



Ministry of Housing,
Communities &
Local Government

To: Meg Hillier MP
Committee of Public Accounts
House of Commons
Palace of Westminster
London
SW1A 0AA

From: David Thomas

25 September 2020

Dear Meg Hillier MP,

Request to extend implementation dates on Public Accounts Committee recommendations

I am writing on behalf of the Accounting Officer for the Ministry for Housing, Communities and Local Government (MHCLG) in response to the letter dated 12th June.

As you are aware, in recent months the focus of MHCLG has been on the response to, and recovery from, the impact of the COVID-19 pandemic. As a consequence, our resources have needed to be redirected to tackle this challenge. This has resulted in changes to our priorities and, in turn, impacted upon the delivery of certain key activities.

I am sorry to say that this includes our progress towards implementing a number of recommendations which were made by the Public Accounts Committee (PAC). While we have successfully implemented several PAC recommendations over recent months within the agreed timeframes, the implementation of a number of recommendations has been delayed by COVID-19.

I attach a summary of the recommendations for which the deadline has passed, or is about to pass, along with explanations as to why an extension is required and a suggested revised deadline. Furthermore, a small number of these recommendations required MHCLG to write to the Committee; again, these deadlines were missed due to the need for the Department to focus on the COVID-19 pandemic. The Department will write to the Committee separately in respect of these recommendations to provide further updates, as set out in the annex.

I am copying this letter to Jeremy Pocklington our Accounting Officer.

Yours sincerely,

David Thomas

Finance Director
Ministry of Housing, Communities and Local Government

Annex A – Outstanding recommendations requiring extensions

Reference	Report	Recommendations	Current implementation date	Proposed implementation date	Rationale for the need to extend
2017-19 #76	Local Government Spending	1. The Department should work with local authorities to collect and analyse evidence on the impacts on value for money and the implications for service users of providing funding through one-off funding streams announced late in the budgetary cycle rather than through long-term funding arrangements. The Department should, within 12 months, write to the Committee detailing the findings from this work and how it will use this evidence base to ensure that both its own funding schemes and those of other departments are structured and announced in a way that delivers maximum value for money.	April 2020	Spring 2021	The Department has now written to the Committee in relation to this recommendation. The Department considered the recommendation made by the Public Accounts Committee to develop further research on local authorities' use of recent social care grants. At the time, the National Audit Office intended to conduct a study on grant funding for local authorities. Given this, Ministers concluded that they should not commission separate work on this set of issues, but should continue to work with the sector on this issue and take into account the findings of the National Audit Office report. The National Audit Office have since cancelled this study as their work programme was reshaped in order to accommodate work focused on the COVID-19 pandemic. This will be considered further following the conclusion of the Spending Review.
2017-19 #85	Auditing Local Government	1. Departments should set out, by the end of September 2019, clear expectations of how local bodies should respond to weaknesses reported by local auditors in 2018–19, including the potential consequences for local bodies who fail to improve.	April 2020	Autumn 2020	The previous deadline of April 2020 was in line with the original proposed date of publication of the Redmond Review. However, this is now planned for September 2020 following the pause in operation due to the COVID-19 pandemic.
		2. Departments should report by the end of September 2019 on how they have made use of the information gathered through their monitoring arrangements in 2018–19 to:	April 2020	Autumn 2020	

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		- identify concerns and examples of good practice for wider sharing; and - challenge local bodies to demonstrate they are strengthening their arrangements.			2018/19, and the deadline for 2019/20 accounts has been extended to 30 November 2020.
		5. Departments should, in their next accounting officer systems statements, expand on: - the use of the assurance provided by local auditors; and - how they will get assurance in areas not covered by local audit, such as how partnerships are held to account for joint decisions and responsibilities.	April 2020	Autumn 2020	The Department's response to the Redmond Review will set out plans for any further action on the Committee's recommendation.
2017-19 #97	Local Government Governance and Accountability	2a. The Department's proposed review of the work of independent auditors should be conducted independently and should ensure that concerns from some local authorities over current fee levels and the contribution of external audit are examined fully and rigorously. The review should make an assessment of whether external audit is providing an effective service and meeting the needs of local authorities.	Spring 2020	Autumn 2020	The previous deadline of April 2020 was in line with the original proposed date of publication of the Redmond Review. However, this is now planned for September 2020 following the pause in operation due to the COVID-19 pandemic. The Department's response to the Redmond Review will set out plans for any further action on the Committee's recommendation.
		2b. If the review identifies an 'expectation gap' as a factor underlying local authorities' concerns with external audit, then the Department should identify how these unmet expectations can be met.			
		4. The Department should assess and monitor the scale of long-term risk that authorities might have exposed themselves to through their commercial investments and ventures.	Autumn 2020	December 2020	Progression of this work was suspended due to the need to focus resources on the COVID-19 response.

