

Department for Levelling Up, Housing and Communities

Main Estimate 2022-23: Estimates Memorandum

1. Overview

This memorandum for 2022-23 provides the Levelling Up, Housing and Communities Select Committee with details of the strategic overview and objectives of the Department along with a summary of the key budgets that will enable the Department to meet these objectives.

1.1 Objectives

DLUHC's objectives, as will be set out fully in its Outcome Delivery Plan (due for publication later this spring), are as follows:

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

The budgets held by the Department and the expenditure that is undertaken are in support of these objectives. Details of the spending that relates to each objective is given in Section 3.

1.2 Spending controls

DLUHC's spending is broken down into several different spending totals, for which Parliament's approval is sought.

The spending totals on which Parliament votes are:

- **Resource Departmental Expenditure Limit (Resource DEL or RDEL)** – this budget covers current expenditure and comprises two distinct types of budgets:
 - *Programme budgets* which fund the current expenditure of delivering programmes (e.g. the legal costs associated with capital grant programmes); and
 - *Administration budgets* which fund the costs of running the Department (and its arm's-length bodies) including accommodation and pay.

DLUHC is unusual among Government Departments in that it has two Resource DEL budgets. These are to cover the Department's core function (the 'Communities' budget) and those which are exclusively delivered through local authorities (the 'Local Government' budget).

- **Capital Departmental Expenditure Limit (Capital DEL or CDEL)** – this budget covers expenditure on assets, investment and capital grants and comprises two distinct types of budgets:
 - *Capital grant budgets* which fund capital costs of delivering programmes; and
 - *Financial transaction budgets* which fund programmes that provide financial instruments such as loans or purchase of equity.
- **Resource Annually Managed Expenditure (Resource AME or RAME)** – this budget covers current expenditure that is inherently volatile or demand-led meaning that Departments do not always have the ability to manage spending, for example, impairments, provisions and pension scheme movements.

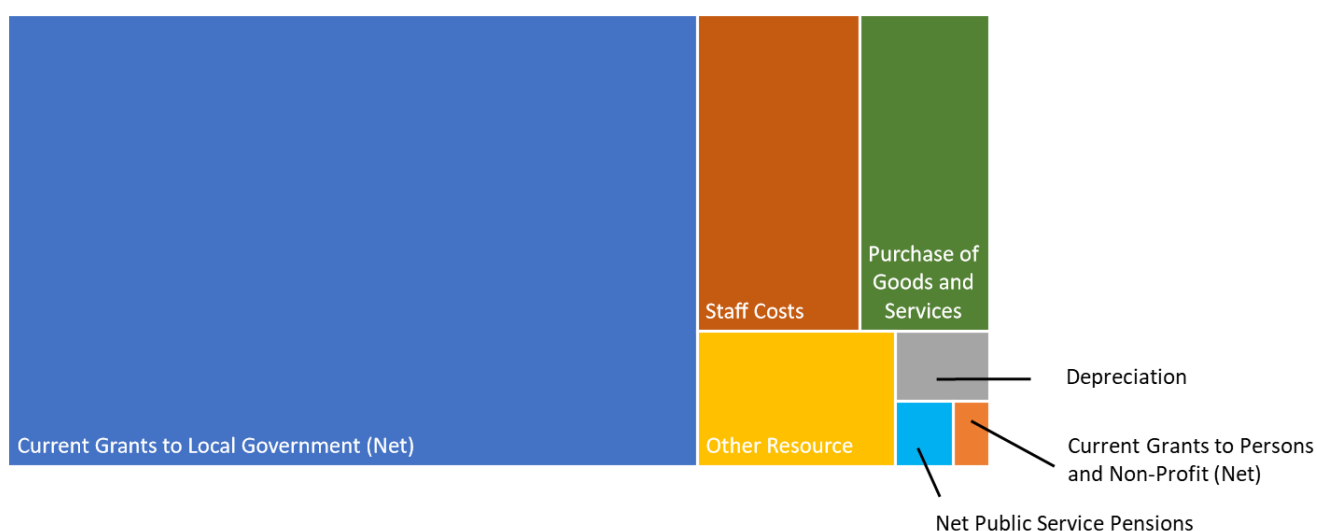
In addition, Parliament votes on a net cash requirement, designed to cover the elements of the above budgets which require DLUHC to pay out cash in year.

1.3 Main areas of spending

The graphics below shows the main components of DLUHC's proposed budget for 2022-23. They also show the proportions of funds spent on its main activities.

1. Communities Resource DEL (Programme and Administration): Total budget £3.1bn

Graph 1



2. Local Government Resource DEL: Total budget £11.8bn

The totality of Local Government DEL Resource budget of £11.8bn is spent on current grants and payments to Local Government.

3. Capital DEL (Grants and Financial Transactions): Total budget £9.6bn

Graph 2



4. Resource Annually Managed Expenditure (AME): Total budget £15.1bn

The Resource AME budget is held for Business Rate transactions and to support the Department's portfolio of housing investments and guarantees.

