

Ministry of Housing, Communities and Local Government

Main Estimate 2021-22: Estimates Memorandum

1. Overview

Supply Estimates are the means by which the Government seeks authority from Parliament for its own spending each year. The Main Estimate starts this process and is presented to Parliament by the Treasury at the start of the financial year to which it relates.

This memorandum for 2021-22 provides the Housing, Communities and Local Government 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, recognising the impact that COVID-19 has had on the previous year's spending.

1.1 Objectives

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

1. More, better quality, safer, greener and more affordable homes
2. End rough sleeping by investing in effective prevention as well as crisis intervention and reduce homelessness
3. A sustainable and resilient local government sector that delivers priority services and empowers communities
4. Raise productivity and empower places so that everyone across the country can benefit from levelling up
5. An efficient and effective department

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

MHCLG'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.

MHCLG 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 delivered through local authorities (the ‘Local Government’ budget).

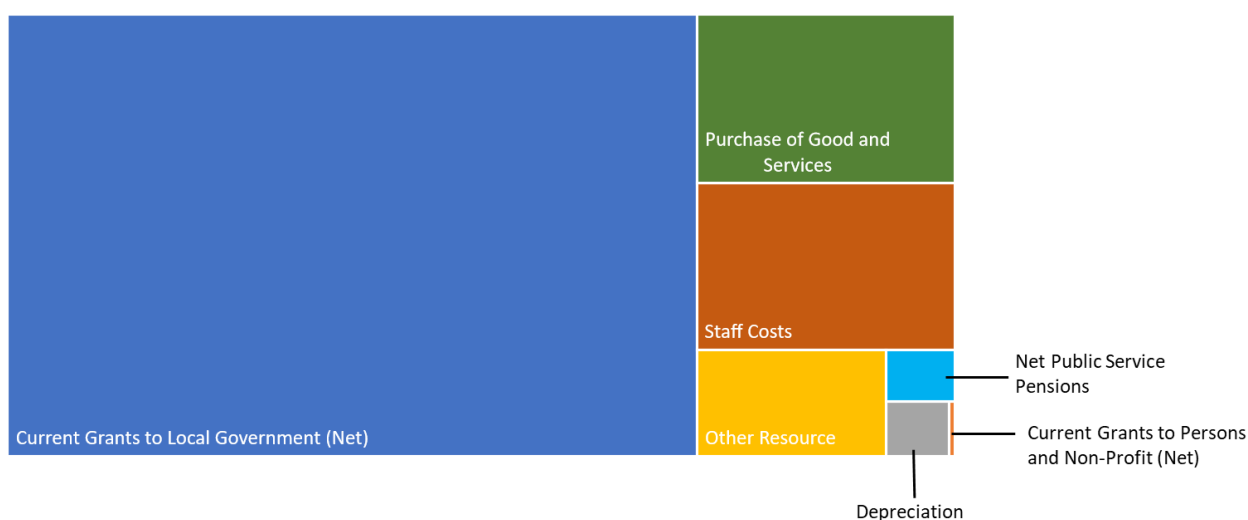
- **Capital Departmental Expenditure Limit (Capital DEL or CDEL)** – this budget covers expenditure on assets, investment and capital grants and comprises two distinct types of budgets:
 - *Capital grant budgets* which fund capital costs of delivering programmes; and
 - *Financial transaction budgets* 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 MHCLG to pay out cash in year.

1.3 Main areas of spending

The graphics below shows the main components of MHCLG’s proposed budget for the current year. They also show the proportions of funds spent on its main activities.

