'000	£'000	to nearest £100
Sir Bob Kerslake Permanent Secretary	70-74(1)	-	-	-	-	-
Richard McCarthy Director General	175-179	10-14	-	175-179	10-14	-
David Rossington Acting Director General	120-124	10-14	-	115-119	10-14	-
David Prout Director General	130-134	5-9	-	65-69(7)	-	-
Sir Peter Housden Permanent Secretary	45-49(2)	-	-	175-179	-	600
Joe Montgomery Director General	125-129(3)	5-9	-	150-154	5-9	-
Shirley Pointer Acting Director General	105-109(4)	5-9	-	10-14(8)	-	-
Irene Lucas Director General	115-119(5)	5-9	-	80-84(9)	-	-
Andrew Campbell Director	20-24(6)	-	-	-	-	-

2010-11

1 Figure quoted is for the period 1 November 2010 to 31 March 2011. The full year equivalent is in the range £170,000 - £174,999.

2 Figure quoted is for the period 1 April 2010 to 14 June 2010. The full year equivalent is in the range £185,000 - £189,999.

3 Figure quoted is for the period 1 April 2010 to 31 January 2011. The full year equivalent is in the range £150,000 - £154,999. Joe Montgomery left under Approved Early Severance terms on 31 January 2011. He received a compensation payment of £131,843.

4 Figure quoted is for the period 1 April 2010 to 4 January 2011. The full year equivalent is in the range £135,000 - £139,999.

5 Figure quoted is for the period 1 April 2010 to 4 January 2011. The full year equivalent is in the range £145,000 - £149,999.

6 Figure quoted is for the period 4 January 2011 to 31 March 2011. The full year equivalent is in the range £90,000- £94,999.

2009-10

7 Figure quoted is for the period 21 September 2009 to 31 March 2010. The full year equivalent is in the range £130,000 - £134,999.

8 Figure quoted is for the period 1 March 2010 to 31 March 2010. The full year equivalent is in the range £135,000 - £139,999.

9 Figure quoted is for the period 6 September 2009 to 31 March 2010. The full year equivalent is in the range £145,000 - £149,999.

Details of Benefits-in-Kind are explained in paragraph 8.12

Salary

8.7 'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

8.8 This report is based on payments made by the Department, and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration. The salary for their services as an MP (£65,738 from 1 April 2010, and £64,766 from 1 April 2009) and various allowances to which they are entitled are borne centrally. Rosie Winterton MP also had joint responsibilities with the Department of Business, Innovation and Skills but was paid by the Department for Communities and Local Government and her full salary and pension details are shown in this report.

8.9 The arrangement for Ministers in the House of Lords is different. They do not receive a salary as a member of the House of Lords but an additional remuneration as part of their ministerial salaries which cannot be quantified separately. This total remuneration for Baroness Hanham, as well as any allowances to which she was entitled, was paid by the Department and is therefore shown in full in the figures in this report.

8.10 Stephen Park was appointed to the Board as Interim Senior Finance Director on 1 March 2010; he left the Board on 4 January 2011. He is not a civil servant but is employed via a third party. For the period 1 April 2010 to 4 January 2011 expenditure of £335,135 (2009-10: 1 March 2010 to 31 March 2010 £43,355) including VAT was incurred with the third party in respect of his services.

8.11 Non-Executive Directors received the following fees for their work during 2010-11:

Sara Weller did not receive a fee in 2010-11

Stephen Hay - £10,000 in 2010-11

Diana Brightmore-Armour - £834 for period 2 February 2011 to 31 March 2011 (fee is donated to charity).

Benefits in Kind

8.12 The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. Sir Peter Housden was in receipt of an interest free housing loan which he paid back in full on leaving the Department in June 2010.

Bonuses

8.13 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010-11 relate to performance in 2009-10 and the comparative bonuses reported for 2009-10 relate to the performance in 2008-09.

Pension benefits

£

Ministers	Pension at end date	Real increase in pension	CETV at end date	CETV at start date*	Minister's contributions and transfers in	Real increase in CETV funded by employer
The Rt Hon Eric Pickles MP (from 12 May 2010)	1,283	1,283	19,310	0	6,108	13,202
The Rt Hon Grant Shapps MP (from 14 May 2010)	912	912	7,354	0	4,341	3,013
The Rt Hon Greg Clark MP (from 14 May 2010)	912	912	7,662	0	4,341	3,321
Bob Neill MP (from 14 May 2010)	692	692	10,416	0	3,295	7,121
Andrew Stunnell MP (from 14 May 2010)	692	692	12,318	0	3,295	9,023
The Rt Hon John Denham MP (to 11 May 2010)	10,596	152	178,512	174,558	777	3,687
The Rt Hon John Healey MP (to 11 May 2010)	8,466	111	93,401	92,502	369	851
The Rt Hon Rosie Winterton MP (to 11 May 2010)	8,782	311	100,909	97,680	556	3,012
Shahid Malik MP (to 11 May 2010)	1,262	86	10,137	9,470	422	272
Ian Austin MP (to 11 May 2010)	1,180	86	10,703	9,947	422	363
Barbara Follett MP (to 11 May 2010)	2,277	86	40,194	38,753	422	1,092

Note (*) The actuarial factors used to calculate CETVs (Cash Equivalent Transfer Values – see paragraph 8.18 below) were changed in 2010-11. The CETVs at 31/03/10 and 31/03/11 have both been calculated using the new factors for consistency. The CETV at 31/03/10 therefore differs from the corresponding figure in last year's report which was calculated using previous factors.

Ministerial pensions

8.14 Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

8.15 Those Ministers who are Members of Parliament may also accrue a MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of employee contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

8.16 Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with changes in the Pensions Increase Legislation. From 1 April 2009 members pay contributions of 5.9 per cent of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9 per cent of salary if they have opted for the 1/50th accrual rate or 11.9 per cent of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7 per cent of the ministerial salary.

8.17 The accrued pension quoted is the pension the Minister is entitled to receive when he or she reaches 65, or immediately on ceasing to be an active member of the scheme if he or she is already 65.

The Cash Equivalent Transfer Value (CETV)

8.18 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits he or she has accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of his or her total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real increase in the value of the CETV

8.19 This is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

£'000

Officials	**Accrued pension at pension age at 31/03/11**	**Real increase (decrease) in pension at pension age**	**CETV at 31/03/11**	**CETV at 31/03/10***	**Real increase (decrease) in CETV during the year**
Sir Bob Kerslake (from 1 November 2010)	0-5 plus nil lump sum	0-2.5 plus nil lump sum	22	0	20
Richard McCarthy	30-35 plus nil lump sum	0-2.5 plus nil lump sum	476	423	13
David Rossington	25-30 plus 50-55 lump sum	0-2.5 plus 0-(2.5) lump sum	481	429	14
David Prout	0-5 plus nil lump sum	0-2.5 plus nil lump sum	40	13	22
Sir Peter Housden (to 14 June 2010)	65-70 plus 205-210 lump sum	0-2.5 plus 0-2.5 lump sum	1594	1575	(77)(1)
Joe Montgomery (to 31 January 2011)	15-20 plus 45-50 lump sum	0-2.5 plus 2.5-5 lump sum	244	219	14
Shirley Pointer (to 4 January 2011)	10-15 plus 45-50 lump sum	0-2.5 plus nil lump sum	249	210	18
Irene Lucas (to 4 January 2011)	5-10 plus nil lump sum	2.5-5 plus nil lump sum	74	25	45
Andrew Campbell (from 4 January 2011)	35-40 plus 65-70 lump sum	0-2.5 plus 0-(2.5) lump sum	631	627	(2)(2)

Note (*): The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31/03/10 and 31/03/11 have both been calculated using the new factors for consistency. The CETV at 31/03/10 therefore differs from the corresponding figure in last year's report which was calculated using previous factors.

(1) (2) Taking account of inflation, the CETV funded by the employer has decreased in real terms

Civil Service pensions

8.20 Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

8.21 Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation CPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

8.22 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. Employees do not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

8.23 The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

8.24 Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Value

8.25 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

8.26 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real increase in the value of the CETV

8.27 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Sir Bob Kerslake **5 July 2011**
Accounting Officer
Department for Communities and Local Government

9 Statement of Accounting Officer's responsibilities

9.1 Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for Communities and Local Government to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to the objectives, recognised gains and losses and cash flows for the financial year.

9.2 In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

9.3 HM Treasury appointed Sir Bob Kerslake, the Permanent Head of the Department, as Principal Accounting Officer of the Department on 1 November 2010, and from 15 January 2011 HM Treasury appointed him as the sole Accounting Officer for the Department. Irene Lucas was appointed Acting Permanent Secretary and Principal Accounting Officer from 15 June 2010 until 31 October 2010. Sir Peter Housden, who left the Department on 14 June 2010 was, until that date, Permanent Secretary and Principal Accounting Officer. HM Treasury also appointed Irene Lucas as Additional Accounting Officer from 14 September 2009 to be accountable for that part of the Department's accounts that relate to Request for Resources 2 and the associated assets, liabilities and cash flows. The Principal Accounting Officer also appointed Joe Montgomery as Additional Accounting Officer for the Government Offices. These Additional Accounting Officer appointments both ceased on 14 January 2011. The appointment of Additional Accounting Officers does not detract from the Permanent Head of the Department's overall responsibility as Accounting Officer for the Department's Resource Accounts.

9.4 The allocation of Accounting Officer responsibilities in the Department was as follows:

Accounting Officer:	Sir Bob Kerslake, Permanent Secretary	15 January 2011 onwards
Principal Accounting Officer:	Sir Bob Kerslake, Permanent Secretary	1 November 2010 – 14 January 2011
	Irene Lucas, Acting Permanent Secretary	15 June 2010 to 31 October 2010
	Sir Peter Housden, Permanent Secretary	to 14 June 2010
Additional Accounting Officer for RfR2:	Irene Lucas	to 14 January 2011
Additional Accounting Officer for the Government Offices:	Joe Montgomery	to 14 January 2011

9.5 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money. Under the terms of the Accounting Officers' Memorandum, the relationship between the Department's Principal and Additional Accounting Officers, together with their respective responsibilities, was set out in writing.

10 Statement on internal control

Scope of responsibility

10.1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives for the Department for Communities and Local Government (DCLG), whilst safeguarding the public funds and Departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money.

10.2 During the year, the Department continued to support housing and regeneration activity and looked at policy areas to ensure that, together with local delivery partners, it was responding effectively to changed economic circumstances. In doing so the Arms Length Body Review was completed and, over the next two financial years, the number of these bodies for which the Department has responsibility is intended to reduce from 26 to a maximum of nine. In addition, the decision was taken to close the Government Office Network, which was achieved on 31 March 2011.

The purpose of the system of internal control

10.3 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

10.4 The Board, Executive Team, and key Sub-Committees of the Board take an active lead in embedding risk management in the organisation. The risk register was reviewed on a number of occasions through the year by the Performance Sub-Committee which has also reviewed progress on new and continuing programmes.

The risk, control, and governance framework

10.5 During 2010-11 risk management, control and governance processes included the following:

- The Departmental Board was re-constituted during the year, in accordance with Cabinet Office guidance, with one Non-Executive Director providing continuity (including continuing to Chair the Department’s Audit and Risk Committee)
- Since the formation of the Coalition Government, and pending the arrival of the Lead Non-Executive Director (during which period the Departmental Board met without Non-Executive Directors), the Department has increased internal scrutiny and challenge through establishing Director General-led committees of the Executive Team, covering Finance, People and Performance. Throughout this

period a Departmental Minister has provided additional scrutiny and challenge for a number of issues

- Senior Responsible Owners were accountable for the effective management and escalation of risks within their groups and programmes
- Through the risk register, the Executive Team has reviewed the critical risks to Departmental business and the actions being taken to mitigate them
- The Audit and Risk Committee (Chaired by a Non-Executive Member of the Departmental Board) has taken an active interest in the way in which the Department has managed risk. During the year the Committee has considered the Department's overall risk register and also reviewed in detail the Department's approach to particular risks
- The key Programme Boards across the Department have regularly reviewed their risks and escalated strategic and cross-cutting risks to the Performance Sub Committee
- The Performance Sub-Committee has provided scrutiny for the highest risk programmes, with focus on assuring that the biggest financial and delivery risks were being effectively managed and to determine whether an issue should be escalated to the Executive Team
- OGC Gateway reviews (including Starting Gates and Managed Early Closure Reviews) have been used to provide external assurance for the most important programmes and their management of risk
- Internal Audit reviewed the adequacy and effectiveness of the Department’s risk, control and governance framework through a programme of audits and advisory work
- The Department applied rigour to the Statement of Internal Control (SIC) exercise through a process of challenge by an Assurance Panel which also reviewed underlying evidence from Directors
- The Department ensured that appropriate policies and guidance were in place to assure compliance with Cabinet Office mandates on electronic and physical data security. All staff are required to undergo training on information security.

Review of Arms Length Bodies

10.6 Following the Department’s review of its Arms Length Bodies and the 14th October 2010 Cabinet Office announcement, a central team was established to manage and escalate overall and cross-programme risks, and provide support and advice on thematic issues. The Acting Director General, Finance & Corporate Services is the Senior Response Owner for the programme, supported by the Arms Length Bodies Reform Board drawn from the Department’s Performance Sub-Committee. The Board focuses on top programme risks and challenges reform projects on the robustness of their implementation plans and progress. In addition to delivery risks, the key financial risks include:

- pension liabilities crystallising as a result of restructuring/closures
- employee exit schemes (e.g. redundancy, early retirement costs)
- termination of contracts, in particular property leases and IT contracts
- meeting other existing liabilities, e.g. relating to asset write-down.

10.7 The financial risks have received significant management time and it is believed that all are now quantifiable with mitigations in place that will contain costs within those resources available as a result of the Spending Review process.

Regional Development Agencies

10.8 Following the Government's decision to abolish Regional Development Agencies at the end of 2011-12, the Department is working with the Department for Business, Innovation and Skills (BIS) to manage the transfer of assets and responsibilities and resolve associated funding arrangements. There is a BIS Transition Board which includes input from DCLG colleagues at senior level. In addition, a new Local Growth and Regeneration Programme Board is being established in DCLG to provide strong governance and effective scrutiny of the Department's contribution to the closure programme. This board will be chaired at Director General level and will address all known Departmental risks including delivery, staffing and finance.

Government Offices

10.9 Before its closure on 31 March 2011, the Government Office Network (GON) of nine regional offices existed to implement the policies set by central government, providing a regional focus to delivery. DCLG was the lead department for the GON.

10.10 The closure plan recognised the following risks, with actions to mitigate:-

- The closure of the 2000-06 ERDF programmes; the Department has set up a Closure team to deal with these
- Winding down the Regional Development Agencies and transferring their ERDF 2007-13 management to the Department; an ERDF Transition team has the mitigation of these risks as a key objective
- Concerns over governance in a number of New Deal for Communities programmes; the Department has put measures in place to manage the closure process and deal with these issues.

Review of effectiveness

10.11 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. Executive managers within the Department have responsibility for the development and maintenance of the internal control framework. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the comments made by the external auditors in their management letter and other reports, including Value for Money reviews; recommendations are implemented on a timely basis. Internal Audit updates the plan to reflect changes in risk profile and the revised plan is reviewed and approved by the Audit and Risk Committee.

10.12 I have been advised, in my review of the effectiveness of the system of internal control, by the Executive Team and its committees and by the Department's Audit and

Risk Committee which is chaired by a Non-Executive Director of the Departmental Board.

10.13 The priorities for 2011-12, in terms of risk management, will continue to be the delivery of the Departmental Business Plan and the restructuring of the Department.

Significant internal control issues

Queen Elizabeth II Conference Centre

10.14 DCLG Internal Audit provides the Internal Audit function for the Conference Centre and reports that the control environment is generally satisfactory. An isolated case of fraud using a Government Procurement Card (GPC) was perpetrated by a member of staff and the subsequent investigation resulted in a criminal conviction. The amount involved approximately £32,000 (of which £6,000 was recovered). Guidance was revised on the use of GPC and governance arrangements were strengthened.

Information assurance

10.15 Following Internal Audit Services review of LOGASnet (the Department's online data collection and grant administration system) and its testing of the security arrangements, opportunities were identified to strengthen controls and are being implemented to assure full compliance to the accredited protective marking 'PROTECT'.

Financial delegations

10.16 Following both NAO and Internal Audit reports identifying instances of non-compliance, the delegation framework was strengthened during 2010-11. Authority was delegated for the management and accountability of resources to Directors-General, including programme and administration budget allocations. For 2011-12, I have further delegated authority to Directors through Directors-General. I require all submissions to Ministers which have financial implications to be cleared with Finance Directorate and Heads of Finance who support Directors-General.