1.4 Comparison of spending totals sought

The table below shows how the totals sought for DLUHC at Main Estimate 2022-23 compared with Supplementary Estimate 2021-22 and Main Estimate 2021-22 budgets.

Table 1

Spending Total		Compared to final budget last year		Compared to original budget last year	
Amounts sought this year for Main Estimate 2022-23		Supplementary Estimate 2021-22		Main Estimate 2021-22	
Spending Type	£ m	£ m	%	£ m	%
Resource DEL (Communities)	3,100	13	0%	111	4%
Resource DEL (Local Government)	11,766	(9,688)	(45%)	(5,705)	(33%)
Capital DEL	9,584	2,232	30%	762	9%
Resource AME	15,098	4,253	39%	(144)	(1%)

1.5 Key drivers of spending changes since last year

Communities Resource DEL

Compared to final budget last year (Supplementary Estimate 2021-22)

The Department's Resource DEL budget at Main Estimate 2022-23 is £13m (0%) greater than the final budget sought at Supplementary Estimate 2021-22.

Some 2022-23 budgets are higher due to new funding provided in the Spending Review 2021. When compared to the Supplementary Estimate, budgets are £272m higher for the UK Shared Prosperity Fund.

The new funding is offset by reductions in budgets including £109m for Homelessness and Rough Sleeping, £95m for UK Community Renewal Fund and £66m for New Homes Bonus.

A portion of our Resource DEL budget relates to the Department's administration budget; of the overall budget, the administration budget amounts to £343m, a decrease of £1.8m since Supplementary Estimate 2021-22. More details on this year's spend and how it compares to previous years can be found below in Section 1.8.

Compared with original budget last year (Main Estimate 2021-22)

The Department's Communities Resource DEL budget at Main Estimate 2022-23 is £111m (4%) higher than the Main Estimate budget in 2021-22.

The majority of this change is due to the impact of increased funding awarded at Spending Review 2021 as compared to Main Estimate 2021-22 including £272m for the UK Shared Prosperity Fund, £44m for Supporting Families and £30m for Elections, Union and Constitution programmes. This has been partially offset by a reduction in the UK Community Renewal Fund of £170m, which is due to complete in 2022-23, and a change in funding for the New Homes Bonus, which is £66m lower than the Main Estimate budget 2021-22.

Local Government Resource DEL

Compared to final budget last year (Supplementary Estimate 2021-22)

The Local Government Resource DEL budget has decreased by £9.7bn compared with the Supplementary Estimate in 2021-22. This change is largely due to a reduction of £8.9bn in budget for Covid-19 measures, £3.1bn for Council Tax Rebate and offset by increases of £0.9bn for Adult Social Care grants, £0.8bn for New Services grant and £0.6bn for business rate reliefs.

Compared with original budget last year (Main Estimate 2021-22)

The Local Government Resource DEL budget has decreased by £5.7bn compared with the Main Estimate in 2021-22. This change is largely due to a reduction of £8bn in budget for Covid-19 measures and offset by increases of £0.9bn for Adult Social Care grants, £0.8bn for New Services grant and £0.6bn for business rate reliefs.

Capital DEL

The Department's capital budgets can be split into two areas: 'Capital Grant' and 'Capital Financial Transactions' where we have Main Estimate budgets of £6.0bn and £3.6bn respectively.

Compared to final budget last year (Supplementary Estimate 2021-22)

The Department's Capital DEL budget at Main Estimate 2022-23 is £2.2bn (30%) higher than the budget allocated at Supplementary Estimate 2021-22.

Capital Grant – The Department's capital grant budget is £1.5bn higher at Main Estimate 2022-23 compared with the Supplementary Estimate 2021-22. At programme level – the biggest increases were £1.4bn for Affordable Homes 21-26 programme, £537m for the Building Safety Fund and £418m for investment in the Levelling Up Home Building Fund, set against a net decrease of £450m for the Getting Building Fund and £420m for Affordable Homes 16-23 programme. Explanations are set out in Section 2.

Capital Financial Transactions – £739m of the net increase covers the demand-led Help to Buy Scheme and the department's investment programmes which generate income that can be recycled to fund further spending, including the Home Building Fund – Long Term and the Levelling Up Home Building Fund. The budget set for the Help to Buy scheme is based on our current assessment of demand for 2022-23 – this is £208m higher than the budget at Supplementary Estimates. Explanations are set out in Section 2.

Compared with original budget last year (Main Estimate 2021-22)

Capital Grant – The Main Estimate budget for 2022-23 is £94m higher than the Main Estimate in 2021-22. This has mainly been driven by a £319m increase in budget for Building Safety and £441m increase in budget for the GLA Affordable Housing programme. This has been partially offset by decreased funding of £450m for the Getting Building Fund, £147m for the Affordable Homes programme and £83m for Accelerated Construction.

Capital Financial Transactions – The Main Estimate budget for 2022-23 is £668m higher than the Main Estimate in 2021-22. £564m of the increase can be attributed to the demand-led Help to Buy Scheme and £418m to the Levelling Up Home Building Fund. This has been partially offset by decreased funding of £144m for the Home Building Fund – Short Term Fund and £140m for the Housing Delivery and Diversification Fund.