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					The department has now started this project and plans to conclude work by the end of this year.
		5a. The Department should set out how it will improve transparency over its engagement on governance issues with individual local authorities, including a review of the information the LGA is required to publish under its sector-led improvement work funded by the Department.	Spring 2020	Summer 2021	Progression of this work was suspended due to the need to focus resources on the COVID-19 response. Due to the expectation that there will be a second wave of COVID-19, and the expectation that resource will remain focussed on responding to this, the Department is unable to commit to restarting this work until the new year after the second wave is expected to have passed.
2017-19 #105	LEP Progress Review	2. The Department should set out how it is going to assess local capacity to scrutinise LEPs' activities and how it will facilitate LEPs' accountability to their local areas. 5. The Department should write to us within three months to set out the results of its analysis of LEP capacity and how it will use this information to improve LEPs' delivery of complex projects.	October 2019	Autumn 2020	The Local Enterprise Partnerships Capacity and Capabilities Assessment was published in August 2020. The Permanent Secretary wrote to the PAC with a summary of the findings on 14 September 2020.
		3. The Department should set out a clear timetable showing how it will meet the April 2020 deadline and what action it will take if local authorities fail to agree on overlapping boundaries.	April 2020	Autumn 2020	The department has worked closely with those areas which had overlapping geography, and continue to do so where overlaps still exist. Since COVID-19 the department has been focusing on the process of recovery. Some overlaps still exist, and so approaches to resolve them are being considered as part of the Devolution and Local Recovery White Paper which is currently being developed.

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		6. The Department should support LEPs to develop robust local industrial strategies based on the economic need of their areas and clearly set out how they will ensure a balance between supporting both high performing areas and areas which are lagging behind.	Spring 2020	December 2020	Progression of this work was suspended due to the need to focus resources on the COVID-19 response, including restarting the economy. The department is working with LEPs, MCAs and other local growth partners to understand their thinking on economic recovery via an Economic Recovery Working Group to ensure this thinking builds on near-finalised Local Industrial Strategies, prioritising new work on those issues which LISs did not address – especially how to restart the economy whilst maintaining social distancing in line with government guidance. This analysis, combined with ongoing analysis of the impacts of the health crisis, should guide strategic thinking in recovery. The department plans to set out further plans on recovery as part of the Devolution and Local Recovery White Paper .
2017-19 #110	Sale of Public Land	2. For future housing programmes, the government should set targets that are challenging but fully supported by a clearly explained rationale and robust evidence on what is achievable. 4. The Ministry for Housing, Communities and Local Government should write to the Committee by October 2019 outlining the actions it will take, and the tools it will use, to accelerate the number of homes built on the land released. The Committee also expects the correspondence to include more detail on the barriers to	September 2020	Spring 2021	As announced by the Prime Minister on 30 June, work will begin to look at a new, ambitious cross-Government strategy to look at how public sector land can be managed and released so it can be put to better use. This will include home building, improving the environment, contributing to net-zero goals and injecting growth opportunities into communities across the country. The department shall therefore write to the Committee following the review.

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		releasing land and how it proposes to overcome these barriers.			
		5. The Ministry for Housing, Communities and Local Government should write to the Committee by October 2019 explaining how it pursues its affordable homes policy. The Committee expects this to include how the land disposal target fits into the overarching strategy for affordable homes and how the Department will interact with local government to deliver this important objective.			
		7a. The Ministry for Housing, Communities and Local Government should better define and justify what it means by terms such as ‘homes’ and ‘new affordable homes’. The Ministry for Housing, Communities and Local Government should fulfil its duty by reporting regularly to Parliament on performance, including an annual progress update and regular data releases throughout the year—quarterly or half-yearly. These updates should include the number and type of housing delivered against each definition—such as affordable homes—and the proceeds from land sales.	September 2020	Spring 2021	Whilst the majority of this recommendation on clarifying programme terms and publication of frequent data releases has been implemented, the final report on the 2015-2020 programme, which was scheduled for delivery in September 2020, has been delayed due to COVID-19 emergency response.
2017-19 #114	Help to Buy Equity Loan Scheme	2. The Department should report to the Committee in spring 2020 on the impact it expects changes to the scheme to have from 2021 and how it will ensure that regional price caps work effectively across regions.	Spring 2020	Autumn 2020	The department has written to the Committee in respect of this recommendation, and will continue provide updates on the progress towards implementing this recommendation through the Treasury Minute. The impact of COVID-19 has disrupted the market, and the department is in the process of

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					evaluating how the future scheme design will interact with the future housing market, which remains highly uncertain. Engagement with developers in planning for the new scheme has continued but focus has necessarily shifted to managing the current scheme and understanding the impact on operations. The department shall therefore aim to respond to this recommendation in the autumn.
		3a. The Department should undertake a further evaluation of the scheme to understand its value and necessity from 2017.	Autumn 2021	December 2021	MHCLG officials proposed to hold a third evaluation of Help to Buy: Equity Loan scheme, covering the time from April 2017 to March 2021. The plan is to commission this in early 2021 and for the work to be complete by end 2021.
		3c. The Department should report back to the Committee in spring 2020 on how it is working with developers to plan the new scheme from 2021, so that it addresses concerns about developers' behaviour and achieves at least as much value.	Spring 2020	November 2020	The department has written to the Committee in respect of this recommendation, and will continue to provide updates on the progress towards implementing this recommendation through the Treasury Minute. Homes England will continue to work with developers until the start of the new Help to Buy: Equity Loan scheme in 2021.