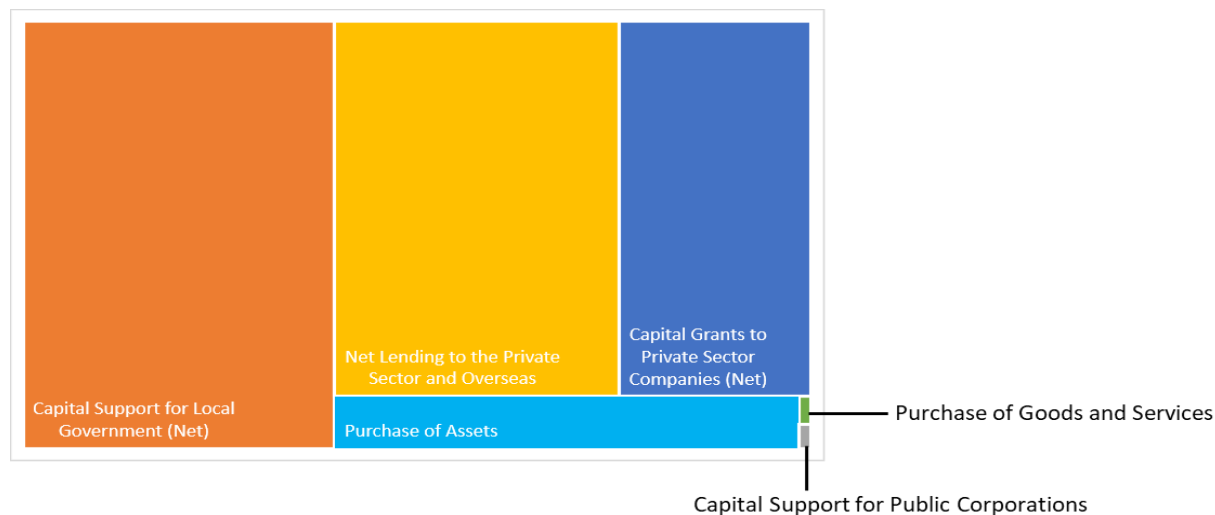
1. Communities Resource DEL (Programme and Administration): Total budget £3.0 billion, 2021-22



2. Local Government Resource DEL: Total budget £17.5 billion, 2021-22

The totality of Local Government DEL Resource budget (£17.5 billion) is spent on current grants and payments to Local Government.

3. Capital DEL (Grants and Financial Transactions): Total budget £8.8 billion, 2021-22



1.4 Comparison of spending totals sought

The table below shows how the totals sought for MHCLG at Main Estimate 2021-22 compared with Supplementary Estimate 2020-21 and Main Estimate 2020-21 budgets.

Spending total amounts sought this year (Main Estimate 2021-22)		Compared to final budget last year. (Supplementary Estimate 2020-21)		Compared to original budget last year (Main Estimate 2020-21)	
£ million		£ million	%	£ million	%
Resource DEL (Communities)	2,989	(262)	(8%)	301	11%
Resource DEL (Local Government)	17,471	(4,014)	(19%)	516	3%
Capital DEL	8,822	(1,664)	(16%)	(4,515)	(34%)
Resource AME	15,242	(3,389)	(18%)	(3,182)	(17%)

1.5 Key drivers of spending changes since last year

Communities Resource DEL

Compared to final budget last year (Supplementary Estimate 2020-21)

The Department's Resource DEL budget at Main Estimate 2021-22 is £262 million (-8%) lower than the final budget sought at Supplementary Estimate 2020-21.

Some 2021-22 budgets are higher due to new funding provided in the Spending Review 2020. When compared to the Supplementary Estimate, budgets are higher for the UK Community Renewal Fund (£200million), Homelessness and Rough Sleeping (£136 million), Domestic Abuse (£98 million) and Planning Reform (£51 million).

The new funding was offset by reductions in non-recurring budgets for Covid-19 (£248 million), lower spending on New Homes Bonus for 2021-22 (£285 million) and reserve claims in respect of IFRS 9 (£231 million). We will be seeking further reserve claims in respect of IFRS 9 at the Supplementary Estimate 2021-22.

A portion of our Resource DEL budget relates to the Department's administration budget; of the overall budget, the administration budget amounts to £314 million, an increase of £7.1 million since Supplementary Estimate 2020-21. More details on this year's spend and how it compares to previous years can be found below in Section 1.9.

Compared with original budget (Main Estimate 2020-21)

The Department's Communities Resource DEL budget at Main Estimate 2021-22 is £301 million (11%) higher than the Main Estimate budget in 2020-21.