For fuller details of amounts allocated to the Department, please see Table B which is an annex to this document.

Resource AME

Compared to final budget last year (Supplementary Estimate 2021-22)

The Resource AME budget for 2022-23 has increased by £4.3bn from the Supplementary Estimate 2021-22. The change is largely driven by an overall increase of £4.6bn for business rates related budgets which had been lower in 2021-22 due to the effects of Covid-19 on outturn which was reflected at the Supplementary Estimate.

Compared with original budget last year (Main Estimate 2021-22)

The Resource AME budget has increased by £16m from Main Estimate 2021-22. Whilst the Local Share of business rates is £2.5bn higher than last year, this is largely offset by an equivalent £2.5bn reduction in deficit on collection payments.

1.6 New policies and programmes; ambit changes

The ambit is a description of the services or purposes to which expenditure and income are to be put in respect of each of the relevant budget control totals.

The Department has amended the ambit wording to remove specific references to “controlling migration and providing integration support to British Nationals” from Afghanistan and Hong Kong. This is because these functions, along with support for those arriving under the Government’s Ukraine support programmes, are already covered by existing provision for “emergency assistance and financial support to local authorities and communities”.

The Department has amended the ambit wording to remove reference to “supporting communities to respond and recover from Covid-19”, as the emergency response component is covered by provision for “emergency assistance and financial support to local authorities and communities” and the recovery component is covered by provision for “supporting local authorities and communities”.

The Department has also amended the ambit wording where appropriate, to reflect its transition from the Ministry of Housing, Communities and Local Government, to the Department for Levelling Up, Housing and Communities.

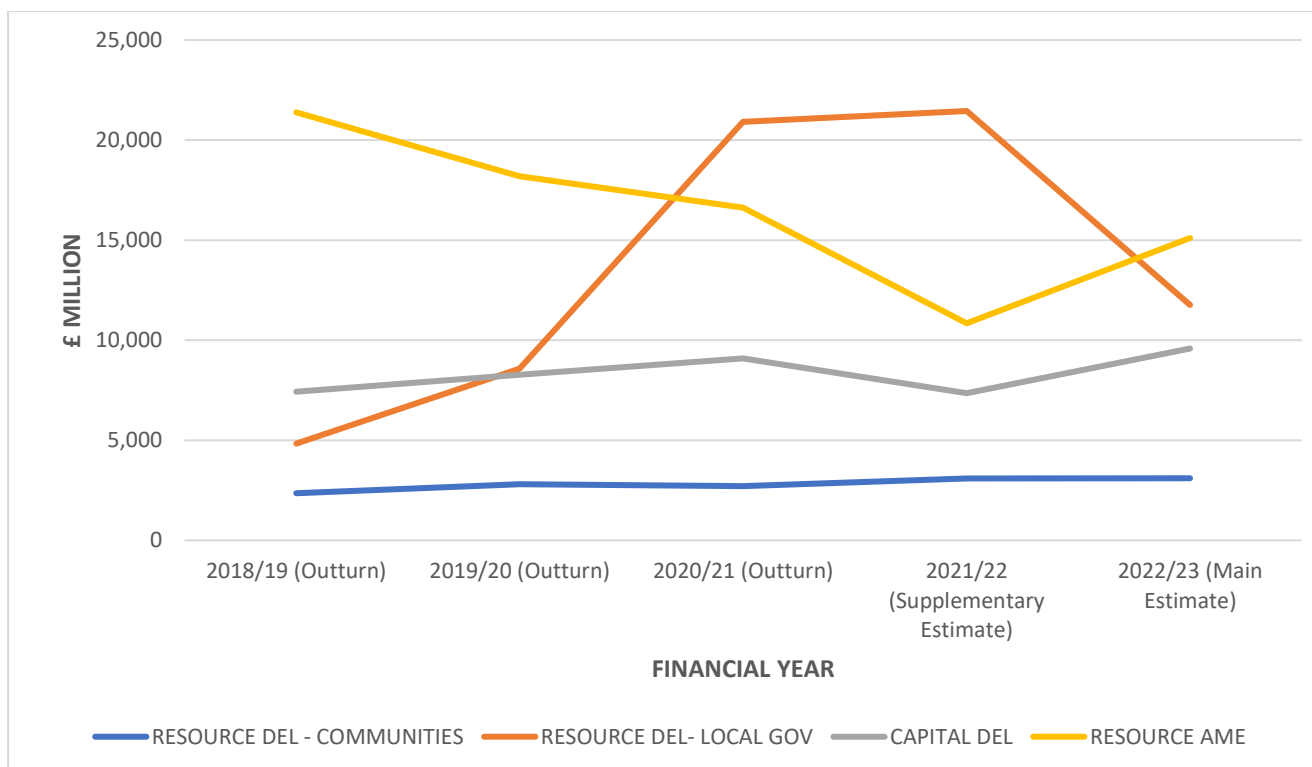
The Department has further amended the ambit wording to make provision for income arising from the UK-wide delivery of insurance products to rectify building safety issues. The revised paragraph now reads as follows: “Delivery of the Building Safety portfolio and energy performance regime.” The Department has also amended the ambit wording in relation to the same products under the AME heading from “provisions” to “provisions for future liabilities” to accurately capture the insurance products.