European Regional Development Fund (ERDF) 2000-06 and 2007-13

10.17 By March 2010, all closure documentation for the 2000-06 Programmes had been submitted to the EC. Robust programme management arrangements are in place and progress is overseen by the ERDF Closure Board. During 2010-11 there was a continued focus on reducing the significant levels of liabilities associated with the programme through robust challenge against EC interpretations of complex Fund rules and debt collection procedures against grant applicants which breached the EC's compliance framework. Internal Audit Services have worked in conjunction with the Managing Authority throughout the year to resolve numerous queries raised by the EC.

10.18 For the ERDF 2007-13 Programmes, ongoing monitoring and audit work is in place. In September 2010, the EC interrupted payments to the Department citing concerns about the strength of controls over projects for which the Regional Development Agencies were the end beneficiary. This interruption was lifted in December 2010, the EC having been satisfied that the control framework is sufficiently rigorous. A further interruption to

6 out of 10 programmes in England was imposed at the end of March 2011 as part of a set of Europe-wide interruptions to programmes which have reported error rates of over 5 per cent. The Department is seeking to have the interruption lifted.

10.19 The ERDF Transition team is responsible for mitigating risks relating to transfer of scheme records and achieving correct novation of contracts relating to ERDF 2007-13 programmes, prior to the winding up of the Regional Development Agencies in March 2012.

10.20 There has been regular oversight on both ERDF Programmes by the DCLG Audit and Risk Committee and the Performance Sub-Committee during 2010-11.

FiReControl Project

10.21 FiReControl (started in 2004) was part of the Government's resilience programme and set out to replace the standalone control rooms in England's Fire and Rescue Services (FRS) with a national network of nine regional control centres (RCCs). Following extensive discussions with Cassidian, the supplier delivering the main technical solution, it was jointly agreed that Cassidian could not deliver the requirements of the project to an acceptable timeframe. In order to secure the best outcome for the taxpayer and the fire and rescue community, in December 2010 the Department announced the termination of the contract with Cassidian and the cancellation of FiReControl.

10.22 A number of risks arose from the cancellation of the project, including the requirement to re-classify five RCC leases, the potential return of three RCC leases from the FRS, the treatment of other non current assets and the recognition that significant losses (and nugatory payments) had been incurred on the programme. These risks have been managed through careful consideration of the accounting and budgetary implications and regular reporting to the Finance Sub-Committee and Executive Team.

10.23 Since the year-end, NAO has published a Value for Money report on the FiReControl project in which it identified a number of key weaknesses at the early stages of the project, including:-

- a lack of effective engagement with end users
- unrealistic estimates of the project costs, savings and delivery timetables (including underestimation of the complexity inherent in the project)
- poor leadership and management
- a deteriorating relationship with the main IT contractor and stakeholders.

10.24 The NAO Report noted that the Department took a firmer grip in its project management of the project during the period running up to cancellation of the programme in December 2010.

Other significant internal control issues

10.25 There are no further significant internal controls issues to report.

Role of Internal Audit

10.26 Internal Audit Service plays a crucial role in the review of the effectiveness of risk management, controls and governance by:

- focusing audit activity on the key business risks
- being available to guide managers and staff through improvements in internal control
- auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes
- providing advice to management on internal control implications of proposed and emerging changes.

10.27 The Department's Internal Auditors operate in accordance with Government Internal Audit Standards and to an Internal Audit Plan approved by the Audit and Risk Committee. Internal Audit updates the plan to reflect changes in risk profile and the revised plan is reviewed and approved by the Audit and Risk Committee. Internal Audit submits regular reports on the adequacy and effectiveness of the Department's systems of internal control and the management of key business risks, together with recommendations for improvement. These recommendations have been accepted by Management including an agreed timetable for implementation. The status of Internal Audit recommendations, and the collection of evidence to verify their implementation, is reported to the Audit and Risk Committee. Following completion of the planned audit work for 2010-11, the Head of Internal Audit issued an independent and objective opinion on the adequacy and effectiveness of the Department's system of risk management, governance and internal control. It stated that:

"We have completed the programme of internal audit work for the year ended 31 March 2011 and we can report that our work did not identify any significant control weaknesses that we consider to be pervasive in their effect on the system of internal control. However, we have identified significant control weaknesses in some specific systems and processes including LOGASnet, financial delegations (these are covered under separate sections of the SIC) and ERDF."

10.28 For ERDF 2000-06 programme, Internal Audit Services have worked in conjunction with the Managing Authority throughout the year to resolve numerous queries raised by the EC following the closure of all 20 ERDF 2000-06 programmes in March 2010. At the end of the year we can give a moderate assurance that controls are in place to ensure the financial risks associated with these programmes are gradually being reduced.

10.29 For the ERDF 2007-13 programme, we give a moderate assurance as there was still work in progress to lift an interruption to 6 of the 10 programmes at the end of the year. Ongoing work will be required to assure the Commission that the Managing Authority is taking effective intervention where error rates are confirmed to be high, and reducing the likelihood of high error rates in the future.

10.30 On that basis we give moderate assurance on the adequacy and effectiveness of the system of internal control throughout the year, although in the majority of individual areas (excluding ERDF) we were able to give substantial (and in some cases full) assurance".

Conclusion

10.31 Prior to signing this Statement of Internal Control, the Audit and Risk Committee has confirmed that I have the necessary level of assurance from senior colleagues

Sir Bob Kerslake **5 July 2011**
Accounting Officer
Department for Communities and Local Government

11 The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Department for Communities and Local Government for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary and Other Financial Information sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have reported separately on the results of my Value For Money examination of the failure of the FiReControl project which has been published as HC 1272 of 2010-12. The losses arising from the termination of the project are disclosed in Note 29 to these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SWIW 9SP

14 July 2011

Resource Accounts 2010-11

12 Statement of parliamentary supply

For the period ended 31 March 2011

Summary of resource outturn 2010-11

£'000

								2010-11	2009-10
				Estimate			Outturn		
Request for Resources	Note	Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Total outturn compared with Estimate: saving/ (excess)	Net Total
RFR 1	2	11,751,328	(656,046)	11,095,282	11,203,795	(398,761)	10,805,034	290,248	13,025,363
RFR 2	2	27,022,141	(2,136)	27,020,005	26,917,722	(2,054)	26,915,668	104,337	25,977,920
Total resources	2	**38,773,469**	**(658,182)**	**38,115,287**	**38,121,517**	**(400,815)**	**37,720,702**	**394,585**	**39,003,283**
Non-operating A in A	4	-	(164,257)	(164,257)	-	(54)	(54)	(164,203)	(6)

The removal of the cost of capital charge in 2010-11 has the following effect on the Resource outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect.

£'000

	Note	Outturn 2009-10
Net Resource Outturn (Statement of Parliamentary Supply)	SoPS	39,003,283
Removal of cost of capital charge	10, 11	(134)
Adjusted Net Resource Outturn		39,003,149

Net cash requirement 2010-11

£'000

	Note	Estimate	Outturn	2010-11 Net Total outturn compared with Estimate: saving/ (excess)	2009-10 Outturn
Net cash requirement	4	38,029,186	37,700,797	328,389	39,282,643

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

£'000

		Forecast 2010-11		Outturn 2010-11	
	Note	Income	Receipts	Income	Receipts
Total	5	1,019,622	*1,010,668*	1,116,867	*1,112,423*

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary.

13 Consolidated statement of comprehensive net expenditure

for the period ended 31 March 2011

£'000

	Note	Staff Costs	Other Costs	Income 2010-11	2009-10 Restated
Administration Costs:					
Staff Costs	8	171,943	-	-	189,882
Other Administration Costs	9	-	169,267	-	123,180
Operating Income	11	-	-	(44,476)	(45,476)
Programme Costs					
Request for Resources 1					
Staff Costs	8	48,866	-	-	63,900
Programme Costs	10	-	10,796,976	-	13,454,733
Income	11	-	-	(1,451,738)	(1,603,304)
Request for Resources 2					
Programme Costs	10	-	26,917,722	-	25,991,206
Income	11	-	-	(2,054)	(13,286)
Totals		**220,809**	**37,883,965**	**(1,498,268)**	**38,160,835**
Net Operating Costs	3			**36,606,506**	**38,160,835**
Other Comprehensive Expenditure					
Net loss on revaluation of PPE	12	**-**	**-**	(246)	(3,911)
Net loss on revaluation of Intangibles	13	**-**	**-**	-	-
Total Comprehensive Expenditure for the year ended 31 March 2011		**-**	**-**	**36,606,260**	**38,156,923**

The Notes on pages 111 to 152 form part of these accounts.

14 Consolidated statement of financial position

as at 31 March 2011

£'000

		31-Mar-11	31-Mar-10 Restated	01-Apr-09 Restated
Non-current assets				
Property, plant and equipment	12	118,662	71,946	69,264
Intangible Assets	13	25,236	79,936	69,345
Investments	15	66,767	48,009	44,670
Investment Properties	16	28,806	21,782	21,750
Trade and other receivables	19	174,328	170,334	125,552
Total non-current assets		**413,799**	**392,007**	**330,581**
Current assets				
Assets held for sale	17	-	5	5
Inventories	18	-	102,209	80,008
Trade and other receivables	19	576,339	441,819	502,064
Cash and cash equivalents	20	190,185	167,474	96,854
Total current assets		**766,524**	**711,507**	**678,931**
Total assets		**1,180,323**	**1,103,513**	**1,009,512**
Current liabilities				
Trade and other payables	22	1,218,028	1,157,657	1,040,014
Provisions	23	57,751	121,941	92,997
Total current liabilities		**1,275,779**	**1,279,598**	**1,133,011**
Non current Assets plus/less net current assets/liabilities		**(95,456)**	**(176,084)**	**(123,499)**
Non-current liabilities				
Provisions	23	33,723	29,340	62,401
Trade and other payables	22	295,858	194,998	503,495
Total non-current liabilities		**329,581**	**224,338**	**565,896**
Assets less liabilities		**(425,037)**	**(400,422)**	**(689,395)**
Taxpayers' equity				
General fund		(443,512)	(419,821)	(702,650)
Revaluation reserve		18,475	19,399	13,255
Total taxpayers' equity		**(425,037)**	**(400,422)**	**(689,395)**

Sir Bob Kerslake **5 July 2011**
Accounting Officer
Department for Communities and Local Government

The Notes on pages 111 to 152 form part of these accounts.

15 Consolidated statement of cash flows

for the period ended 31 March 2011

£'000

	Note	2010-11	2009-10 Restated
Cash flows from operating activities			
Net operating cost	SoCNE	(36,606,506)	(38,160,835)
Adjustments for non-cash transactions	9,10,11	90,665	122,442
(Increase)/decrease in trade and other receivables	19	(138,514)	9,982
Less movements in receivables relating to items not passing through the SoCNE		(36,165)	(45,675)
(Increase)/decrease in inventories	18	102,209	(22,201)
Increase/(decrease) in trade payables & other liabilities	22	161,231	(190,855)
Less movements in payables relating to items not passing through the SoCNE		(34,510)	(16,377)
Use of provisions	23	(4,520)	(59,745)
Net cash outflow from operating activities		**(36,466,110)**	**(38,363,264)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(101,774)	(16,214)
Purchase of intangible assets	13	(2,234)	(16,781)
Purchase of investments	15	(20,000)	(5,000)
Proceeds of disposal of property, plant and equipment	12	54	7
Proceeds from disposals of intangible assets	13	2	-
Proceeds from disposal of assets held for sale	17	1	-
Repayments from other bodies		36	-
Government Grant		-	912
Net cash outflow from investing activities		**(123,915)**	**(37,076)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		37,626,961	39,299,000
Repayments to the Contingency Fund		-	-
NNDR non-supply funding		9,323	38,286
Receipt of non operating CFERs	5	2,671	2,592
Net financing		**37,638,954**	**39,339,878**
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**1,048,930**	**939,538**
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		(534)	(12,625)
Payments of amounts due to the Consolidated Fund		(1,025,685)	(856,293)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	20	**22,711**	**70,620**
Cash and cash equivalents at the beginning of the period	20	**167,474**	**96,854**
Cash and cash equivalents at the end of the period		**190,185**	**167,474**

The Notes on pages 111 to 152 form part of these accounts.

16 Consolidated statement of changes in taxpayers' equity

for the year ended 31 March 2011

£'000

	Note	General Fund	Revaluation Reserve	Total Reserves
Balance at 31 March 2009		(702,650)	13,255	(689,395)
Changes in Accounting Policy		-	-	-
Restated Balance at 1 April 2009		**(702,650)**	**13,255**	**(689,395)**
Changes in taxpayers' equity for 2009-10				
Net gain on revaluation of property, plant and equipment	12	-	8,022	8,022
Non-cash charges - auditor's remuneration	9,10	447	-	447
Non-cash charges - other notional charges	9,10	-	-	-
Transfers between reserves		1,878	(1,878)	-
Adjustment to retained earnings		98	-	98
Net operating cost for the year	SoCNE	(38,160,835)	-	(38,160,835)
Total recognised income and expense for 2009-10		**(38,158,412)**	**6,144**	**(38,152,268)**
Net Parliamentary Funding - drawn down		39,299,000	-	39,299,000
Net Parliamentary Funding - deemed		199,687	-	199,687
Supply payable / (receivable) adjustment		(216,043)	-	(216,043)
CFERs payable to the Consolidated Fund	6	(842,314)	-	(842,314)
Government Grant Reserve		911	-	911
Restated Balance at 31 March 2010		**(419,821)**	**19,399**	**(400,422)**
Changes in taxpayers' equity for 2010-11				
Net gain on revaluation of property, plant and equipment	12	-	177	177
Net gain on intangible assets	13	-	-	-
Non-cash charges - auditor's remuneration	9,10	455	-	455
Transfers between reserves		1,100	(1,100)	-
Adjustment to retained earnings		(5,217)	-	(5,217)
Net operating cost for the year	SoCNE	(36,606,506)	-	(36,606,506)
Total recognised income and expense for 2010-11		**(36,610,168)**	**(923)**	**(36,611,091)**
Net Parliamentary Funding - drawn down		37,626,961	-	37,626,961
Net Parliamentary Funding - deemed		216,043	-	216,043
Supply payable / (receivable) adjustment		(142,207)	-	(142,207)
Government Grant & other reserves		(125)	-	(125)
CFERs payable to the Consolidated Fund	6	(1,114,196)	-	(1,114,196)
Balance at 31 March 2011		**(443,513)**	**18,476**	**(425,037)**

The Notes on pages 111 to 152 form part of these accounts.

17 Notes to the Departmental Resource Accounts

Note 1 Statement of accounting policies

General

N1.1 These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department for Communities and Local Government are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

N1.2 In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Accounting convention

N1.3 These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment including investment properties and subject to the circumstances described in Note 1.16 below.

Significant estimates and judgements

N1.4 During the preparation of these accounts significant estimates and judgements were made in respect of the 2000-06 ERDF programmes, particularly assessments of the extent to which grant expenditure is eligible for grant and in respect of the closure costs and redundancy provision incurred as part of the closure of the Government Offices. Details are in section 7 of the management commentary.

Changes in accounting policies

N1.5 HM Treasury announced the removal of Cost of Capital charges from Government accounts as part of the Clear Line of Sight project, this is a change to accounting policy and amounts in respect of Cost of Capital charges for the comparative year, 2009-10, have been excluded. Apart from this there have been no changes in accounting policies during the year.

Accounting standards issued but not yet effective

N1.6 The Department has assessed the following standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required on the grounds that the changes would have no, or an immaterial, effect on these accounts and would not provide additional information that would aid the reader:

- IFRS 9 Financial Instruments – effective date: financial periods beginning on or after 1 January 2013. IFRS 9 simplifies the classification and measurement of financial assets.

- IAS 17 Leases (revised) – effective date: financial periods beginning on or after 1 January 2010. Includes minor changes to account for unexpired leases.
- IFRS 7 Financial Instruments: Disclosures – effective date: financial periods beginning on or after 1 January 2011. Includes changes to disclosures of credit risks.
- IAS 1 Presentation of Financial Statements - effective date: financial periods beginning on or after 1 January 2011. Minor change to items included in other comprehensive income.

N1.7 In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the removal of cost of capital charge were not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Supply outturn in respect of 2009-10 are shown on page 106.

Basis of consolidation

N1.8 These accounts comprise a consolidation of the non-agency parts of the department including its non-executive NDPBs accounted for as supply-financed agencies (the core department) and those entities which fall within the Departmental boundary as defined in the FReM. Transactions between entities included in the consolidation are eliminated.

N1.9 Under the Treasury Clear Line of Sight or Alignment Project the accounts of Departmental NDPBs and the Commission for Local Administration will be consolidated with the accounts of the Department. This change applies from the 2011-12 financial year.