The Department has removed a line for the income arising in Local Government Resource DEL budgets, relating to financial support to local authorities and specified bodies including Business Rate Relief Measures and other grant payments, due to the timing of payments.

1.7 Spending trends

The chart below shows overall spending trends for the last four years and plans presented in the Main Estimate for 2022-23.

Graph 3



Communities RDEL

Overall, spending on Communities RDEL has been relatively stable in past years. Last year saw an increase at Supplementary Estimate 2021-22, mainly driven by the Machinery of Government (MoG) transfer of functions from the Cabinet Office, including the Union and Elections. The settlement for 2022-23 at Spending Round 2021 will see an increase of £13m compared to 2021-22.

Capital DEL

In line with the Government's ambition for housing and commitment to improving building safety, the Department has spent increasing amounts on its CDEL programmes each year (£6.6bn in 2015-16 compared to £9.5bn planned spend in 2022-23).

The capital budget at Main Estimate 2022-23 is higher than Supplementary Estimate 2021-22 due to housing and building safety programmes.

Local Government RDEL

Part of the Department's remit is to manage and provide funding to local government for services on behalf of central government. All our spending on Local Government DEL and almost all the Department's Annually Managed Expenditure (AME) is for Local Government.

Local Government DEL increased significantly last year as part of the response to Covid-19. Core funding remained relatively stable. However, the settlement for 2022-23 at Spending Round 2021 will see an increase of £1.8bn against baseline for core funding to help meet funding pressures in Adult Social Care and other services.

Resource AME

The Department's AME budget for 2022-23 has increased by £4.3bn from the Supplementary Estimate 2021-22. The change is largely driven by an overall increase of £4.6bn for business rates related budgets which had been lower in 2021-22 due to the impacts of Covid-19.

The retained element of business rates (the local share) scores as AME in DLUHC's Estimate. There was a year-on-year reduction in 2021-22 following the impact of Covid-19 on collected business rates. The value of the Local Share for 2022-23 is £2.5bn higher than at the Main Estimate for 2021-22 and £3.9bn higher than at Supplementary Estimate following the impact of outturn adjustments in respect of 2020-21.

1.8 Administration costs

Table 2

Spending total amounts sought this year Mains Estimate 2022-23		Compared to final budget last year Supplementary Estimate 2021-22		Compared to original budget last year Main Estimate 2021-22	
		£ m	%	£ m	%
Administration non ringfenced	£302.5m	(22.5)	(7%)	(11.4)	(4%)
Administration ringfenced (depreciation)	£40.7m	20.7	104%	20.7	104%
Total	£343.2m	(1.8)	(1%)	9.3	3%

Through the Spending Review 2021, the Department received a non-ringfenced admin budget for 2022-23 of £317m, of which £21m transferred to ringfenced in respect of the implementation of the International Financial Reporting Standard 16 (Leases).

Further changes have been made to the Department's administration budget at the Main Estimate, primarily an additional £5m to cover the Department's new Elections, Union and Constitution functions.

1.9 Funding: Spending Review and Budgets

Spending Review 2021 set the overall Departmental budget for resource and capital expenditure for 2022-23.¹

Total Communities DEL budget of £11.6bn was made available at Spending Review 2021, of which £2.6bn was Resource DEL and £9bn was Capital DEL. A further £601m of Capital DEL budget was transferred from 2021-22 into 2022-23.

At Main Estimates we had an additional material transfer of funding from Local Government DEL to Communities DEL of £0.6bn for the New Homes Bonus. The 'Homes for Ukraine' new burdens tariff for Local Authorities, of £10,500 per beneficiary arriving through the scheme has been announced, alongside a £350 per sponsor household thank you payment, payable for up to twelve months subject

¹ <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

to the length of time for which accommodation is provided, for hosting Ukrainian guests. We have in principle agreement from HMT to access the reserve for these. We will update budget at the Supplementary Estimate when fuller information on Ukrainian arrivals is available.

Total Local Government DEL budget of £11.7bn was made available at Spending Review 2021, all of which was Resource Del.

At Main Estimates £0.6bn was transferred to Communities DEL for New Homes Bonus and there was a near equivalent increase for business rate movements.

1.10 Funding: other spending announcements

There were no major additional spending announcements for 2022-23.



2 Spending detail

2.1 Explanations of changes in spending

In the following tables, differences of more than 10% **and** more than £10m or more than 5% **and** £200m are explained in a note beneath the relevant table.

Resource DEL - Communities

The table below shows how DLUHC's spending plans for Resource DEL (Programme and Administration) in the Communities Budget compare with the 2021-22 Supplementary Estimate. Our administration budgets appear on several estimate rows. This is primarily because administration spending in our arm's-length bodies (ALBs) appears on different estimate rows to spend in the core department. Elections budget relates to funding by-elections and is non-voted expenditure.

Table 3

Resource DEL					
Sub-Head	2022-23 Main Estimate budget sought	2021-22 Supplementary Estimate budget approved	Change from Supplementary Estimate 2021-22		See note number
	£ million	£ million	£ million	%	
Local Government & Public Services	170.8	188.7	(17.9)	(9%)	
Housing & Planning	1,767.9	1,989.4	(221.5)	(11%)	1
Local Growth & Devolution	560.0	361.6	198.4	55%	2
Elections, Union and Constitution	29.5	0.0	29.5	100%	3
Research, Data & Trading Funds	7.2	12.0	(4.8)	(40%)	
DLUHC Staff, Building and Infrastructure Costs	259.4	276.0	(16.6)	(6%)	
Supporting Families	208.9	168.3	40.6	24%	4
Elections	7.7	90.9	(83.2)	(92%)	5
Departmental Unallocated Provision	88.9	0.0	88.9	100%	6
Total RDEL DLUHC	3,100.3	3,086.9	13.4	0%	

Notes

- Housing & Planning:** The 2022-23 local government finance settlement for the New Homes Bonus grant to local authorities has reduced by £66m as legacy payments are to be phased out. The reduction in budget across some Homelessness & Rough Sleeping programmes reflects the discontinuation of time-limited COVID-related funding including the exceptional top up to the Homelessness Prevention Grant put in place to support tenants in Covid-19 related Rent arrears

(£65m), the Protect and Vaccinate Programme (£28.1m) and Contingency Funding (£10m). A £32m reduction in the Home Building Fund is due to additional budget that was agreed at 2021-22 Supps to cover budgeting changes relating to IFRS 9 accounting standard not being carried to Mains, however DLUHC intends to make a similar reserve claim at this year's Supplementary Estimate.

2. **Local Growth & Devolution:** The largest driver in the budget increase is £272m for the creation of the UK Shared Prosperity Fund for 2022-23. There is also £20m of new funding for the Levelling Up Fund for capacity and capability funding. This is offset by a £95m reduction in budget for the UK Community Renewal Fund as it winds down.
3. **Elections, Union and Constitution:** This balance relates to responsibilities for Union, Constitution and Elections, received via a Machinery of Government transfer from the Cabinet Office to DLUHC, which has now been allocated to its own estimate row, having previously been recorded in 'Local Government and Public Services'.
4. **Supporting Families:** The increase in budget being provided in 2022-23 is to help expand the current programme to deliver to more families.
5. **Elections:** There has been a reduction in budget of £83m as the budget in 2021-22 included funding required for the PCC elections in May 2021.
6. **Departmental Unallocated Provision:** This unallocated provision allows the Department flexibility to adjust budgets in response to market conditions and emerging priorities, as recommended by HMT.

Resource DEL – Local Government

The table below shows how DLUHC's spending plans for Resource DEL in the Local Government Budget compare with 2021-22 Supplementary Estimate.

Note that Local Government Resource DEL is not mapped to Departmental Strategic objectives.

Table 4

Local Government Resource DEL					
Sub-Head	2022-23 Main Estimate budget sought	2021-22 Supplementary Estimate budget approved	Change from Supplementary Estimate 2021-22		See note number
	£ million	£ million	£ million	%	
Revenue Support Grants	1,672.1	1,621.6	50.5	3%	
Other Grants and Payments	10,006.3	19,795.1	(9,788.8)	(49%)	1
Business Rates Retention	87.5	36.9	50.6	137%	2
Total Local Government RDEL	11,765.9	21,453.6	(9,687.7)	(45%)	

- Other Grants and Payments:** The change is largely due to a reduction of £8.9bn in budget for Covid-19 measures, £3.1bn for Council Tax Rebate and offset by increases of £0.9bn for Adult Social Care grants, £0.8bn for New Services grant and £0.6bn for business rate reliefs.
- Business Rates Retention:** Take up for Safety Net on account payments has increased in 2022-23 over 2021-22. Claims from two London authorities (Westminster and the GLA) account for most of the payments - £77m.

Capital DEL- Communities

The table below shows how DLUHC's spending plans for Capital DEL in the Communities Budget compared with 2021-22 Supplementary Estimate.

Table 5

CAPITAL DEL - GRANT					
Sub-Head	2022-23 Main Estimate budget sought	2021-22 Supplementary Estimate budget approved	Change from Supplementary Estimate 2021-22		See note number
	£ million	£ million	£ million	%	
Local Government & Public Services	146.8	119.0	27.8	23%	1
Housing & Planning	4,777.3	2,802.7	1,974.6	70%	2
Local Growth & Devolution	1,059.2	1,561.1	(501.9)	(32%)	3
Research, Data & Trading Funds	9.3	9.5	(0.2)	(2%)	
DLUHC Staff, Building and Infrastructure Costs	13.4	21.4	(8.0)	(37%)	
Supporting Families	0.8	0.0	0.8	100%	
Total CDEL Grant DLUHC	6,006.8	4,513.7	1,493.1	33%	