N1.10 A list of all those entities within the Departmental boundary is given in Note 33.

Operating segments

N1.11 During 2010-11 the previous performance regime of Public Service Agreements (PSAs) and Departmental Strategic Objectives (DSOs) was ended and Departments are now required to apply the terms of IFRS 8 Operating Segments. The Department has determined that it has three operating segments: Localism, Neighbourhoods and Local Economies, Regeneration and European Programmes. Activities comprising these segments are given in Section 2 of the Annual Report and Accounts.

N1.12 Details of expenditure and income against these segments is reported in Note 3d. Overheads are not reported as a separate segment, and have been apportioned equally across all segments. As the Department is a central Government funded body, there is no requirement to raise funds and maintain shareholder value. Therefore, the Department does not manage it's assets in the same way as the private sector and does not rely on different segments to contribute towards profit by optimising use of assets. Therefore, the Department does not report a segmental analysis of net assets.

Property, plant and equipment

N1.13 The majority of the Department's assets are reported as Property, Plant and Equipment under IAS 16. Where appropriate information technology software and development assets have been reported as Intangible Assets under IAS 38 and some buildings and land assets have been reported as Investment Properties under IAS 40.

N1.14 Title to the freehold land and buildings shown in the accounts and recorded as property, plant and equipment and investment properties is held by the Secretary of State.

N1.15 Non-current assets are held at fair value as described in more detail in the paragraphs below.

N1.16 Freehold land and buildings are restated at current value using professional valuations undertaken every five years in accordance with Royal Institution of Chartered Surveyors (RICS) guidance and IAS 16. Values are adjusted in the intervening years by applying values ascertained using a desk-based valuation of each property. The Department has determined that, given that property asset values are not material, this approach gives an acceptable approximation to fair value. Other property, plant and equipment assets are stated at depreciated historic cost revalued annually using appropriate indices published by the Office for National Statistics. Assets under construction are held at the accounting date at their historic cost until they become operational and are not revalued.

N1.17 Upward revaluations of non-current assets are charged to the appropriate revaluation reserve in the year of revaluation and downward revaluations are charged to the appropriate revaluation reserve except where to do so would result in a debit balance on the reserve in which case they are charged to the Statement of Comprehensive Net Expenditure (SoCNE). Impairments in property plant and equipment are charged to the SoCNE except where the impairment is due to fluctuations in the market, in which case the treatment is the same as for revaluations.

N1.18 The core Department's capitalisation threshold is £5,000 and the Planning Inspectorate's £3,000. There is no minimum threshold in respect of land assets.

N1.19 The Department allows grouping of items (including assets under construction) as follows:

- Information technology: Networked computer infrastructure; Strategic IT equipment;
- Plant and machinery: Telecommunications assets; Civil resilience strategic material; and
- Furniture and fittings: Furniture assets purchased as part of a refurbishment project.

N1.20 Where the Department replaces key components of grouped assets, the replacement is depreciated over the remaining useful life of the asset. Where regular maintenance is performed, this is expensed during the year.

N1.21 No depreciation is provided on freehold land as it has an unlimited or very long estimated useful life.

N1.22 In accordance with IAS 16 depreciation is provided at rates calculated to write off the valuation of buildings and other property, plant and equipment assets on a straight-line basis over their estimated useful lives. Assets under construction are not depreciated until the asset is brought into use. Asset lives are in the following ranges:

- Buildings — 50 years or length of lease

• Information Technology & Strategic Information Technology	2 to 10 years
• Plant and Machinery	3 to 15 years
• Motor Vehicles	5 to 10 years (unspecialised) 5 to 30 years (specialised)
• Furniture and Fittings	2 to 10 years

Intangible assets

N1.23 Intangible assets comprise the capitalised value of systems developed in-house or bought in (software and websites) and software licences. Intangible assets are valued at cost less amortisation and impairment.

N1.24 In accordance with IAS 38, intangible assets are amortised on a straight line basis over the shorter of the term of the licence and the useful economic life. Intangible asset lives are in the range 3 to 10 years. Systems under development are not depreciated.

Investments

N1.25 Financial interests in public sector bodies, which are outside the Departmental boundary, are treated as investments since they are held for the long term. These investments comprise Public Dividend Capital (PDC) of Ordnance Survey, QEII Conference Centre and the Fire Service College, and loans issued to the Fire Service College. Ordnance Survey, the QEII Conference Centre and Fire Service College are Trading Funds. Trading Funds are outside the Departmental boundary and their accounts are not consolidated with those of the Department. Under paragraph 9.2.4 of the FReM, PDC is excluded from the Financial Instruments Standards and PDC is therefore included at historic cost. Loans to public sector bodies are valued at nominal value in accordance with the FReM.

Investment properties

N1.26 The QEII Conference Centre operates as a Trading Fund but the Department has freehold ownership of the QEII Conference Centre land and building. The Department also has freehold ownership of the Burlington Houses which are let to tenants. As these properties are not utilised by Departmental staff or in delivery of Departmental objectives they are considered as Investment Properties under the terms of IAS 40.

N1.27 Investment properties are restated at fair value at the accounting date using annual professional valuations in accordance with IAS 40 and Royal Institution of Chartered Surveyors (RICS) guidance. Fair value equates to market value and valuation is based on the properties' current use, any restrictions on use in place and on the assumption that the current use will be maintained as part of a continuing business on a going concern basis and would be exchanged as part of the exchange of all the assets of the business.

N1.28 Changes arising from revaluations are taken direct to the SoCNE. Investment properties are not depreciated.

Non-current trade and other receivables

N1.29 Under the 2007-13 European Regional Development Fund Programmes the Department receives advance funding from the European Union at the start of the programme period. The amounts concerned represent 7.5 per cent of the total value of the 2007-13 ERDF Programmes in England. These advance payments were paid over to the Regional Development Agencies who managed the programmes on behalf of the Department. The amounts paid to each Agency are in proportion to its share of the programme and are accounted for in sterling and are not subject to exchange rate fluctuations. These amounts are treated as non-current receivables in the Department's accounts.

N1.30 To reflect the time value of money the valuation of non-current receivables is adjusted by discounting the estimated risk-adjusted cash flows using the real rate set by HM Treasury (currently 2.2 per cent) in accordance with the terms of IAS 39.

Assets held for sale

N1.31 The Department previously owned some 'Green Goddess' fire tenders which were no longer in operational use and were sold during 2010-11. These were recognised as assets held for sale at realisable value under the provisions of IFRS 5 prior to their sale.

Inventories

N1.32 The Department previously recognised the FiReControl Regional Control Centres (RCCs) but in 2010-11 these have been reclassified as property, plant and equipment (see paragraphs 7.23 to7.27). The Department now has no significant inventories.

Non-current other payables

N1.33 Under both the 2000-06 and the 2007-13 ERDF Programmes the Department receives advance funding from the European Union at the start of the programme period. The advance payments are either used in support of eligible grant expenditure or, if not so utilised, returned by the Department to the EU at the end of the programme period; there are no other regulations which require the repayment of the advances. Accordingly the advance payments when received are treated as long term payables in the Department's accounts. However the 2000-06 programmes are now being closed and no further grant payments are being made. The remaining balances relating to advances for the 2000-06 programmes held by the Department have therefore been transferred to current liabilities.

N1.34 The advances are paid by the EU in Euros and translated to sterling when received by HM Treasury using the spot rate applied to such translations.

N1.35 To reflect the time value of money the valuation of non-current payables is adjusted by discounting the estimated risk-adjusted cash flows using the real rate set by HM Treasury (currently 2.2 per cent) in accordance with the terms of IAS 39. This adjustment is made to the Euro values which are then translated to Sterling at the Bank of England spot rate applicable at the period end date in accordance with IAS 21.

Research and development expenditure

N1.36 Expenditure on research and development, other than development expenditure specifically incurred in the development of IT systems recorded as Intangible non-current assets under IAS 38 (see Note 1.13), has been treated as programme expenditure in the Statement of Comprehensive Net Expenditure in the year in which it is incurred.

Administration and programme expenditure

N1.37 The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of income and expenditure as administration or as programme follows the definitions set by HM Treasury.

N1.38 All expenditure incurred by the Planning Inspectorate is categorised as programme to 31 March 2011. Changes introduced under the 2010 Spending Review revise the definitions of administration expenditure and from 2011-12 most Planning Inspectorate expenditure will be classified as administration.

Operating income

N1.39 Income is recorded on an accruals basis at the transacted amounts, or the amounts at which customers are committed to pay.

N1.40 Operating income is income which relates directly to the operating activities of the Department. It comprises EU income, fees and charges for services provided on a full-cost basis to external customers, public repayment work and income from investments. Operating income includes income appropriated-in-aid and some income payable to the Consolidated Fund (CFERs) in accordance with the FReM requirements.

Capital charge

N1.41 A charge, reflecting the cost of capital utilised by the Department, was previously included in operating costs. The charge was calculated at the rate set by HM Treasury (3.5 per cent) but under the Clear Line of Sight project cost of capital charges were withdrawn with effect from the 2010-11 financial year. This change has been treated as a change in policy and the 2009-10 cost of capital charges have been withdrawn and relevant comparative figures restated.

Value Added Tax

N1.42 Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply. Input VAT is recovered on a small number of business activities and certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Foreign exchange

N1.43 Transactions in foreign currencies are recorded in sterling at the rate of exchange ruling at the date of the transaction. ERDF balances in the Department's Statement of Financial Position which are Sterling equivalents of a Euro amount are translated at the accounting date at the spot rate in accordance with IAS 21. Translation differences are taken to the Statement of Comprehensive Net Expenditure.

Pensions

N1.44 Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruals basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution scheme, the Department recognises the contributions payable for the year.

Grants payable

N1.45 Grants made by the Department are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs, or with unringfenced grant on the occurrence of such other event giving rise to entitlement. Grant in Aid payments to NDPBs are financing and are paid only when the need for cash has been demonstrated by the body concerned.

N1.46 The Department manages Area Based Grant on behalf of a number of central government departments. Receipts from other departments and payments of the associated grants to Local Authorities are accounted for on an agency basis and are not taken through the Department's Statement of Comprehensive Net Expenditure.

Leases

N1.47 The terms of all Departmental leases are reviewed and where the rewards and risks of ownership rest with the Department leases are treated as finance leases. The capital values of finance leases, together with the current value of future capital repayments are held as assets and liabilities in the Department's Statement of Financial Position. Leases other than finance leases are classified as operating leases. Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease, taking account of any lease incentives in accordance with the terms of IAS 17.

N1.48 The Department also reviews all service contracts (eg contracts for the supply of IT services) to determine whether the contracts include an embedded finance lease under the terms of IAS 17 as interpreted by IFRIC 4.

Provisions

N1.49 Under the terms of IAS 37 the Department provides for legal or constructive obligations, which are of uncertain timing or amount, at the year end date on the basis of the best estimate of the expenditure required in settling the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2 per cent for general provisions and 2.9 per cent for pension schemes). At the accounting date the Department had the following provisions:

(i) Early departure costs and pension commitments:

Under the previous early retirement rules of the Principal Civil Service Pension Scheme (PCSPS) the Department was required to meet the additional costs of benefits beyond the normal benefit for employees who retire early. An amount is paid annually to the PCSPS for the period between early departure and the normal retirement date. The Department provides for this in full when the early retirement becomes a binding liability. Each liability is based on the estimated payments discounted at the Treasury discount rate for early departure provisions (and pensions) of 2.9 per cent in real terms. During 2010-11 the early retirement rules of the PCSPS were changed such that all costs are chargeable at retirement. The Department accrues these costs when the early retirement becomes a binding liability.

(ii) Compensation payments:

These relate to claims made by staff and third parties against the Department. The provision is calculated based on general experience of what the maximum for each type of claim is worth.

(iii) Dilapidations:

The provision relates to complying with lease clauses for buildings which are occupied by the Department. The Department's dilapidation provisions are calculated based on the estimated cost of meeting future expenditure, in order to settle obligations in respect of lease clauses. The cost is apportioned over the term of the lease so as to give a constant periodic charge, and so reflect the best estimate of the obligation at the accounting date.

(iv) ERDF:

ERDF is a major grant programme with significant assets and liabilities on the Statement of Financial Position. The Department reviews outstanding issues monthly and, where it appears possible that grant-related expenditure is likely to be disallowed and irrecoverable from grant recipients, raises accruals and provisions as necessary. Details are given in paragraph 7.9-7.20 of the Management Report.

(v) Residential Property Tribunal Service – Presidents' and Vice Presidents' pensions:

The Department has liabilities under the RPTS pension scheme for 32 ex-Presidents or Vice Presidents of the RPTS of whom 9 are currently serving. The scheme has similar conditions to the Principal Civil Service Pension Scheme. The liability is calculated by the Government Actuary's Department on an actuarial basis, i.e. based on life expectancy. The Treasury real rate for this pension scheme is 2.9 per cent at 31 March 2011 (1.8 per cent at 31 March 2010).

N1.50 The Department reports provisions due within 12 months under current liabilities and those due in more than 12 months under non-current liabilities in accordance with IAS 37. Full details are given in Note 23.

Contingent liabilities

N1.51 In addition to contingent liabilities disclosed in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the Department discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money. These comprise:

- Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business; and
- All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

N1.52 Contingent liabilities, that are not required to be disclosed by IAS 37, are stated at the amounts reported to Parliament.

Third party assets

N1.53 The Department holds as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since neither the Department nor Government more generally, has a direct beneficial interest in them.

Machinery of Government changes

N1.54 As part of the transfer of responsibilities to local Fire and Rescue Authorities certain New Dimension project assets were transferred under Machinery of Government (MoG) terms (see paragraphs 7.28 to 7.31 of the Management Report above). The net book value of the assets transferred was £38.061m, this reduction in the Department's assets and the corresponding change to reserves has been shown in the Statement of Financial Position and Note 12. 2009-10 Comparative years' balances have been restated.

N1.55 There were no other Machinery of Government changes during 2010-11.

Note 2 Analysis of net resource outturn by section

£'000

		2010-11								2009-10
		Outturn						Estimate		
		Admin	**Other current**	**Grants**	**Gross Resource Expenditure**	**A-in-A**	**Net Total**	**Net Total**	**Net total outturn compared with Estimate**	Prior year outturn
	RfR 1: Improving the quality of life by creating thriving, inclusive and sustainable communities in all regions									
	Spending in Departmental Expenditure Limits (DEL)									
	Central Government Spending									
	Supporting local government									
		-	-	-	-	-	-	-	-	
A	Improving the supply and quality of housing									
		-	25,706	70,329	96,035	(5,618)	**90,417**	93,513	3,096	106,121
B	Building prosperous communities, promoting regeneration and tackling deprivation									
		-	13,044	1,324,398	1,337,442	(421)	**1,337,021**	1,370,682	33,661	2,128,660
C	Developing communities that are cohesive, active and resilient to extremism									
		-	15,676	26,312	41,988	(846)	**41,142**	75,308	34,166	42,920
D	Providing a more efficient, effective and transparent planning system									
		-	59,193	12,890	72,083	(10,080)	**62,003**	69,957	7,954	81,135
E	Ensuring safer communities by providing the framework to prevent and respond to emergencies									
		-	158,512	2,670	161,182	(32,016)	**129,166**	146,916	17,750	114,877
F	Central Administration									
		170,770	11,124	-	181,894	(8,266)	**173,628**	175,587	1,959	152,490
G	Government Office Administration									
		121,298	47,539	-	168,837	(37,786)	**131,051**	99,803	(31,248)	106,233
H	European Structural Funds - net (expenditure and income relating to old programmes)									
		-	-	-	-	-	-	1	1	(450,482)
I	European Structural Funds - income relating to 2007-13 programmes									
		-	-	-	-	(233,608)	**(233,608)**	(508,371)	(274,763)	88,097
J	European Structural Funds - Communities and Local Government									
		-	38,278	101	38,379	(679)	**37,700**	94,060	56,360	6,548
K	Ordnance Survey									
		-	49,080	-	49,080	(27,410)	**21,670**	22,827	1,157	(811)
L	Queen Elizabeth II Conference Centre									
		-	-	-	-	(1,200)	**(1,200)**	(1,250)	(50)	-
	Support for Local Authorities									
M	Improving the supply and quality of housing									
	-	-		595,090	595,090	(40,831)	**554,259**	556,327	2,068	2,349,067
N	Building prosperous communities, promoting regeneration and tackling deprivation									
		-	-	153,917	153,917	-	**153,917**	114,417	(39,500)	224,399
O	Developing communities that are cohesive, active and resilient to extremism									
	-	-	-	12,130	12,130	-	**12,130**	13,945	**1,815**	49,905