CDEL Grant

- 1. Local Government & Public Services:** £20m of budget increase is due to the anticipated start of the construction of the Holocaust Memorial and learning centre, and an increased level of construction spend.
- 2. Housing & Planning:** There is a £1.1bn increase in the Affordable Homes Programme due to the expectation of an increase of 5,000 completions and 21,000 site starts compared to 2021-22. The Building Safety Fund forecast has increased by £537m since 2021-22 Supplementary Estimates. This is based on the expected trajectory of the pace of the remediation work as the programme builds momentum and is expected to be much higher in 2022-23 than 2021-22. There is a £128m increase for the First Homes pilot scheme which started last financial year however the majority of which is scheduled for this year. A £410m increase in the Housing Infrastructure Fund is due to the different lifecycle stages of the various projects which make up the fund currently, resulting in more funding required for contractual commitments in 2022-23 compared to 2021-22.
- 3. Local Growth & Devolution:** The main driver in the budget reduction is the ending of the Getting Building Fund which had a £450m spend in 2021-22.

Table 6

CAPITAL DEL - FINANCIAL TRANSACTIONS					
Sub-Head	2022-23 Main Estimate budget sought	2021-22 Supplementary Estimate budget approved	Change from Supplementary Estimate 2021-22		See note number
	£ m	£ m	£ m	%	
Local Government & Public Services	(13.5)	(42.3)	28.8	(214%)	4
Housing & Planning	3,590.5	2,880.4	710.1	20%	5
Local Growth & Devolution	0.0	(0.2)	0.2	100%	
Total CDEL FT DLUHC	3,577.0	2,837.9	739.1	21%	

CDEL FT

- 4. Local Government & Public Services:** There is a £29m increase in spending related to the London Settlement due to a forecast reduction in legacy income in 2022-23.
- 5. Housing and Planning:** There is a £208m increase in the Help to Buy programme due to an anticipated increase in demand in the housing market. There is also a £172m increase related to the Home Building Fund due to a reduced forecast of income from loan repayments and £418m for the new Levelling up Home Building Fund.

The table below shows how spending plans for Resource AME compared with 2021-22 Supplementary Estimate. Note that Resource AME is not mapped to Outcome Delivery Plan objectives.

Table 7

Resource AME					
Sub-Head	2022-23 Main Estimate budget sought	2021-22 Supplementary Estimate budget approved	Change from Supplementary Estimate 2021-22		See note number
	£ m	£ m	£ m	%	
Other Grants and Payments	0.0	(4,109.6)	4,109.6	(100%)	1
Local Government & Public Services	(21.0)	(14.4)	(6.6)	46%	
Housing & Planning	1,584.4	1,869.7	(285.3)	(15%)	2
Non-Domestic Rates Outturn Adjustments	350.0	350.0	0.0	0%	
Local Growth & Devolution	5.0	11.0	(6.0)	(55%)	

DCLG Staff, Building and Infrastructure Costs	(0.2)	1.2	(1.3)	(115%)	
Research, Data and Trading Funds	0.0	2.0	(2.0)	(100%)	
Business Rates Retention	13,179.8	12,735.2	444.6	3%	
Total Resource Government AME	15,098.0	10,845.1	4,252.9	39%	

- 1. Other Grants and Payments:** The £4.1bn income budget at the 2021-22 Supplementary Estimate followed the publication of NNDR outturn adjustments for 2020-21. Any equivalent adjustments in 2022-23 in respect of 2021-22 outturn will be reflected in the Supplementary Estimate later in the year.
- 2. Housing & Planning:** There is a £100m reduction in the Help to Buy fund due to a reduced forecast of the Housing Price Index growth since 2021-22 Supplementary Estimates. The Single Land Programme budget has reduced by £62m due to Homes England's impairment risk financial model calculating a lower projected risk for 2022-23 Main Estimates than 2021-22 Supplementary Estimates. The Private Rental Sector Guarantee Scheme budget has been reduced by £76m due to a combination of a decrease in the size of its portfolio and no guarantees being drawn over the final quarter of the 2021-22 financial year.

2.2 Restructuring

No restructuring that has significantly affected budget structures has taken place this year. There were also no new Machinery of Government changes.

2.3 Ring-fenced budgets

Within the totals, the following elements are ring-fenced. This means that savings in these budgets may not be used to fund pressures on other budgets.

Resource DEL

Table 8

Spending total amounts sought this year Main Estimate 22-23		Compared to final budget last year.		Compared to original budget last year	
		Supplementary Estimate 21-22		Main Estimate 2021-22	
		£ million	%	£ million	%
Depreciation Programme	8.4	0.9	11%	0.9	11%
Depreciation Administration	40.7	20.7	104%	20.7	104%
UKSPF	271.8	271.8	100%	271.8	100%

Capital DEL

Table 9

Spending total amounts sought this year Main Estimate 22-23		Compared to final budget last year		Compared to original budget last year	
		Supplementary Estimate 21-22		Main Estimate 2021-22	
		£ million	%	£ million	%
Financial Transactions	3,577.0	739.1	26%	667.5	23%
Changing Places	20.0	15.0	300%	(10.0)	(33%)
UKSPF	30.0	30.0	100%	30.0	100%