	2010-11									2009-10
	Outturn							Estimate		
		Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Net Total	Net total outturn compared with Estimate	Prior year outturn
	Support for Local Authorities									
P	Providing a more efficient, effective and transparent planning system									
		-	-	7,608	7,608	-	**7,608**	6,229	**(1,379)**	146,115
Q	Ensuring safer communities by providing the framework to prevent and respond to emergencies									
		-	-	89,585	89,585	-	**89,585**	162,149	**72,564**	78,019
R	Area Based Grant									
		-	-	2,165,806	2,165,806	-	**2,165,806**	2,165,807	**1**	675,567
S	European Structural Funds - net (expenditure and income relating to old programmes)									
		-	-	-	-	-		1	**1**	-
T	European Structural Funds- payments to London Development Agency for 2007-13									
		-	-	16,945	16,945	-	**16,945**	25,201	**8,256**	46,227
	Spending in Annually Managed Expenditure (AME)									
	Central Government Spending									
U	Improving the supply and quality of housing									
		-	413,871	111	413,982	-	**413,982**	401,988	**(11,994)**	686,749
V	Ensuring safer communities by providing the framework to prevent and respond to emergencies									
		-	12	(171)	(159)	-	**(159)**	156	**315**	289
W	Central Administration									
		-	20,014	-	20,014	-	**20,014**	4,940	**(15,074)**	-
X	Government Office Administration									
		-	3,577	-	3,577	-	**3,577**	60	**(3,517)**	-
Y	Providing a more efficient, effective and transparent planning system									
		-	(395)	-	(395)	-	**(395)**	331	**726**	-
	European Structural Funds - Communities and Local Government									
		-	(71,450)	-	(71,450)	-	**(71,450)**	-	**71,450**	-
	Support for Local Authorities									
Z	Ensuring safer communities by providing the framework to prevent and respond to emergencies									
		-	-	383,980	383,980	-	**383,980**	384,000	**20**	259,939
	Non-Budget									
AA	Improving the supply and quality of housing									
		-	-	4,130,934	4,130,934	-	**4,130,934**	4,133,626	**2,692**	5,722,056
AB	Ensuring safer communities by providing the framework to prevent and respond to emergencies									
		-	-	2,587	2,587	-	**2,587**	5,386	**2,799**	3,288
AC	European Structural Funds- payments to Regional Development Agencies for 2007-13 programme									
		-	-	216,672	216,672	-	**216,672**	483,170	**266,498**	404,255
AD	Area Based Grant									
		-	-	-	-	-	**-**	1	**1**	-
AE	Providing a more efficient, effective and transparent planning system									
		-	-	5,810	5,810	-	**5,810**	6,265	**455**	3,700
	Support for Local Authorities									
AF	Improving the supply and quality of housing									
		-	-	842,972	842,972	-	**842,972**	927,000	**84,028**	-
	Non-Budget									
AG	Building prosperous communities, promoting regeneration and tackling deprivation									
		-	-	67,270	67,270	-	**67,270**	65,250	**(2,020)**	-
	RFR1 Resource Outturn									
		292,068	**783,781**	**10,127,946**	**11,203,795**	**(398,761)**	**10,805,034**	**11,095,282**	**290,248**	**13,025,363**

£'000

		2010-11									2009-10
		Outturn						Estimate			
		Admin	Other Current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Net Total	Net total outturn compared with Estimate		Prior year outturn
	RfR 2: Providing for effective devolved decision making within a national framework										
	Spending in Departmental Expenditure Limits (DEL)										
	Central Government Spending										
A	Valuation services										
		-	150,196	-	150,196	-	**150,196**	150,196	-		163,800
B	Best value inspection subsidies to public corporations and best value intervention costs										
		-	10,294		10,294	-	**10,294**	10,294	-		19,612
C	Local Government research and publicity; boundary reviews, mapping costs										
		-	521	-	521	-	**521**	620	99		1,335
	Support for Local Authorities										
D	Revenue support grants										
		-	-	4,074,884	4,074,884	-	**4,074,884**	4,076,008	1,124		5,320,594
E	Non-domestic rates payments										
		-	-	21,500,000	21,500,000	-	**21,500,000**	21,500,000	-		19,500,000
F	London Governance										
		-	-	48,136	48,136	-	**48,136**	48,136	-		48,068
G	Other grants and payments										
		-	-	(6,822)	(6,822)	-	**(6,822)**	92,254	99,076		607,192
	Spending in Annually Managed Expenditure (AME)										
	Support for Local Authorities										
H	Non-domestic rates outturn adjustments and Local Authority Business Growth Incentive										
		-	-	1,110,845	1,110,845	-	**1,110,845**	1,113,000	2,155		283,826
	Non-Budget										
I	Non-Departmental public bodies										
		-	**-**	29,668	29,668	**(2,054)**	**27,614**	29,497	1,883		33,493
	RFR2 Resource Outturn										
			161,011	**26,756,711**	**26,917,722**	**(2,054)**	**26,915,668**	**27,020,005**	**104,337**		**25,977,920**
	Total Resource Outturn										
		292,068	**944,792**	**36,884,657**	**38,121,517**	**(400,815)**	**37,720,702**	**38,115,287**	**394,585**		**39,003,283**

Note 3 Reconciliation of outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

£'000

	Note	Supply Estimate	Outturn	2010-11 Outturn compared with Estimate	2009-10 Outturn
Net resource outturn	2	38,115,287	37,720,702	394,585	39,003,283
Change of accounting policy		-	-	-	(134)
Non-supply income (CFERs)	6	(1,010,668)	(1,114,196)	103,528	(842,314)
Net operating cost		**37,104,619**	**36,606,506**	**498,113**	**38,160,835**

3(b) Outturn against final Administration Budget

£'000

	Note	Budget	Outturn	2010-11 Outturn compared with Budget	2009-10 Outturn
Gross Administration Budget	3	305,777	292,068	13,709	299,835
Income allowable against the Administration Budget		(49,426)	(46,052)	(3,374)	(48,658)
Net outturn against final Administration Budget		**256,351**	**246,016**	**10,335**	**251,177**

3(c) Analysis of net operating cost by spending body

£'000

	Supply Estimate	Outturn	2010-11 Outturn compared with Budget	2009-10 Outturn
Core department	1,136,231	1,146,770	(10,539)	2,370,134
Non-departmental bodies	4,716,930	4,445,077	271,853	6,156,965
Other central government	-	-	-	-
Local authorities	31,184,474	30,954,245	230,229	29,583,622
Agencies	45,407	39,943	5,464	44,766
Other bodies	21,577	20,471	1,106	5,348
Total	**37,104,619**	**36,606,506**	**498,113**	**38,160,835**

3(d) Notes to the Consolidated Statement of Comprehensive Net Expenditure by Departmental Segments

£'000

			2010-11	2009-10
Departmental Segments	**Expenditure**	**Income**	**Net**	**Net**
Localism	29,347,668	(24,941)	29,322,727	26,955,034
Neighbourhoods	6,703,471	(1,220,975)	5,482,495	8,576,710
Local Economies, Regeneration & European Programmes	2,029,100	(227,817)	1,801,284	2,629,091
Consolidated Comprehensive Net Expenditure	**38,080,239**	**(1,473,733)**	**36,606,506**	**38,160,835**
Consolidated Fund Excess Receipts			1,114,196	842,314
Cost of Capital adjustment			-	134
N2 Analysis of Net Resource Outturn by Section			**37,720,702**	**39,003,283**

for explanation of variances please refer to table 4d in the Management Commentary

Note 4 Reconciliation of net resource outturn to net cash requirement

£'000

	Note	Supply Estimate	Outturn	Outturn compared with Estimate
Resources outturn	2	38,115,287	37,720,702	394,585
Capital:				
Acquisition of property, plant and equipment	12	164,257	101,774	62,483
Acquisition of intangible assets	13	-	2,234	(2,234)
Investments	15	-	20,000	(20,000)
Government Grant Reserve				
Non-operating A-in-A:	7			
Proceeds from disposals of property, plant and equipment	12	(164,257)	(54)	(164,203)
Proceeds from the disposal of intangible assets	13	-	(2)	2
Proceeds from the disposal of assets held for sale	17	-	(1)	1
Repayment in investments (non NLF)	15	-	(36)	36
Accruals adjustments:				
Non-cash items	9,10,11	(97,549)	(90,665)	(6,884)
Changes in working capital other than cash				
increase/(decrease) in inventories		-	(102,209)	102,209
increase/(decrease) in receivables		-	174,678	(174,678)
(increase)/decrease in payables		-	(29,284)	29,284
Changes in payables falling due after more than one year	22	-	(100,860)	100,860
Use of provision	23	11,448	4,520	6,928
Net cash requirement		**38,029,186**	**37,700,797**	**328,389**

Note 5 Analysis of income payable to the Consolidated Fund

In addition to Appropriation in Aid (A-in-A) the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

£'000

		2010-11 Forecast		2010-11 Outturn	
	Note	Income	*Receipts*	Income	*Receipts*
Other operating income and receipts not classified as A-in-A	6	1,010,668	*1,010,668*	1,114,196	*1,109,752*
Subtotal		**1,010,668**	***1,010,668***	**1,114,196**	***1,109,752***
Other amounts collectable on behalf of the Consolidated Fund		8,954	-	2,671	*2,671*
Total income payable to the Consolidated Fund		**1,019,622**	***1,010,668***	**1,116,867**	***1,112,423***

Note 6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

£'000

	Note	2010-11	2009-10
Operating income	11	1,498,268	1,662,066
Adjustments for transactions between RfRs		-	-
Netted off gross expenditure in sub head		16,743	(189,702)
Gross income		**1,515,011**	**1,472,364**
Income authorised to be appropriated-in-aid	2	(400,815)	(630,050)
Operating income payable to the Consolidated Fund	5	**1,114,196**	**842,314**

Note 7 Non-operating income – excess A-in-A

£'000

	2010-11	2009-10
Proceeds on disposal of fixed assets	-	7
Principal repayments of voted loans	-	-
Non-operating income – excess A-in-A	**-**	**7**

Note 8 Staff numbers and related costs

8a Staff costs

£'000

	2010-11					2009-10
	Permanent staff	Ministers	Special Advisers	Others	Total	
Wages and salaries	160,999	304	179	13,377	174,859	204,063
Social security costs	13,454	24	13	148	13,639	14,657
Other pension costs	32,149	-	14	148	32,311	35,062
Total costs	**206,602**	**328**	**206**	**13,673**	**220,809**	**253,782**
Less recoveries in respect of outward secondments	-	-	-	(2,145)	(2,145)	(2,726)
Total net costs	**206,602**	**328**	**206**	**11,528**	**218,664**	**251,056**
Of which:						
Core department :	**173,430**	**328**	**206**	**13,663**	**187,627**	**218,244**
Planning Inspectorate :	**33,172**	**-**	**-**	**10**	**33,182**	**35,538**

8b Average number of persons employed

The average number of full-time equivalent persons during the year was as follows. These figures include those working in the Department as well as in its Agency and other bodies included within the consolidated Departmental resource account. A reconciliation between average staff numbers below and Staff in Post figures is included after Table 5 at paragraph 6.53 of the Management Report.

£'000

	2010-11 Number					2009-10
	Permanent staff	Ministers	Special Advisers	Others	Total	Total
Core Department	2,958	6	2	115	3,081	4,172
Planning Inspectorate	692	-	-	-	692	714

8c Total number and cost of exit packages

Exit package cost band	2010-11						2009-10	
	Number of compulsory redundancies (incl notices issued)	Cost of compulsory redundancies (incl notices issued)	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages	Total number of exit packages	Total cost of exit packages
<£10,000	7	12,598	123	760,133	130	772,731	27	146,171
£10,001 - £25,000	94	1,641,919	298	4,925,133	392	6,567,052	50	829,509
£25,001 - £50,000	77	2,583,070	326	12,133,284	403	14,716,354	54	2,070,975
£50,001 - £100,000	6	350,342	368	25,060,932	374	25,411,274	87	6,151,519
£100,001 - £150,000	0	0	66	7,706,805	66	7,706,805	10	1,181,637
£150,001 - £200,000	0	0	13	2,251,065	13	2,251,065	3	538,365
£200,001 onwards	0	0	3	687,239	3	687,239	1	201,481
Totals	**184**	**4,587,929**	**1,197**	**53,524,591**	**1,381**	**58,112,520**	**232**	**11,119,657**
other accrued exit costs		6,200,311		12,988,641		19,188,952		
Totals	**184**	**10,788,240**	**1,197**	**66,513,232**	**1,381**	**77,301,472**	**232**	**11,119,657**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

8d Pension schemes

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme, but the Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £33,241,027 were payable to the PCSPS (2009-10: £35,860,753 restated) at one of four rates in the range 16.7 per cent to 24.3 per cent (2009-10: 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £220,400 (2009-10: £81,851 restated) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent (2009-10: 3 per cent to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £2,980, (2009-10: £3,147) 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the accounting sheet date were £600 (2009-10: £17,187). Contributions prepaid at that date were nil.

No staff (2009-10: two) retired early on ill-health grounds; the additional accrued pension liabilities in the year amounted to £nil (2009-10 £2,782).

The Firefighters' Pension Scheme 1992 (FPS)

The Department recognises a liability under the FPS for certain individuals who were on secondment to central government at the time of their retirement. The benefits provided by the FPS are set out in the Firemen's Pension Scheme Order 1992 (SI 1992/129) as amended. The scheme is unfunded. There is no surplus or deficit. Benefits are paid as they fall due and are guaranteed by the employer.

Residential Property Tribunal Services Scheme (RPTS)

The Department recognises a liability under the RPTS for Presidents and Vice-Presidents of the Residential Property Tribunal Service. The RPTS has been set up to be broadly analogous to the Classic PCSPS. The scheme is unfunded. There is no fund and therefore no surplus or deficit. Benefits are paid as they fall due and are guaranteed by the employer.

Reconciliation of movement of Firefighters' Pension Scheme and Residential Property Tribunal Services Scheme shown below:

£'000

Present Value of scheme liabilities	**Value at 31.03.2011**		**Value at 31.03.2010**		**Value at 31.03.2009**	
	FPS	**RPTS**	**FPS**	**RPTS**	**FPS**	**RPTS**
Liability in respect of:						
Active members	-	1,382	-	1,670	-	1,162
Current pensioners	1,934	914	2,220	892	2,019	661
Total value of scheme liabilities	1,934	2,296	2,220	2,562	2,019	1,823

Liabilities are valued on an actuarial basis using the Projected Unit Method. The main actuarial assumptions are as follows:

Assumptions	Year ending 31.03.2011	Year ending 31.03.2010
Discount rate	5.60%pa	4.60%pa
Rate of increase in salaries	4.90%pa	4.29%pa
Rate of increase in pensions in payment	2.65%pa	2.75%pa
CPI inflation assumption	2.65%pa	2.00%pa
RPI inflation assumption	-	2.75%pa

Disclosure of any other material actuarial assumptions (e.g. mortality):

Life expectancy at retirement

Current Pensioners	**As at 31 March 2011**		**As at 31 March 2010**	
Exact Age	Men (years)	Women (years)	Men (years)	Women (years)
60	29.2	32.5	29.1	32.3
65	24.1	27.3	23.9	27.1

Future Pensioners	**As at 31 March 2011**		**As at 31 March 2010**	
Exact Age	Men (years)	Women (years)	Men (years)	Women (years)
60	31.1	34.6	30.6	33.8
65	26.5	29.9	26	29.1

Illustrative life expectancies for future pensioners as at 31 March 2011 based upon members currently aged 40.

£'000

Analysis of movement in scheme liability	**2010-11**		**2009-10**	
	FPS	RPTS	FPS	RPTS
Movement in the year:				
Scheme liability at the beginning of the year	2,220	2,562	2,019	1,823
Current service cost (net of employee contributions)	-	147	-	111
Interest cost	92	111	117	111
Employee contributions	-	14	-	9
Actuarial loss/gain	(73)	(239)	240	587
Benefits paid	(152)	(93)	(156)	(79)
Past Service cost	(153)	(206)	-	-
Scheme liability at the end of the year	1,934	2,296	2,220	2,562

In the Budget Statement of 22 June 2010 the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19. This accounting treatment has been adopted by all central government reporting entities where RPI has been used for inflation indexing.