2.4 Changes to contingent liabilities

At Main Estimate, the following changes have been made to contingent liabilities held by the Department:

- In 2019-20, the department provided a letter of comfort to the Queen Elizabeth II Conference Centre to confirm that a loan will be provided if required, in accordance with the Framework Agreement between the department and the trading fund. The department laid a Statutory Instrument on the 8th June 2021 to increase the trading fund's borrowing limit from £2m to £12m. At 31 March 2022, the department had loaned the trading fund £4.6m, an increase of £3.4m since the Supplementary Estimate.
- The Department operates a guarantee scheme for the affordable housing sector (AHGS), and at 31st December 2021 £3.2bn has been drawn down and is covered by the guarantee scheme. The AHGS closed to applicants in March 2016 and the programme is now in the portfolio management and monitoring phase, meaning there will be no new applicants or approvals. Therefore, there will be no further drawing against this scheme. The financial guarantees as at 31 December 2021 are recognised in the Statement of Financial Position with a value of £28.6m, an increase of £0.8m since the Supplementary Estimate.
- The Department has provided a guarantee scheme for the private rented sector, guaranteeing debt of no more than £3.5bn. At 31 December 2021, the Department has approved borrowing of circa £1.8bn of which £1.6bn has been drawn down and is covered by the guarantee scheme. The guarantees have been valued in accordance with IFRS 9 and have been recognised as a financial guarantee in the Statement of Financial Position as at 31 December 2021 with a value of £89.8m, an increase of £5.6m since the Supplementary Estimate.

3 Priorities and performance

3.1 How spending relates to objectives

The table below shows how expenditure against subhead descriptions contributes to Departmental priorities under the Outcome Delivery Plan.

Table 10

Estimate subhead	Levelling Up the UK	Strengthen the Union to ensure that its benefits, and the impact of levelling up across all parts of the UK, are clear and visible to all citizens	Enable strong local leadership and increase transparency and accountability for the delivery of high quality local public services; and improve integration in communities	Make sure everyone has a high-quality, secure and affordable home to call their own in a sustainable community they are proud of	Ensure that buildings are safe and system interventions are proportionate	Other – Administration, Local Government Resource DEL and Resource AME	Total
<i>All figures £ millions</i>							
A Local Government & Public Services	-	-	270.6	(13.5)	27.0	-	284.1
B Housing & Planning	-	-	543.5	2,030.1	982.6	1.2	3,557.4
C Local Growth & Devolution	721.0	-	-	898.3	-	-	1,619.3
D Elections, Union and Constitution	-	29.5	-	-	-	-	29.5
E Supporting Families	-	-	209.7	-	-	-	209.7
F Research, Data & Trading Funds	-	-	-	6.0	-	10.5	16.5
G DCLG Staff, Building and Infrastructure Costs	-	-	-	-	-	272.8	272.8
H Departmental Unallocated Provision	-	-	-	-	-	88.9	88.9
I Local Government & Public Services (ALB)(Net)	-	-	1.9	-	-	18.2	20.1
J Housing & Planning (ALB)(Net)	-	-	0.6	6,504.1	7.8	65.7	6,578.2

K Elections	-	-	7.7	-	-	-	7.7
L Revenue Support Grant	-	-	-	-	-	1,672.1	1,672.1
M Other Grants and Payments	-	-	-	-	-	10,006.3	10,006.3
N Business Rates Retention	-	-	-	-	-	87.5	87.5
O Local Government & Public Services	-	-	-	-	-	(19.3)	(19.3)
P Housing & Planning	-	-	-	106.2	-	0.2	106.4
Q Local Growth & Devolution	-	-	-	-	-	5.0	5.0
R DCLG Staff, Building and Infrastructure Costs	-	-	-	-	-	(0.2)	(0.2)
S Non-Domestic Rates Outturn Adjustments	-	-	-	-	-	350.0	350.0
T Local Government & Public Services (ALB)(Net)	-	-	-	-	-	(1.7)	(1.7)
U Housing & Planning (ALB)(Net)	-	-	-	-	-	1,477.9	1,477.9
V Business Rates Retention	-	-	-	-	-	13,179.8	13,179.8
Total	721.0	29.5	1,034.0	9,531.2	1,017.4	27,214.9	39,548.0

Local Government Resource DEL, Communities Resource DEL Administration and Resource AME budgets are not allocated to Departmental Objectives.

3.2 Measures of performance against each priority

The priority outcomes for the Department due to be published in its Outcome Delivery Plan in July 2022 are:

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

As agreed at the Spending Review, outcomes and metrics and trajectory development for the SR period will be agreed with HM Treasury. The new outcomes and metrics will reflect the changing remit of the department.

The Department reports and monitors progress against objectives each month in performance reports to the Executive Team and our portfolio boards.