Note 9 Other administration costs

£'000

	Note	2010-11	2009-10 restated
Non Cash Items:			
Amortisation	13	6,328	6,189
Depreciation	12	5,521	5,372
Loss on disposal of property, plant and equipment	12	2,380	25
Revaluation of Investment Properties	16	(7,024)	(32)
Impairment of non-current assets	12,13	4,893	555
Auditor's remuneration*		414	404
Provisions:			
Provided for in-year	23	-	-
Written back	23	-	-
Unwinding of discount	23	-	-
Doubtful debts provision		(23)	86
		12,489	**12,599**
Cash Items:			
Rentals under operating leases:			
Hire of plant and machinery		414	703
Accommodation including rentals under operating leases		48,392	46,423
Research and Development		248	226
IT expenditure		12,897	20,355
Support Services		1,684	2,645
Consultancy		1,576	7,709
Marketing and communications		637	1,975
Legal and professional fees		3,814	5,869
Early Retirement costs		64,972	-
Travel, subsistence and hospitality		2,588	4,318
Provisions utilised in-year		1,525	3,363
Training and conferences		3,169	6,218
Other		14,862	10,777
		156,778	**110,581**
Total		**169,267**	**123,180**

Note * Auditor's remuneration and expenses were incurred by the National Audit Office for which there was no cash charge to the Department.

Expenditure incurred by the Planning Inspectorate is all classified as programme expenditure in 2010-11 and the table above, therefore, relates to expenditure incurred by the Core Department only.

Note 10 Programme costs

£'000

	Note	2010-11	2009-10 restated
Non Cash Items:			
Amortisation	13	3,812	5,261
Depreciation	12	9,051	11,557
Loss on disposal of property, plant and equipment	12	48,459	4
Impairment of non-current assets	12,13	31,591	-
Write down on Investment	15	1,169	1,661
Revaluation	12,13	(14)	(7)
Other notional recharges		-	65
Auditor's remuneration		41	43
ERDF write-off & disallowances		32,426	4,049
Foreign exchange losses (unrealised)		3,337	33,144
Provisions:			
Provided for in-year	23	50,192	100,451
Written back	23	(104,524)	(45,243)
Unwinding of discount	23	(955)	420
Provision for doubtful debt		3,777	(1,555)
		78,362	**109,850**
Cash Items:			
Rentals under operating leases:			
Hire of Plant and Machinery		253	274
Accommodation including rentals under operating leases		26,570	27,315
Research and Development		21,178	30,581
IT expenditure		5,642	7,288
Support services		35,850	69,815
Consultancy		14,962	16,592
Legal and professional fees		157,602	184,085
Marketing and communications		1,794	13,591
Travel, subsistence and hospitality		2,770	4,109
Training & Conferences		1,218	4,558
Subsidies		428,212	710,170
National Non-Domestic Rates		21,500,000	19,500,000
National Non-Domestic Rates Outturn Adj		1,110,845	283,526
ERDF Grants		216,874	637,344
RSG grant		4,074,884	5,320,594
Area Based Grant		2,165,806	675,567
Other local authority grants		2,130,005	3,967,807
Grants to arms length bodies		4,236,270	5,591,812
Other grants		1,436,067	2,217,371
ERDF Financial Corrections		1,451	10,581
ERDF Exchange Losses (realised)		3,004	22,046
Early retirement costs		12,187	2,216
Data Mapping		23,500	-
Other		29,392	38,846
		37,636,336	**39,336,089**
Total		**37,714,698**	**39,445,939**
of which			
Core Department		37,698,280	39,428,788
Planning Inspectorate		16,418	17,151

Note 11 Income

£'000

	Admin	Programme	2010-11 Total	2009-10 Total
Non-cash				
Exchange gains unrealised		-		-
Notional Income				
Release of Government Grant	156	-	**156**	-
Gain on sale on non-current assets	30	-	**30**	7
Total non-cash	**186**		**186**	**7**
Cash				
Income collected on behalf of Consolidated Fund (Housing Revenue Account Subsidy and Capital Pooling)	186	1,114,010	**1,114,196**	842,313
ERDF grant income	-	216,865	**216,865**	640,186
Recovery of grants	1,089	68,551	**69,640**	61,999
Goods and services	4,956	7,922	**12,878**	14,828
Accommodation	10,257	-	**10,257**	10,442
Fees	-	7,518	**7,518**	5,742
Reimbursement of expenditure	190	8,028	**8,218**	19,288
Interest and dividends	-	8,124	**8,124**	7,620
ERDF exchange gains		-		27,977
Gain on sale on non-current assets		-		-
Miscellaneous	27,612	22,774	**50,386**	31,664
Total Cash	**44,290**	**1,453,792**	**1,498,082**	**1,662,059**
Total	**44,476**	**1,453,792**	**1,498,268**	**1,662,066**
of which				
Core Department	**44,476**	**1,444,136**	**1,488,612**	**1,654,052**
Planning Inspectorate	**-**	**9,656**	**9,656**	**8,014**

The following information relates to services for which a fee is charged and is not provided for the purposes of IFRS 8

Objectives	**Full Cost**	**Income**	**Surplus/ (Deficit)**
Leasehold Valuation Tribunal Service. (Application and Hearing fees)	N/A	420	-
Recovery of full daily costs for the Inspector(s) appointed in connection with a qualifying planning inquiry. This service delivered by PINS and more detail is available in their published accounts	47,075	7,098	(39,977)

The financial objectives have been met for these services. The Department has no other significant services where a fee is charged.

Note 12 Property, plant and equipment

£'000

	Land	Buildings	Information Technology	Plant & Machinery (restated)	Furniture & Fittings	Assets under construction	Total (restated)
Cost or valuation							
At 1 April 2010	500	16,252	12,760	58,482	5,790	13,953	**107,737**
Additions	-	99,189	245	625	4	1,590	**101,653**
Disposals	-	-	(2,609)	(2,583)	(21)	(5,893)	**(11,106)**
Impairment	-	(33,134)	(301)	(61)	(34)	(289)	**(33,819)**
Revaluation	-	(175)	(549)	1,230	10	(271)	**245**
Transfers	-	-	915	1,044	452	(2,391)	**20**
At 31 Mar 2011	**500**	**82,132**	**10,461**	**58,737**	**6,201**	**6,699**	**164,730**
Depreciation							
At 1 April 2010	-	3,944	5,622	24,962	1,263	-	**35,791**
Charged in-year	-	4,696	1,995	6,756	1,126	-	**14,573**
Disposals	-		(1,982)	(2,343)	(19)	-	**(4,344)**
Revaluation	-	-	55	-	-	-	**55**
Transfers	-	-	(7)	-	-	-	**(7)**
At 31 Mar 2011	**-**	**8,640**	**5,683**	**29,375**	**2,370**	**-**	**46,068**
Net book value:							
31 Mar 2011	**500**	**73,492**	**4,778**	**29,362**	**3,831**	**6,699**	**118,662**
31 Mar 2010	**500**	**12,308**	**7,138**	**33,520**	**4,527**	**13,953**	**71,946**
Asset Financing:							
Owned	500	9,965	4,778	29,362	3,831	6,699	55,135
Finance leased	-	63,527	-	-	-	-	63,527
Net book value at 31 Mar 2011	**500**	**73,492**	**4,778**	**29,362**	**3,831**	**6,699**	**118,662**

The impairment charge above relates to the impairment of Regional Control Centres arising from the revaluation of these properties under IAS 16 Property, Plant and Equipment and in line with the Department's revaluation policy.

£'000

	Land	Buildings	Information Technology	Plant & Machinery (restated)	Furniture & Fittings	Assets under construction	Total (restated)
Cost or valuation							
At 1 April 2009	500	13,576	8,889	74,698	2,832	16,919	117,414
Additions	-	3,647	3,394	1,978	2,790	4,457	16,266
Impairments	-	-	-	(4)	-	-	(4)
Disposals	-	(817)	(1,233)	(21,997)	(25)	-	(24,072)
Revaluation	-	(7)	549	3,184	46	139	3,911
Reclassification	-	(147)	1,161	623	147	(7,562)	(5,778)
At 31 Mar 2010	**500**	**16,252**	**12,760**	**58,482**	**5,790**	**13,953**	**107,737**
Depreciation							
At 1 April 2009	-	3,546	4,627	39,745	234	-	48,152
Charged in-year	-	1,323	2,126	5,237	944	-	9,630
Disposals	-	(817)	(1,231)	(21,971)	(25)	-	(24,044)
Revaluation	-		71	1,951	2	-	2,024
Reclassifications	-	(108)	29	-	108	-	29
At 31 Mar 2010	-	**3,944**	**5,622**	**24,962**	**1,263**	**-**	**35,791**
Net book value:							
31 Mar 2010	**500**	**12,308**	**7,138**	**33,520**	**4,527**	**13,953**	**71,946**
31 Mar 2009	**500**	**10,031**	**4,262**	**34,953**	**2,599**	**16,919**	**69,264**
Asset Financing:							
Owned	500	12,308	7,138	33,520	4,503	13,953	71,922
Finance leased	-	-	-	-	24	-	24
Net book value at 31 Mar 2010	**500**	**12,308**	**7,138**	**33,520**	**4,527**	**13,953**	**71,946**

Analysis of property, plant and equipment:

The net book value of property, plant and equipment comprises:

£'000

	Land	Buildings	Information Technology	Plant & Machinery (restated)	Furniture & Fittings	Assets under construction	Total (restated)
Core Department 31 Mar 2011	500	73,492	4,574	29,362	3,831	6,699	118,458
PINS 31 Mar 2011	-	-	204	-	-	-	204
Core Department 31 Mar 2010	500	12,308	6,779	33,520	4,527	13,953	71,587
PINS 31 Mar 2010	-	-	359	-	-	-	359

There are no donated assets within the Department.

The Department's policy for revaluations is described in Note 1.16 - 1.17

Note 13 Intangible assets

Intangible assets comprise software, licences and systems under development.

£'000

	Software	Licences	Systems Development	Total
Cost or valuation				
At 1 April 2010	72,353	4,419	45,081	121,853
Additions	1,586	(20)	670	2,236
Transfers	2,794	21	(2,835)	(20)
Reclassifications	-	-	-	-
Disposals	(7,900)	(701)	(40,098)	(48,699)
Impairment	(75)	(79)	(2,511)	(2,665)
Revaluations	-	-	-	-
At 31 Mar 2011	**68,758**	**3,640**	**307**	**72,705**
Amortisation				
At 1 April 2010	40,279	1,638	-	41,917
Charged in-year	9,374	766	-	10,140
Transfers	7	-	-	7
Reclassifications	-	-	-	-
Disposals	(4,326)	(269)	-	(4,595)
At 31 Mar 2011	**45,334**	**2,135**	**-**	**47,469**
Net book value				
31 Mar 2011	**23,424**	**1,505**	**307**	**25,236**
31 Mar 2010	**32,074**	**2,781**	**45,081**	**79,936**
Asset Financing:				
Owned	23,424	1,505	307	25,236
Net book value at 31 Mar 2011	**23,424**	**1,505**	**307**	**25,236**

£'000

	Software	Licences	Systems Development	Total
Cost or valuation				
At 1 April 2009	76,396	3,072	29,868	109,336
Additions	4,996	617	11,206	16,819
Transfers	(4,741)	7,050	3,470	5,779
Reclassifications	981	(966)	1,090	1,105
Disposals	(5,279)	(5,354)	(1)	(10,634)
Impairment	-	-	(552)	(552)
At 31 Mar 2010	**72,353**	**4,419**	**45,081**	**121,853**
Amortisation				
At 1 April 2009	38,649	1,342	-	39,991
Charged in-year	9,674	3,744	-	13,418
Transfers	3	(32)	-	(29)
Reclassifications	(2,768)	1,937	-	(831)
Disposals	(5,279)	(5,353)	-	(10,632)
At 31 Mar 2010	**40,279**	**1,638**	**-**	**41,917**
Net book value				
31 Mar 2010	**32,074**	**2,781**	**45,081**	**79,936**
31 Mar 2009	**37,747**	**1,730**	**29,868**	**69,345**
Asset Financing:				
Owned	32,074	2,781	45,081	79,936
Net book value at 31 Mar 2010	**32,074**	**2,781**	**45,081**	**79,936**

Analysis of intangible assets

The net book value of intangible assets comprises

£'000

	Software	Licences	Systems Development	Total
Core Department 31 Mar 2011	23,253	1,496	306	25,055
PINS 31 Mar 2011	171	10	-	181
Core Department 31 Mar 2010	31,647	2,676	45,081	79,404
PINS 31 Mar 2010	507	25	-	532

Note 14 Financial instruments

Liquidity risk

The cash requirements of the Department for day-to-day operations and capital investments are met through the Estimates process and by the passing of the annual Appropriation Act. The Estimates process allows opportunities during the year to amend funding levels and purposes to reflect changing circumstances and unforeseen events. The Department is therefore exposed to little liquidity risk and financial instruments play an insignificant part of the funding of the Department and a more limited role in creating risk than would apply to a non-public sector body of a similar size.

Market risk

The Department has no powers to borrow money or invest surplus funds and has no exposure to market-based risks.

Currency risk

A payables balance of £498.2m is the sterling equivalent of a liability of €562.9m translated at the accounting date. This relates to deposits from the European Union (EU) for the 2000-06 and 2007-13 European Regional Development Fund (ERDF) Programmes and the Sterling value is therefore recalculated at the end of each period with a consequential risk of unrealised loss or gain arising from fluctuations in rates. The deposits will be utilised as the programmes near completion, which in relation to the 2000-06 programme is expected to be during 2011-12 but for the 2007-13 programme is not expected before 2015-16. The level of balance, and associated level of risk, is therefore expected to diminish over the coming year.

Within receivables there is a balance of £126.7m which is the sterling equivalent of an asset of €143.2m relating to ERDF claims made to the EU but not yet settled and within accrued income there is a balance of £124.0m which is the sterling equivalent of an asset of €140.0m representing ERDF grant payments made but yet to be claimed from the EU. These balances are fixed in Euros being the Euro equivalent of the Sterling expenditure applying at the time the expenditure was incurred using the 'Europa' rate in accordance with the regulations. They are recalculated at the end of each accounting period with a consequential risk of unrealised loss or gain arising from fluctuations in rates. In addition, as ongoing funding for these programmes is processed through the EU, there are realised exchange rate gains and losses as the sterling equivalent of the Euro claims are settled. The Department is therefore exposed to currency risks which vary depending on the level of balances, the rate at which claims are submitted and the time taken for them to be processed by the EU.

In 2010-11 there was an overall loss of about £6m arising from these risks compared with a loss of about £27m in 2009-10 and £4m in 2008-09.

The table below shows the assets and liabilities subject to translation from euros to sterling at the accounting date and in accordance with the Department's policy on foreign exchange translations (Exchange rate at 31 March 2011 £1 = €1.1297 – source Bank of England spot rate) http://www.bankofengland.co.uk/mfsd/iadb/Rates.asp?

Currency Risks	**Floating rate financial liabilities**	
	£'000	€'000
Assets		
At 31 March 2011:		
Receivables (ERDF)	126,738	143,176
Accrued income (ERDF)	123,954	140,030
Total assets at 31 March 2011	**250,692**	**283,206**
Total assets at 31 March 2010	297,054	332,946
Total assets at 31 March 2009	397,811	445,493
Total assets at 1 April 2008	114,159	149,933
Liabilities		
At 31 March 2011:		
Deposit from EU (ERDF 2000-06 Programmes)	306,972	346,787
Deposit from EU (ERDF 2007-13 Programmes)	191,264	216,071
Total liabilities at 31 March 2011	**498,236**	**562,858**
Total liabilities at 31 March 2010	529,759	593,767
Total liabilities at 31 March 2009	496,427	553,998

Currency Risks	Floating rate financial liabilities	
	£'000	€'000
Total liabilities at 1 April 2008	346,973	455,733

As can be noted from the above the Department has significant assets and liabilities affected by the Sterling/Euro exchange rate. To an extent these balances act as a natural hedge whereby the loss that would arise on the liability balance from a weakening of Sterling would be offset by the gain on the asset balance. These effects would be reversed if Sterling were to strengthen. This reduces but does not eliminate the risks. There are also variations in the levels of balances caused by differences in the values of quarterly declarations, the time taken for declarations to be paid by the EU and the rate in which the deposits on the 2000-06 programme are utilised. These variations are difficult to assess and, using a model of the likely impacts of variances in exchange rates, the Department determined during 2009-10 that active mitigation of the risks, through for instance forward contracts or hedging, would not provide value for money. The Department continues to monitor the position and expects to initiate further work on the topic, perhaps in partnership with other departments, during 2011-12. The following table illustrates the impact of changes in the sterling to Euro exchange rate and assumes the level of balances remains constant.

Category	Balance at 31 Mar 11	£:€ rate at 31 Mar 11	Impact of rate change to			
			1:1.00	1:1.10	1:20	1:1.30
Assets	€283,206	1:1.1297	£33m gain	£7m gain	£15m loss	£33m loss
Liabilities	€562,857	1:1.1297	£65m loss	£14m loss	£29m gain	£65m gain
Net gain/loss			£32m loss	£7m loss	£14m gain	£32m gain

Apart from ERDF the Department has no other risks arising from foreign exchange.