3.3 Major projects

DLHUC's portfolio of major projects and programmes onboarded to the Government Major Projects Portfolio (GMPP) increased to a total number of 10 in 2021-22. DLUHC's GMPP programmes, spread across Regeneration, Safer & Greener Buildings, Local Government and Union & Constitution, benefit from IPA-led assurance, IPA support and are subject to quarterly reporting to the IPA. Please find below a high-level overview of the department's GMPP programmes:

- **Building Safety Programme (ACM Remediation):** This programme was established to ensure the removal of unsafe ACM cladding from all high-rise residential buildings in England. The scope of the programme includes all public and private sector buildings including student accommodation and hotels. This is a 5-year project, in its third year, with a forecasted whole life cost of £0.54bn.
- **Building Safety Programme (non-ACM Remediation):** This programme was established to set up and manage the Building Safety Fund (BSF) to remediate high rise residential buildings in England with unsafe non-ACM cladding. In the private sector the BSF is for the benefit of the leaseholder in buildings for which another funding solution is not available. For social sector applicants, the fund will pay for leaseholders' costs and provide support to those applicants that evidence their unaffordability and threat to their financial standing. This project in its second year, with a forecasted whole life cost of £4.5bn.
- **Electoral Integrity Programme:** The programme's objectives include delivering for May 2023/24 elections the following:
 - The 2019 Manifesto commitments of voter identification, easier overseas elector voting, removal of 15-year limit on overseas electors' voting rights and improved election security and integrity;

- This is a 5 year project in its third year, with a forecasted whole life cost of £1.23bn.
- **Freeports:** The English Freeports programme supports the government's ambition to boost international trade and economic growth. Prospective Freeports were selected through an open assessment and eight prospective Freeport locations were selected: Teesside, Humber, East Midlands, Freeport East, Liverpool, Thames, Solent and Plymouth. Seed funding for Freeports is expected to total £200m and last until the end of 2025.
- **Grenfell Site and Programme:** The Government took ownership of the Grenfell Tower site in July 2019 and established the Grenfell Site & Programme to deliver the vision of the community-led Grenfell Tower Memorial Commission for a fitting memorial for the bereaved, survivors and Grenfell community, recognising the Grenfell Tower fire tragedy and honouring those who lost their lives. Specifically, the programme objectives are to:
 - Manage the site safely and protect the health and safety of those living, studying and working in close proximity to the site;
 - Realise the vision of the community-led Grenfell Tower Memorial Commission, by delivering a fitting memorial for the bereaved, survivors and local community, and make an evidence-based decision on tower, in line with legal responsibilities as the owner and a public authority;
 - Ensure our approach is trauma informed; and
 - Deliver the vision through rigorous programme management techniques.

The programme is currently expected to last until 2028. The forecasted whole life cost of the programme is £0.34bn.

- **Housing Infrastructure Fund (HIF):** The Housing Infrastructure Fund supports the government's ambition to increase housebuilding to 300,000 homes a year, by providing up front infrastructure to drive housing delivery. It provides £4.35bn grant funding to Local Authorities on a competitive basis for physical infrastructure which are needed to unlock new housing and require public funding to be delivered.
- **Levelling Up Fund (LUF):** The Levelling Up Fund is a £4.8bn fund open to bids from all Local Authorities in the UK, as well as certain public sector and other bodies of Northern Ireland. The capital-only fund will provide grant payments to successful bidders to support town centre and high street regeneration, transport and cultural and heritage projects. This is a 5-year programme in its first year, with a whole life cost of £4.8bn.
- **Planning Reform:** The government proposes significant changes to the focus and processes of planning to modernise the planning system, providing a foundation for levelling up the country by building better homes, greener and beautiful places, supported by the right infrastructure and long-term sustainability. The reformed planning system will make it simpler, quicker and more accessible for local people to engage with, and more certain for developers. This is a multi-year programme in its second year.
- **Towns Fund:** The Towns Fund is a £3.6bn fund investing in towns in England as part of the government's plan to level up our regions. The £2.2bn Town Deals programme aims to regenerate 101 towns and deliver long-term economic and productivity growth. £1bn of the £2.2bn Town fund is available to the Future High Streets Fund competition with the aim to renewing and reshaping town centres and high streets. Of the £3.6bn originally announced

for the Fund, £0.4bn has been redirected to the Levelling Up Fund and Freeports. This is a 7-year programme in its third year.

- **UK Holocaust Memorial and Learning Centre:** This programme is to build a striking new memorial to the Holocaust in Victoria Tower Gardens in Westminster to honour the six million Jewish men, women and children that were murdered during the Holocaust, as well as other victims of Nazi persecution. A learning centre is to be located within the memorial to explore the British relationship to the Holocaust including the role of the British Parliament and democratic institutions. The programme started in 2015 and has a forecasted whole life cost of £0.12bn.

4 Other information

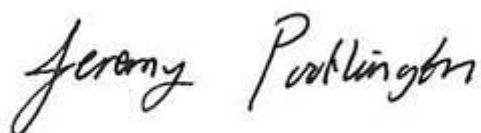
4.1 Additional specific information required by the Select Committee

The Select Committee has not requested any information which has not been addressed in this Memorandum.

5 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by me as Departmental Accounting Officer.



Jeremy Pocklington

Accounting Officer and Permanent Secretary

Department for Levelling Up, Housing and Communities

9 May 2022