Credit risk

The Department has placed investments in a number of public-sector owned organisations, as shown in Note 15 Investments. As the organisations are within the public sector there is minimal need for the department to manage the risk of default.

Many of these investments have been financed on a statutory basis known as Public Dividend Capital (PDC). The Treasury has advised that PDC is not a financial instrument because financial instruments are contractual whereas PDC is statutory. Therefore these items are outside the scope of this risk and the risks below. See Note 15 for details of PDC investments.

The Olympic Park Legacy Company (OPLC) was established in May 2009. It is a company limited by guarantee and the controlling Founder Members are the Secretary of State for Communities and Local Government and the Secretary of State for Culture, Media and Sport (50%) and the Mayor of London (50%). The Localism Bill with facilitate the establishment of the Mayor of London's proposed Mayoral Development Corporation to take forward the work of OPLC in April 2012. The Department will be making grants to the OPLC during 2011-12 to support the purchase of Olympic Park (£101m) from the London Development Agency, administration (up to £9.5m) and provisionally capital expenditure (up to £30m) to support the successful transformation of the Olympic Park. The key risks are the performance of the property market and delays to securing private sector investment.

Receivables: Comparison of aged receivable balances greater than 90 days against total

Classification	Balance at 31.03.11	At 90 days overdue	per cent of total
Trade and Other Receivables	£397.6m	£22.8m	5.73 per cent

Other Receivables amounts included in Note 19 (Receivables) also include amounts for sundry receivables not included within balances above.

Interest rate risk

The Department is not exposed to significant interest rate risk as its financial assets and financial liabilities carry nil or fixed rates of interest. No interest is receivable on balances held with the Government Banking Service. Any interest earned on balances with commercial banks is immaterial.

Interest rate profile

The following table shows the interest rate profile of the Department's financial assets as at 31 March 2011. All balances are held in sterling.

	Total	Non-interest bearing	Floating rate	Fixed rate	Weighted average interest rate	Period for which rate is fixed
Primary Financial Instruments:	£'000	£'000	£'000	£'000	%	yrs
Financial Assets:						
Cash at Office of Paymaster General	189,638	189,638	-	-		
Cash held at commercial banks	547	-	547	-		
Fire Service College Loan	4,493	-	-	4,493	8.30%	42 years
Coalfields Enterprise & Growth Funds	10,732	10,732	-	-		
Balance at 31 March 2011	**205,410**	**200,370**	**547**	**4,493**		
Balance at 31 March 2010	178,941	170,265	4,110	4,566		
Balance at 1 April 2009	109,982	105,249	167	4,566		

Fair values

The estimated fair values of the financial instruments held by the Department approximate to their book values at 31 March 2010 and 31 March 2011. The following criteria have been used to assess the fair value of the Department's financial assets and liabilities.

- Current payables and receivables are based on their nominal amount
- Non-current payables and receivables are valued at discounted cost
- Cash at bank balances are at their book values
- PDC, being statutory, is valued at nominal value
- The investments in the Coalfields Enterprise Fund and the Coalfields Growth Fund are revalued every quarter by the fund managers and the year end valuations reflect the underlying valuations.

Note 15 Investments in other public sector bodies

£'000

	Coal Fields Enterprise Fund	Coal Fields Growth Fund	Ordnance Survey	Queen Elizabeth II Conference Centre	Fire Service College		Total
			PDC	PDC	PDC	Loan	
Balance at 1 April 2009	8,562	-	14,000	821	16,721	4,566	44,670
Additions	-	5,000	-	-	-	-	5,000
Write downs	(1,661)	-	-	-	-	-	(1,661)
Balance at 31 March 2010	**6,901**	**5,000**	**14,000**	**821**	**16,721**	**4,566**	**48,009**
Balance at 1 April 2010	6,901	5,000	14,000	821	16,721	4,566	48,009
Additions	-	-	20,000	-	-	-	20,000
Write downs	(559)	(610)	-	-	-	-	(1,169)
Loan repayments	-	-	-	-	-	(73)	(73)
Balance at 31 March 2011	**6,342**	**4,390**	**34,000**	**821**	**16,721**	**4,493**	**66,767**

All investments relate to the Core Department. PDC = Public Dividend Capital.

Note 16 Investment properties

£'000

	Total
Cost or valuation	
At 1 April 2009	21,750
Revaluations	32
At 31 March 2010	**21,782**
At 1 April 2010	21,782
Revaluations	7,024
At 31 March 2011	**28,806**

As at the 31 March 2011 the following properties were revalued professionally, in accordance with RICS Valuation Standards, by BNP Paribas Real Estate, Advisory and Property Management Consultants.

- Queen Elizabeth II Conference Centre, Broad Sanctuary, London was valued at 31 March 2011 by BNP Paribas Real Estate. The total valuation was reported at £30.950m, but with a value of £28.571m recognised in the Department's accounts because of a trading fund outside interest in the property.
- Burlington House, Piccadilly, London was valued at 31 March 2011 by BNP Paribas Real Estate at £235,000.

The Department received rental income of £6,053 (£6,875 2009-10) from tenants at Burlington House.

The Department does not receive rental income from the Queen Elizabeth 11 Conference Centre as it receives income as dividend on the Public Dividend Capital investment.

Note 17 Assets held for sale

Assets held for sale represent 'Green Goddess' fire tenders which are no longer required; all have now been sold.

£'000

Cost or valuation	Total
At 1 April 2009	5
At 31 March 2010	**5**
At 1 April 2010	5
Disposals	(5)
At 31 March 2011	**-**

Note 18 Inventories

The Department's inventories related to short-term holdings of new Regional Control Centres under the FiReControl project. These were reclassified as Property, Plant and Equipment on closure of the FiReControl project.

£'000

	Total
Cost or valuation	
At 1 April 2009	80,008
Additions	22,201
At 31 March 2010	**102,209**
At 1 April 2010	102,209
Disposals	(102,209)
At 31 March 2011	**-**

Note 19 Trade receivables and other current assets

19(a) Analysis by type

£'000

	31-Mar-11	31-Mar-10	01-Apr-09
Amounts falling due within one year:			
Trade receivables	908	1,376	773
Deposits and advances	-	157	177
VAT receivables	304	1,674	2,450
Other receivables	246,442	197,987	93,545
ERDF accrued income	123,954	211,528	405,119
Prepayments and accrued income (other)	204,731	29,097	-
	576,339	**441,819**	**502,064**
Amounts falling due after more than one year:			
ERDF Deposits	173,889	170,146	125,430
Prepayments and accrued income	439	188	121
	174,328	**170,334**	**125,551**
Total	**750,667**	**612,153**	**627,615**

Included in "other receivables" is an amount of £4,488k (2009-10 £1,066k) which is payable to the Consolidated Fund when collected.

19(b) Intra-government balances

£'000

Balances with:	Amounts falling due within one year			Amounts falling due after more than one year		
	31-Mar-11	**31-Mar-10**	**31-Mar-09**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Other Central Government bodies	18,164	127,980	368,290	173,889	163,219	125,430
Local authorities	106,503	36,990	31,258	-	6,927	-
NHS bodies	4	9	362	-	-	-
Public Corporations and Trading Funds	497	6,117	4,936	-	-	-
Sub-total	**125,168**	**171,096**	**404,846**	**173,889**	**170,146**	**125,430**
Bodies external to Government	451,170	270,723	97,219	439	188	121
Total receivables at 31 March	**576,338**	**441,819**	**502,065**	**174,328**	**170,334**	**125,551**

Note 20 Cash and cash equivalents

£'000

	2010-11	**2009-10**	
Balance at 1 April	167,474	96,854	
Net change in cash balances:	22,711	70,620	
Balance at 31 March	**190,185**	**167,474**	
The following balances at 31 March were held at:	**31-Mar-11**	**31-Mar-10**	**01-Apr-09**
Government Banking Service (GBS)	189,638	163,360	94,208
Commercial banks and cash in hand	597	4,110	167
Balance at GBS - Payroll	(50)	4	2,479
Balance at 31 March	190,185	167,474	96,854

Note 21 Reconciliation of net cash requirement to increase/(decrease) in cash

£'000

	2010-11	**2009-10**
Net cash requirement	(37,700,797)	(39,282,643)
From the Consolidated Fund (Supply) - current year	37,626,961	39,299,000
From the Consolidated Fund (Supply) - prior year	-	-
Amounts due to the Consolidated Fund received and not paid over	96,548	54,263
	22,712	70,620
Increase in cash	22,712	70,620

Note 22 Trade payables and other current liabilities

22(a) Analysis by type

£’000

	31-Mar-11	31-Mar-10	01-Apr-09
Amounts falling due within one year:			
Taxation and social security	8,572	5,951	4,642
Trade payables	3,460	5,026	6,536
Other payables	216,820	27,885	125,910
Payroll	-	-	2,480
Accruals and deferred income	311,817	456,358	540,223
National Non-Domestic Rates liability	-	-	453
Finance lease	1,457	18	19
Intercompany payable	22	-	-
ERDF deferred income	306,972	310,323	-
Amount issued from the Consolidated Fund for supply but not spent	142,207	216,043	199,687
Consolidated fund extra receipts to be paid to the Consolidated Fund:			
- received	222,213	134,987	119,009
- receivable	4,488	1,066	41,056
	1,218,028	**1,157,657**	**1,040,015**
Amounts falling due after more than one year:			
Finance Lease (FiReControl)	98,888	1	22
ERDF Deposits held	191,264	188,627	496,428
Deferred Income on Property, Plant & Equipment	5,706	6,370	7,045
	295,858	**194,998**	**503,495**
Total	**1,513,886**	**1,352,655**	**1,543,510**

22(b) Intra-Government balances

£’000

Balances with:	Amounts falling due within one year			Amounts falling due after more than one year		
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-11	31-Mar-10	31-Mar-09
Other Central Government bodies	394,789	398,807	372,000	-	-	-
Local Authorities	591,227	170,050	9,415	-	-	-
NHS bodies	1	(129)	51	-	-	-
Public Corporations and Trading Funds	2,027	5,266	6,567	-	-	-
Sub-total	**988,044**	**573,994**	**388,033**	**-**	**-**	**-**
Bodies external to Government	229,984	583,662	651,980	295,858	194,997	503,495
Total payables at 31 March	**1,218,028**	**1,157,656**	**1,040,013**	**295,858**	**194,997**	**503,495**

Note 23 Provisions for liabilities and charges

£'000

	Early Retirement and Pension costs	ERDF Financial Corrections	Firefighters' Pension commutation	Other	Total
Balance at 1 April 2009	32,152	74,409	35,000	13,837	155,398
Provided in the year	3,798	91,656	-	4,997	100,451
Provisions not required written back	(892)	(42,945)	(1,106)	(300)	(45,243)
Provisions utilised in-year	(14,011)	(9,755)	(33,894)	(2,085)	(59,745)
Utilised – pre-funding	-	-	-	-	-
Unwinding of discount	192	-	-	228	420
Balance at 31 March 2010	**21,239**	**113,365**	**-**	**16,677**	**151,281**
Comprising					
Current liabilities	6,356	113,365	-	2,220	121,941
Non-current liabilities	14,883	-	-	14,457	29,340
Balance at 1 April 2010	21,239	113,365	-	16,677	151,281
Provided in the year	29,627	16,928	-	3,637	50,192
Provisions not required written back	(4,218)	(95,600)	-	(4,706)	(104,524)
Provisions utilised in-year	(2,544)	-	-	(1,976)	(4,520)
Utilised – pre-funding	-	-	-	-	-
Unwinding of discount	(1,158)	-	-	203	(955)
Balance at 31 March 2011	**42,946**	**34,693**	-	**13,835**	**91,474**
Comprising					
Current liabilities	19,456	34,693	-	3,602	57,751
Non-current liabilities	23,490	-	-	10,233	33,723

Analysis of expected timing of discounted flows

£'000

	Early Retirement and Pension costs	ERDF Financial Corrections	Firefighters' Pension commutation	Other	Total
Not later than one year	6,536	113,365	-	2,681	122,582
Later than one year and not later than five years	13,491	-	-	9,754	23,245
Later than five years	1,211	-	-	4,243	5,454
Balance at 31 March 2010	21,238	113,365		16,678	151,281
Not later than one year	19,456	34,693	-	3,602	57,751
Later than one year and not later than five years	20,748	-	-	6,135	26,883
Later than five years	2,741	-	-	4,098	6,839
Balance at 31 March 2011	**42,945**	**34,693**	-	**13,835**	**91,473**

Details of other provisions are provided in Note 1.49. The closing balances relating to those provisions are as follows:

£'000

Category	31 March 2011	31 March 2010
Compensation payments	5,113	4,387
Dilapidations	3,954	7,048
Legal compensation	300	0
Firefighters' pensions	1,934	2,220
Residential Property Tribunal Service pensions	2,296	2,562
Ex-gratia payments (PINS)	88	238
Adverse costs (PINS)	112	223
Income tax (PINS)	38	0
Total	**13,835**	**16,678**

Note 24 Capital commitments

Contracted capital commitments at 31 March 2011 not otherwise included in these financial statements:

£'000

	31 March 2011	31 March 2010
Property, plant and equipment	2,283	72,382
Intangible assets	172	1,902
	2,455	**74,284**

Note 25 Commitments under leases

25.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

£'000

Obligations under operating leases comprise:	31 March 2011	31 March 2010
Buildings:		
Payment due within 1 year	26,090	38,878
Payment due after 1 year but not more than 5 years	98,988	107,236
Payment due thereafter	79,730	96,937
	204,808	**243,051**
Other:		
Payment due within 1 year	109	172
Payment due after 1 year but not more than 5 years	85	149
	194	**321**

25.2 Finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods

£'000

Obligations under finance leases comprise:	**31 March 2011**	**31 March 2010**
Buildings:		
Payment due within 1 year	6,624	-
Payment due after 1 year but not more than 5 years	29,089	-
Payment due thereafter	139,828	-
Less interest element	-75,197	-
Present value of obligations	**100,344,**	**-**
Other:	-	-
Payment due within 1 year	-	21
Payment due after 1 year but not more than 5 years	-	-
Payment due thereafter	-	-
Less interest element	-	(1)
Present value of obligations	**-**	**20**

£'000

Present Value of Obligations under finance leases comprise:	**31 March 2011**	**31 March 2010**
Buildings:		
Lease liabilities due within 1 year	1,457	-
Lease liabilities due after 1 year but not more than 5 years	9,107	-
Lease liabilities due thereafter	89,780	-
Present value of obligations	**100,344**	**-**
Other:	-	-
Lease liabilities due within 1 year	-	21
Lease liabilities due after 1 year but not more than 5 years	-	-
Lease liabilities due thereafter	-	(1)
Present value of obligations	**-**	**20**

Note 26 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which the Department is committed, analysed by the period during which the commitment expires are as follows:

£'000

Obligations under financial commitments:	**31 March 2011**	**31 March 2010**
Payment due within 1 year	164,767	114,585
Payment due after 1 year but not more than 5 years	520,643	272,163
Payment due thereafter	502,706	160,522
	1,188,116	**547,270**

Note 27 Contingent liabilities disclosed under IAS 37

In accordance with Government policy, none of the properties included in non-current assets in the Statement of Financial Position is insured. Other contingent liabilities are set out below.

£'000

		31 March 2011	**31 March 2010**
27.1	Payments to Local Authorities under the Defective Housing grant scheme.	250 - 750	250 - 750
27.2	Statutory Contingent Liability taken on under the provisions of the Banking Act 2009 in respect of Homeowners' Mortgage Support Scheme.	993	500,000
27.3	ERDF 2000-06 Programme – possible correction due to open and outstanding EU audits. This is the value of open irregularities due to remaining open audits at 31 March 2011. These require a future decision by the EC if they are to conclude and crystallise. It is currently unknown as to when this decision will be made and the true value of these. Experience suggests that settlements maybe much reduced from initial findings on these irregularities.	83,629	36,472
27.4	ERDF 2000-06 Programme – possible corrections due to capping. Value of a future potential charge arising as a result of a difference in the intervention rates used by the programme. The timing, amount and likelihood are uncertain as any penalty will be based on a future decision of the EC.	5,973	-
27.5	ERDF 2000-06 Programme - Debts which either will be collected from debtors, or the position has not yet crystallised either in value or timing.	10,211	-

		31 March 2011	31 March 2010
27.6	The Deposit Protection Service (DPS) holds deposits on behalf of tenants and meets their operating costs from the interest generated. Under the terms of the contract with DPS, the Department guarantees DPS against any operating losses. In practice, this means that the Department is liable if interest generated on deposits does not meet DPS's approved fees. Exceptionally low interest rates mean that a liability is now accruing. The agreement has now been extended for a further 4 years from 1 August 2010 and DCLG's liability to DPS is upon early termination of this agreement and will consist of breakage costs plus termination amount, which will be reduced by £1 for every £1 of accrued interest above £3.5m from 1 August 2011.	Unquantifiable	-
27.7	Planning Inspectorate – litigation costs which may be incurred following unsuccessful attempts to resist a High Court challenge into an inspector’s decision. The timing and value of such awards are extremely difficult to predict.	330	390
27.8	Planning Inspectorate – ex gratia payments which may possibly be made to appellants or other appeal parties who have incurred abortive appeal costs following an error made by the Inspectorate's members of staff. The timing and value of these payments are very difficult to predict.	120	240
27.9	The Department has made commitments to fund pension deficits on certain of its Arms Length Bodies. In the event of the reorganisation or abolition of those bodies, the Department may face liabilities relating to those commitments. The timing and value of any such payments are very difficult to predict.	Unquantifiable	Unquantifiable
27.10	The Department has around 200 cases managed by the Treasury Solicitors with associated potential adverse costs.	475	407
27.11	Crossrail – The Department agreed to pay the shortfall if certain amounts could not be raised by the Mayor through a Statutory Planning Charge between 2010 and 2015.	10,000 – 300,000	-
27.12	Suppliers’ redundancy costs resulting from renegotiated contracts as at March 2011. To be resolved by September 2011.	50	-
27.14	Government Office building leases Contingent liability in respect of the potential future payments should the buildings not be sub let	12,400	-

Note 28 Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

Quantifiable:

The Department has entered into the following quantifiable contingent liability by offering guarantees, indemnities or by giving letters of comfort. This is not a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote

	1 April 2010	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2011	Amount reported to Parliament by Departmental minute
Indemnities						
Indemnity given by CLG for the Land Stabilisation Project to proceed in Northwich under Section 1 of the Derelict Land Act 1982	25,000	-	-	(25,000)	-	150,000
	25,000	**-**	**-**	**(25,000)**	**-**	150,000

Unquantifiable:

The Department has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

- Indemnity given to the Fire and Rescue Services in respect of possible incidents as a result of mass decontamination.
- Letter of Comfort provided to Fire Service College to confirm that the Department will act as funder of last resort for the College and will provide financial aid to the College should it be unable to fund its on-going operations from its own resources.

Note 29 Losses, special payments and gifts

Managing Public Money and the FReM require a statement showing losses and special payments by value and by type to be shown where they exceed £250,000 in total and those which individually exceed £250,000. These relate to cash losses, stores, fruitless payments and claims abandoned as well as frauds. The amounts involved are as follows:

	2010-11		2009-10	
	Cases	**£'000**	**Cases**	**£'000**
Losses	11	6	14	8
Claims abandoned	64	4.688	8	253
Fruitless payments	50	5	98	62
Constructive losses	20	211,825	2	21

In 2010-11 there were nine individual losses of over £250,000 worth £214.6m detailed below:

£'000

Losses over £250k	
Central Office of Information (COI) – rebate due from COI retained by COI in accordance with HM Treasury agreement	335
FiReControl expenditure in relation to the project recognised as losses following closure	211,800
ERDF 2000-06 write off agreed by Closure & Liabilities Board (August 2010) as an unrecoverable sum	426
ERDF 2000-06 write off of a business link irregularity considered to be irrecoverable (as confirmed by the Closure & Liabilities Board (CLB) October 2010	413
ERDF 2000-06 write off of recovery of ineligible expenditure	410
ERDF 2000-06 write off of a business link irregularity considered to be irrecoverable (as confirmed by the CLB October 2010)	303
ERDF 2000-06 write off of a business link irregularity considered to be irrecoverable (as confirmed by the CLB October 2010)	292
ERDF 2000-06 write off of a business link irregularity considered to be irrecoverable (as confirmed by the CLB October 2010)	296
ERDF 2000-06 write off of a business link irregularity considered to be irrecoverable (as confirmed by the CLB October 2010)	357

	2010-11		**2009-10**	
	Cases	**£'000**	**Cases**	**£'000**
Special payments	114	1,618	147	2,379

As well as losses disclosed in the table above (£211.8m), the Department has future liabilites in respect of leases and other payments following closure of the FiReControl project. These have been included within the recent NAO Value for Money report and are shown below. The total amount of losses (past and future) recognised in the VfM report is £469m which is made up of £211.8m quoted above, £10m reported in 2009-10, £117m future lease liabilities (reported in the table below at a discounted value of £100.3m in line with IAS 17), future grants support of £117m and future maintenance and utilities charges of £13.25m (reported in the table below at a discounted value of £12.83m in line with IAS 39).

Estimated future losses arising from FiReControl		
	No of cases	**£'000**
Future DCLG Lease Liabilities	1	100,300
Future grant support payments	1	117,000
Future maintenance and utilities charges	1	12,830
Total future losses	3	230,550

None of the special payments recorded in the accounts for 2010-11 was over £250,000.

During the year the Department did not gift any items (eight items with a value of £700 in 2009-10). There were no individual items over £250,000.

Note 30 Related party transactions

The Department was the parent Department of the Planning Inspectorate and a number of sponsored bodies listed in Note 33 and Annex A. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department and its sponsored bodies have made a number of material transactions with other government departments, central government bodies and local government organisations.

Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

Stephen Park was a Director until 30 June 2011 and owns shares in Ashley Interim Management Limited. Stephen's services as Interim Senior Finance Director of DCLG were provided through a contract between Ashley Interim Management Limited and Capita. Capita has the contract with the Department. The expenditure through this contract has been £427,920 including VAT. There are no outstanding balances with Ashley Interim Management Limited.

During the year no board member, key manager or other related parties, other than those mentioned above, has undertaken any material transactions with the department. Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct.

Note 31 Events after the reporting period

The Department's financial statements are laid before the Houses of Commons by HM Treasury. IAS10 requires the Department to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Department's management to HM Treasury.

As recently announced as part of the proposed closure of Regional Development Agencies, Ministers have agreed that, in principle, the majority of the land and property assets and liabilities held by Regional Development Agencies will be transferred to the Homes and Communities Agency (HCA) for management under their stewardship. Subject to completion of the necessary detailed work and arrangements the transfer is currently planned for 19 September 2011. The HCA is a non-departmental public body of the Department.

In addition to the above, as part of the closure process, the European Regional Development Fund (ERDF) function currently carried out by Regional Development Agencies is transferring to the Department with effect from 1 July 2011. This transfer of function will be accounted for under Machinery of Government rules (merger accounting) and the 2011-12 accounts will be prepared on this basis.

The Rent Assessment Panels will move to Ministry of Justice from 1 July 2011 and the transfer will be accounted for under Machinery of Government rules.

Note 32 Third party assets

Twinning with EU Accession States

Twinning projects involve the secondment of one or more experts (Resident Twinning Advisers - RTAs) from EU Member States to new Member States or pre-accession states (beneficiary countries) for a period usually of at least 12 months. The desired outcome is to improve institutional capacity for a particular country or region, managing significant levels of Structural Funds receipts under post-accession European programmes. This is achieved through training and expert advice provided by the successful Member State.

The projects are funded by the European Commission through a competitive bidding process between Member States. The beneficiary countries decide which bids are successful. The Department won six Structural Fund Twinning projects in 2004-05 which were completed successfully during 2005-06. In 2006-07 two more twinning projects were won by the Department, one in North East Romania and one in Turkey. Both of these projects are now closed.

The projects have bank accounts, which are managed by the Department, but these are not Departmental assets and are not included in the Departmental accounts. The assets held at the accounting date comprised these monetary assets in the bank accounts. The bank accounts are denominated in euros and all transactions through the accounts are in euros. These values are set out in the table below, together with a translation to sterling at the accounts date using the €:£ exchange rate of 1.13:1.

Projects	**1 April 2010 €000**	**Gross Inflows €000**	**Gross Outflows €000**	**31 March 2011 €000**	**31 March 2011 £000**
Turkey	39	-	(39)	-	-
General Twinning	588	39	(3)	624	552
	627	**39**	**(42)**	**624**	**552**

Note 33 Entities within the Departmental boundary

The entities within the boundary during 2010-11 were as follows:

Executive Agencies

Planning Inspectorate

Financial information on the Planning Inspectorate can be found in its own published Annual Report and Accounts. More information can be found by visiting their website: www.planning-inspectorate.gov.uk.

Advisory Bodies

Advisory Panel on Beacon Councils

Advisory Panel on Standards for the Planning Inspectorate

Building Regulations Advisory Committee

National Housing and Planning Advice Unit

Advisory NDPBs are expert bodies normally established to advise Ministers and Officials on specific policy areas where the expertise does not exist within the Department. Most members of such bodies are unpaid, although several bodies' chairpersons and members do receive a daily fee for attendance of meetings and other work.

Tribunals

Rent Assessment Panels (transferred to Ministry of Justice effective from 1 July 2011)

Valuation Tribunals

The following bodies have not been consolidated within the accounts of the Department. Financial information on these bodies can be obtained from their separately published Annual Report and Accounts.

Trading Funds

Fire Service College

Ordnance Survey

Queen Elizabeth II Conference Centre

Public Corporations

Architects Registration Board

Audit Commission for Local Authorities and the National Health Service in England

Executive Non-Departmental Public Bodies

Community Development Foundation (NDPB status removed 1 April 2011)

Firebuy Ltd

Homes and Communities Agency

Independent Housing Ombudsman Ltd

Infrastructure Planning Commission

Leasehold Advisory Service

London Thames Gateway Development Corporation

National Tenants Voice (abolished July 2010)

Standards Board for England

Tenants Services Authority

Thurrock Thames Gateway Development Corporation

Valuation Tribunals Service

West Northamptonshire Development Corporation

Other Bodies Not Classed as NDPBs

Commission for Local Administration

18 Trust Statement in respect of National Non-Domestic Rates collected on behalf of the Consolidated Fund

Foreword

Scope

18.1 This is the first Trust Statement produced by the Department for Communities and Local Government as required by HM Treasury and is in line with the Accounts Direction. This statement is prepared on an accruals basis.

18.2 The Trust Statement presents the results for the financial year 2010-11 in respect of the collection of National Non Domestic Rate receipts from Local Authorities and Businesses and the payment to the Consolidated Fund of those receipts.

18.3 Costs incurred in the collection of National Non Domestic Rates are borne by local authorities.

Background

18.4 The Department acts as an agent for the Consolidated Fund and receives cash in respect of National Non-Domestic Rates which is paid over to the Consolidated Fund. These receipts do not flow through the Department's Statement of Comprehensive Net Expenditure but instead are held on the Statement of Financial Position as a liability until paid over to the Consolidated Fund. At the year end, all receipts recognised, for which the cash has been received, have been paid over to the Consolidated Fund. Any receipts recognised but for which the cash has not been received are shown in the following Trust Statement as current liabilities.

Financial review

18.5 The results presented in this Trust Statement are limited to this Trust Statement and are not also presented in the Department's Resource Accounts although they flow through the Department's accounting system.

18.6 Any cash receipts or payments are presented through the Statement of Cash Flows in the Trust Statement only and are excluded from the Department's Consolidated Statement of Cash Flows.

Auditors

18.7 The Trust Statement is audited by the Comptroller and Auditor General under Section 7 of the Government Resources and Accounts Act 2000. The audit opinion is on pages 158 to 159. The auditor's notional remuneration of £35,000 for this is included in the Department's Resource Accounts. There were no fees in respect of non-audit work.

Basis for preparation

18.8 The HM Treasury Accounts Direction, issued under section 7(2) of the Government Resources and Accounts Act 2000, requires the Department for Communities and Local Government to prepare the Trust Statement to give a true and fair view of the state of affairs relating to the receipt and payover of National Non-Domestic Rates. Regard is given to all relevant accounting and disclosure requirements given in Managing Public Money and other guidance issued by HM Treasury.

Events after the reporting period

18.9 There were no events after the reporting period.

Sir Bob Kerslake **12 July 2011**
Accounting Officer
Department for Communities and Local Government

19 Statement of the Accounting Officer's Responsibilities in respect of the Trust Statement

19.1 Under section 7 of the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for Communities and Local Government to prepare for each financial year a Trust Statement in the form and on the basis set out in the Accounts Direction.

19.2 HM Treasury appointed Sir Bob Kerslake, the Permanent Head of the Department, as principal Accounting Officer of the Department on 1 November 2010, and from 14 January 2011 HM Treasury appointed him as the sole Accounting Officer for the Department. Irene Lucas was appointed Acting Permanent Secretary and Principal Accounting Officer from 14 June 2010 until 1 November 2010. Sir Peter Housden, who left the Department on 14 June 2010 was, until that date, Permanent Secretary and principal Accounting Officer. HM Treasury also appointed Irene Lucas as additional Accounting Officer from 14 September 2009 to be accountable for that part of the Department's accounts that relate to Request for Resources 2 and the associated assets, liabilities and cash flows. The Principal Accounting Officer also appointed Joe Montgomery as additional Accounting Officer for the Government Offices. These additional Accounting Officer appointments both ceased on 14 January 2011. The appointment of additional Accounting Officer does not detract from the Permanent Head of the Department's overall responsibility as Accounting Officer for the Department's Resource Accounts.

19.3 The allocation of Accounting Officer responsibilities in the Department was as follows:

Accounting Officer:	Sir Bob Kerslake, Permanent Secretary	15 January 2011 onwards
Principal Accounting Officer:	Sir Bob Kerslake, Permanent Secretary	1 November 2010 – 14 January 2011
	Irene Lucas, Acting Permanent Secretary	15 June 2010 to 31 October 2010
	Sir Peter Housden, Permanent Secretary	to 14 June 2010
Additional Accounting Officer for RfR2:	Irene Lucas	to 14 January 2011
Additional Accounting Officer for the Government Offices:	Joe Montgomery	to 14 January 2011

19.4 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money. Under the terms of the Accounting Officers' Memorandum, the relationship between the Department's Principal and additional Accounting Officers, together with their respective responsibilities, was set out in writing.

19.5 The Trust Statement is prepared on an accruals basis and must give a true and fair view of the state of affairs of National Non-Domestic Rates collected by us, together with the net amounts surrendered to the Consolidated Fund.

19.6 In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual prepared by the Treasury and, in particular, to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the account; and
- prepare the Trust Statement on a going concern basis.

20 Statement on internal control in respect of the Trust Statement

20.1 The Department for Communities and Local Government's statement on internal control, covering both the Resource Account and the Trust Statement, is shown on pages 97 to103.

21 The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the Department for Communities and Local Government (The Department's) Trust Statement for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. This comprises the Statement of Revenue and Expenditure, the Statement of Financial Position, the Statement of Cashflows and the related notes. The Trust Statement has been prepared under the accounting policies set out within the notes to the statement.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities in respect of the Trust Statement, the Accounting Officer is responsible for the preparation of the financial statements in respect of the Trust Statement and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Trust Statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Trust Statement and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword to the Trust Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the revenue and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the revenue and expenditure have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the Department's Trust Statement gives a true and fair view of the state of affairs relating to the collection of National Non-Domestic Rates as at 31 March 2011 and of its net revenue for the year then ended; and
- the Trust Statement has been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the information given in the Foreword to the Trust Statement for the financial year for which the financial statements are prepared is consistent with the financial statement.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

14 July 2011

22 Statement of revenue and expenditure

for the year ended 31 March 2011

£000

	Note	2010-11	2009-10	2008-09
Income				
Licence Fees and Taxes		-	-	-
National Non Domestic Rates	2	20,841,879	21,484,643	20,011,432
Total		20,841,879	21,484,643	20,011,432
Total Revenue		20,841,879	21,484,643	20,011,432

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure. Collection costs in respect of National Non Domestic Rates are borne by local authorities.

The notes at pages 163 and 164 form part of this statement

23 Statement of financial position

as at 31 March 2011

£000

	Note	31-Mar-11	31-Mar-10	01-Apr-09
Current assets				
Receivables		-	-	-
Cash and cash equivalents	2	-	(9,323)	453
Total current assets		**-**	**(9,323)**	**453**
Current liabilities				
Payables		-	-	-
Total current liabilities		**-**	**-**	**-**
Total assets less current liabilities		**-**	**(9,323)**	**453**
Represented by:				
Balance on Consolidated Fund	2	**-**	**(9,323)**	**453**

Sir Bob Kerslake
Accounting Officer
Department for Communities and Local Government

12 July 2011

The Notes on pages 163 and 164 form part of these accounts.

24 Statement of cash flows

for the period ended 31 March 2011

£000

	Note	2010-11	2009-10
Cash flows from operating activities	2	**20,841,879**	**21,484,643**
Cash paid to the Consolidated Fund	2	**(20,832,556)**	**(21,494,419)**
Increase/(decrease) in cash in this period		**9,323**	**(9,776)**
A: Reconciliation of Net Cash Flow to Movement in Net Funds			
Net Revenue for the Consolidated Fund	2	20,841,879	21,484,643
Net Cash Flow from Operating Activities		**20,841,879**	**21,484,643**
B: Analysis of Changes in Net Funds			
Increase/(decrease) in Cash in this Period		**9,323**	**(9,776)**
Net funds at 1 April	2	**(9,323)**	**453**
Net funds at 31 March	2	**-**	**(9,323)**

The Notes on pages 163 and 164 form part of these accounts.

25 Notes to the Trust Statement

Trust Statement Note 1 Statement of accounting policies

Basis of accounting

1.1 The Trust Statement is prepared in accordance with the accounts direction issued by HM Treasury under section 7 (2) of the Government Resources and Accounts Act 2000. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between Department for Communities and Local Government and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 The income and associated expenditure contained in these statements are those flows of funds which Department for Communities and Local Government handles on behalf of the Consolidated Fund and where it is acting as agent rather than as principal.

1.3 The financial information contained in the statements and in the notes is rounded to the nearest £000.

Accounting convention

1.4 The Trust Statement has been prepared in accordance with the historical cost convention.

Revenue recognition

1.5 Revenue detailed in this Statement is collected on behalf of the Consolidated Fund in respect of National Non Domestic Rates. Revenue is measured in accordance with IAS 18 and recognised when the underlying event giving rise to the liability to the Consolidated Fund has occurred, can be measured reliably and it is probable that the economic benefits will flow to the Exchequer. Any adjustments to the amounts to be collected for the Consolidated Fund are not agreed, due or received until the year following the accounting period and are therefore not recognised until that point.

Receivables

1.6 Receivables, where applicable, are shown net of impairments, in accordance with the requirements of IAS 39.

Costs of collection

1.7 Collection costs are borne by local authorities. An annual allowance is assessed and provided to local authorities via a Statutory Instrument which is deducted when calculating the amount due.

Trust Statement Note 2 Balance on the Consolidated Fund

£000

	2010-11	2009-10	2008-09
Balance on Consolidated Fund Account as at 1 April	(9,323)	453	-
Net Revenue for the Consolidated Fund	20,841,879	21,484,643	20,011,432
Less amount paid to the Consolidated Fund	(20,832,556)	(21,494,419)	(20,010,979)
Balance on Consolidated Fund Account as at 31 March	**-**	**(9,323)**	**453**

Trust Statement Note 3 Revenue collected on behalf of the Consolidated Fund

£000

	2010-11	2009-10	2008-09
NNDR revenue collectable on behalf of the Consolidated Fund	20,841,879	21,484,643	20,011,432
Total Revenue	**20,841,879**	**21,484,643**	**20,011,432**

26 Accounts Direction given by HM Treasury in accordance with section 7 (2) of the Government Resources and Accounts Act 2000

1 The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.

2 The Statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.

3 The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4 When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 13). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.

5 Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

6 The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.

7 The Trust Statement, together with this direction and the Report produced by the Comptroller and Auditor General under section 7(2) of the Government Resources and Accounts Act 2000 shall be laid before Parliament at the same time as the

Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

ANNEX A: The Departmental Group

Title	Role	Outcome of Public Bodies Review
Executive Agencies		
Planning Inspectorate	Provides advice on planning and land use to help create well-planned, sustainable environments.	To continue its role and also (once the Infrastructure Planning Commission has been abolished – see below) advise ministers on major infrastructure projects.
Advisory Bodies		
Advisory Panel for the Local Innovation Awards Scheme (formerly Advisory Panel for the Beacon Scheme)	To recognise and award partnerships who can demonstrate that they have innovative services, ideas and ways of working that bring real benefits to citizens.	No longer a Non-Departmental Public Body – body and function abolished.
Advisory Panel on Standards for the Planning Inspectorate	To advise Ministers on the maintenance of the quality of the work of the Inspectorate.	No longer a Non-Departmental Public Body – body abolished. The Planning Inspectorate has an internal challenge process that offers quality assurance.
Building Regulations Advisory Committee	BRAC advises the relevant Secretary of State on the exercise of his/her power to make Building Regulations and on other related subjects in England and Wales.	Retain on grounds of performing a technical function.
National Housing and Planning Advice Unit	To make housing more affordable and address the rising trend in the number of people prevented from getting onto the property ladder.	No longer a Non-Departmental Public Body – body and function abolished.

Tribunals		
Rent Assessment Panels / Residential Property Tribunal Service.	An umbrella organisation for the five regional offices called Rent Assessment Panels set up to provide an independent, fair and accessible tribunal service in England for settling disputes involving private rented and leasehold property.	Jurisdiction of the panels will transfer to the Land, Property and Housing Chamber in the First-tier Tribunal. Functions of the service will be transferred to the Ministry of Justice HM Courts and Tribunal Service.
Valuation Tribunal for England	An independent appeals tribunal, funded by Parliament, to handle council tax and rating appeals in England	It is proposed that jurisdiction be transferred to the Land, Property and Housing Chamber in the First-tier Tribunal.
Trading Funds		
Fire Service College	The national training college for the Fire and Rescue Service is a trading fund (i.e. it makes fees and charges to fund its activities).	To continue its role.
Ordnance Survey	The national mapping agency for Great Britain is a Non-Ministerial Department with Executive Agency status in its own right and a Trading Fund.	To continue its role.
Queen Elizabeth II Conference Centre	Located in Westminster, the Centre specialises in events for 40 to 1,300 delegates and is a trading fund.	To continue its role.
Public Corporations		
Architects Registration Board	Independent regulator of all UK-registered architects.	This corporation is being retained on the grounds of performing a function which requires impartiality.
Audit Commission for Local Authorities and the National Health Service in England	Independent watchdog, driving economy, efficiency and effectiveness in local public services.	It is proposed that this corporation be disbanded; the work of the audit practice to be transferred to the private sector.
Executive Non-Departmental Public Bodies (NDPBs)		
Community Development Foundation	To promote effective participation of people in the decision-making processes which affect their lives.	Public Body status removed – the Community Development Foundation will be supported by the Department to develop as a social enterprise.

Firebuy Ltd	To deliver English Fire and Rescue Service (FRS) procurement at a national level.	This body is being abolished; procurement functions are being transferred to alternative suppliers and some residual activities to the Department where their long term future will be decided.
Homes and Communities Agency	To create opportunity for people to live in high-quality, sustainable places. To provide funding for affordable housing, bring land back into productive use and enable local authorities to achieve housing and regeneration ambitions for their own areas.	Retain and substantially reform as a smaller, enabling and investment body working for local communities. It is proposed that the Homes and Communities Agency takes on regulation of social housing, and that London functions are devolved to Mayor of London.
Independent Housing Ombudsman Ltd	Set up to look at complaints about registered housing providers, including housing associations and other landlords, managers, and agents. Free, independent and impartial service.	Retain on the grounds of performing a function which requires impartiality.
Infrastructure Planning Commission	Independent body that examines applications for nationally significant infrastructure projects.	This body is being abolished and replaced by a new unit within the Planning Inspectorate, which will advise ministers on major infrastructure projects.
The Leasehold Advisory Service	Provides free legal advice and information on all aspects of residential leasehold law in England and Wales.	The Leasehold Advisory Service is under consideration and the Department is looking at the appropriate way to provide its services in future.
London Thames Gateway Development Corporation	To promote and deliver sustainable regeneration and growth of the London Thames Gateway.	Will no longer be a Non-Departmental Public Body – functions to be devolved to local government or other London bodies.
National Tenant Voice	To ensure that Social Housing tenants have a say in shaping national policy on housing issues.	No longer a Non-Departmental Public Body – body and function abolished.
Standards Board for England	To champion and promote high standards of conduct among local politicians.	It is proposed that this no longer be a Non-Departmental Public Body – body and function to be abolished.
The Office for Tenants and Social Landlords (also known as Tenant Services Authority)	To raise the standards of services for affordable housing tenants.	It is proposed that this body be abolished, with regulatory functions passed to the Homes and Communities Agency.
Thurrock Thames Gateway Development Corporation	To drive economic growth in Thurrock and create homes, jobs and opportunities.	Will no longer be a Non-Departmental Public Body – functions to be devolved to local government.

Valuation Tribunal Service	To provide the administrative function for the Valuation Tribunal for England.	It is proposed that this body be abolished and functions be transferred to the Ministry of Justice HM Courts and Tribunal Service.
West Northamptonshire Development Corporation	To promote and deliver new jobs, homes and investment in the three towns of Northampton, Daventry and Towcester.	Will no longer be a Non-Departmental Public Body – functions to be devolved to local government.
Other Bodies Not Classed as NDPBs		
Commission for Administration (commonly known as the Local Government Ombudsman)	Investigates complaints about councils (and some other bodies) in England on housing, planning, education, social services, council tax, housing benefit and highways.	Retain on the grounds of performing a function which requires impartiality.

ANNEX B: Glossary of terms and acronyms

Accounting Date: The date at which the accounts were drawn up, in this case 31 March 2011 (previously commonly referred to as balance sheet date).

Accounting Officer: In accordance with section 5(6) of the Government Resources and Accounts Act 2000, the Treasury appoints an Accounting Officer for each Department which is obliged, by section 5(1) of that Act, to prepare the Resource Accounts. During the year the Department had two Additional Accounting Officers; by 31 March 2011 these Additional Accounting Officer responsibilities had been withdrawn. The permanent head of the Department is appointed as the Accounting Officer. Under the Minister, it is the Accounting Officer who has personal responsibility for the overall organisation, management and staffing of the Department, and is the principal witness on behalf of the Department before the Public Accounts Committee to deal with questions arising from these accounts.

Administration Costs: The amount of budget a Department may spend on running itself. This excludes the costs of running front-line services delivered directly by the Department.

Annually Managed Expenditure (AME): Expenditure which cannot reasonably be subject to Departmental control.

Appropriations in Aid (A-in-A): Non-tax receipts arising from and incidental to the ordinary business of a Government Department, which have been authorised, up to the amount specified in the Estimate, as funds available to meet expenditure and which can be retained.

Boundary: The term to describe which entities are included in the consolidated resource accounts of the Department. The boundary is based upon in-year budgetary control rather than on control of financial and operating policies.

Consolidated Fund: The central fund into which the produce of taxation, other public revenues and receipts are paid, and out of which Government expenditure is met.

Consolidated Fund Extra Receipt (CFER): Receipts related to expenditure in the Supply Estimate which Parliament has not authorised to be used as A-in-A and are therefore surrendered to the Consolidated Fund.

Estimates: Annual statements prepared by Government departments, containing the Government's proposals for expenditure on the Supply Services for the coming financial year.

Departmental Expenditure Limit (DEL): Spending which is planned and controlled by Departments.

European Regional Development Fund (ERDF): A grant regime established in 1975 to stimulate economic development in the least prosperous regions of the European Union.

Excess Appropriations in Aid: Receipts over and above the amount specified in the Estimate; such receipts cannot be retained by the Department and must be surrendered to the Consolidated Fund.

Financial Reporting Manual (FReM): The Financial Reporting Manual is the technical accounting guide that complements guidance on the handling of public funds. It applies International Financial Reporting Standards to the central government sector.

Government Offices: The Government Office Network **(GON)** consisted of nine regional offices across the country and the GO Network Centre and Services. The Network represented 12 Whitehall departments and was the primary means by which a wide range of Government policies were delivered in the English regions. The Government Office Network closed on 31 March 2011.

Grant-in-aid: A grant from voted money to a particular body (usually a Non-Departmental Public Body) to meet its cash requirements.

IAS: International Accounting Standards

Machinery of Government (MoG) changes: Where Government functions are being transferred from one Government organisation to another.

Managing Public Money: Managing Public Money provides guidance on a wide variety of issues relating mainly, but not exclusively, to the proper handling and reporting of public money. The advice it contains falls into three broad categories: Parliamentary requirements; Treasury administrative controls; and best practice.

National Loans Fund: The Government's account with the Bank of England through which all Government borrowing transactions (including payment of debt interest) and most lending transactions are handled.

National Non-Domestic Rates (NNDR): Sometimes called Business Rates, are the means by which local businesses contribute to the cost of providing Local Authority services. All business rates are paid into a central pool. The pool is then divided between all authorities based on a number of factors including demographic, physical and social characteristics of each area. The total amount is set out in Section 3 of the Local Government Finance Report published as a House of Commons Paper and available from the Stationery Office.

Non-Departmental Public Body (NDPB): An entity that has a role in the process of Government but is not a Government department. It can incur expenditure on its own account and is usually financed at least in part from public funds.

Outturn: Actual expenditure.

Permanent Secretary: The permanent head of a department.

Programme Boards: Are established to manage the development of strategy and the delivery of the Department's priorities.

Programme Costs: Cost of providing services directly to the public.

Propriety: The requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control, including the conventions agreed with Parliament and, in particular, the Public Accounts Committee.

Public Accounts Committee: An all-party Select Committee of the House of Commons which is empowered to inquire into the financial administration of Government departments and examine their accounts. The Committee reports on its findings to Parliament.

Public Body: The following provides definitions of the different types of public body within the Department:

- Executive agency: a public institution that delivers Government services for Government. An agency does not set the policy required to carry out its functions, these are determined by the department that oversees the agency. Agencies are headed by Chief Executives, who are personally responsible for day-to-day operations. They are normally directly accountable to the responsible minister in the department.

- Executive NDPB: a public body established in statute and carrying out administrative, regulatory and/or commercial functions, they employ their own staff and are allocated their own budgets.
- Advisory NDPB: established to provide independent and expert advice to ministers on particular subjects. They do not usually have staff or their own budgets, but are supported by staff from the Department with costs incurred being within the department's expenditure.
- Public Corporation: a publicly owned trading body with day to day operating independence.
- Trading Fund: part of Government which has been established under the Government Trading Fund Act 1973. Typically, Trading Funds operate in very specialised fields and rely on their ability to derive income from their activities in order to cover their costs, and provide a return to their sponsoring department.
- Tribunal: an independent body that remains impartial when dealing with disputes.

Public Dividend Capital (PDC): Investment by the sponsoring department in Trading Funds and Public Corporations which are expected to be both fully viable and subject to cyclical fluctuations in their returns as a result of the trading conditions in competitive markets.

Regularity: This is a requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Managing Public Money.

Request for Resources (RfR): The major subdivision of the Supply Estimates.

Revenue Support Grant (RSG): Along with redistributed National Non-Domestic Rate payments, RSG (and principal formula Police Grant) makes up formula grant which is paid to local government without restriction or targets on which it can be spent. It is distributed on the same basis as NNDR payments.

Spending Review (SR): Sets Departmental spending plans for Spending Review Period. SR10 covers the years 2011-12 to 2014-15 inclusive.

Subsidy: A grant (ie an unrequited payment) to a producer or trader which is deemed to benefit the consumer by reducing the selling price of the products.

Supplementary Estimate: A Supplementary Estimate is presented to Parliament during the course of the financial year to obtain additional money either for a new service or to make good an under-provision for existing services.

Supply Expenditure: Expenditure by Central Government voted by Parliament.

Supply Grants: Grants covering the financial year 1 April to 31 March, approved annually by Parliament for the Supply Services and based on the Estimates. They are accounted for in the annual Resource Accounts.

Trading Fund: These are bodies established under the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990. Organisations that are so designated normally earn their income from fees and charges, with more than 50 per cent coming from trading activities.

CORPORATE DIRECTORY

1. Department for Communities and Local Government
   Eland House
   Bressenden Place
   London. SW1E 5DU
   Tel: 0303 444 0000
   Web site: http://www.communities.gov.uk.

The website carries a wide range of information on the Department. In addition to these accounts, the Department publishes a wide range of reports, leaflets and fact-sheets about aspects of its businesses.

2. The Planning Inspectorate
   Temple Quay House
   2 The Square
   Bristol BS1 6PN
   Tel: 0117 372 8000
   Web site: http://www.planning-inspectorate.gov.uk

Details of all publications issued by the Department for Communities and Local Government, including those referred to in this report, can be found on our website

www.communities.gov.uk

You can also find details of publications by email to:

product@communities.gsi.gov.uk

TSO
information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, telephone, fax and email
TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Parliamentary Bookshop
12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/general enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: http://www.bookshop.parliament.uk

TSO@Blackwell and other accredited agents

Customers can also order publications from:
TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Telephone orders/general enquiries: 028 9023 8451
Fax orders: 028 9023 5401

ISBN 978-0-10-297209-2

9 780102 972092