The majority of this change is due to the impact of increased funding awarded at Spending Review 2020 as compared to Main Estimate 2020-21 including UK Community Renewal Fund (£200 million), Homelessness and Rough Sleeping (£225 million) and Domestic Abuse (£98 million). This has been partially offset by a change in funding for the New Homes Bonus, which is £285 million lower than the Main Estimate budget 2020-21 and the ending of the Voluntary Right to Buy Pilot Scheme (£25 million).

Local Government Resource DEL

Compared to final budget last year (Supplementary Estimate 2020-21)

The Local Government Resource DEL budget has decreased by £4.0 billion compared with the Supplementary Estimate in 2020-21. This change is due to a reduction of £6.3 billion in budget for Covid-19 measures, offset by £1.7 billion in section 31 Business Rate Reliefs and £603 million of increases through the Spending Review 2020 settlement and from budget transfers with other Departments.

Compared with original budget (Main Estimate 2020-21)

The Local Government Resource DEL budget has increased by £516 million compared with the Main Estimate in 2020-21. This change is due to a reduction of £1.7 billion in budget for Covid measures,

offset by £1.7 billion of section 31 Business Rate Reliefs and £580 million of increases through the Spending Review 2020 settlement and from budget transfers with other Departments.

Capital DEL

The Department's capital budgets can be split into two areas 'Capital Grant' and 'Capital Financial Transactions' where we have 2021-22 budgets of £5.9 billion and £2.9 billion respectively.

Compared to final budget last year (Supplementary Estimate 2020-21)

The Department's Capital DEL budget at Main Estimate 2021-22 is £1.7 billion (-16%) lower than the budget allocated at Supplementary Estimate 2020-21.

Capital Financial Transactions – £1.9 billion of the net decrease can be attributed to this budget which covers the demand-led Help to Buy Scheme and the department's investment programmes (including the National Home Building Fund) which generate income that can be recycled to fund further spending. The budget set for the Help to Buy scheme is based on our current assessment of demand for 2021-22 – this is £2.0 billion lower than the budget at Supplementary Estimates. Explanations are set out in Section 2.

Capital Grant – The Department's capital grant budget is £200 million higher at Main Estimate 2021-22 compared with the Supplementary Estimate 2020-21. This masks significant variation at programme level – the biggest increases were in Affordable Housing (£425 million), Investment in Land, Infrastructure and Regeneration (£388 million), Building Safety Funds (£134 million), set against a net decrease in Local Growth Investment (£851 million). Explanations are set out in Section 2.

Compared with original budget (Main Estimate 2020-21)

The Main Estimate budget for 2021-22 is £4.5 billion lower than the Main Estimate in 2020-21. This has mainly been driven by lower budget for Help to Buy (£1.8 billion), the Local Growth Fund which ended during the year (£1.2 billion), and no unallocated provision this year (£1.8 billion).

For details of other 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 2020-21)

The Resource AME budget has decreased by £3.4 billion from Supplementary Estimate 2020-21. The majority of the decrease relates to the Local Government DEL element, which has been largely driven by the reduction of the Local Share in 2021-22 by £7.4 billion, this decrease is offset by an increase of Deficit payments to local authorities worth £4.2 billion.

Compared with original budget (Main Estimate 2020-21)

The Resource AME budget has decreased by £3.2 billion from Main Estimate 2020-21. This is largely driven by the reduction of the Local Share in 2021-22 by £7.5 billion, offset by an increase of Deficit payments to local authorities worth £4.2 billion.

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 total.

The Department has amended the ambit wording to reflect the new UK wide scope of the Department, its role in supporting British Nationals from Hong Kong, its role in keeping the Grenfell Tower site safe and also to reflect UK-wide delivery of insurance products to rectify building safety issues, and the UK-wide delivery of a National Regulator for Construction Products.

The revised paragraphs now read as follows:

“Supporting local economies across the United Kingdom to boost productivity and deliver inclusive growth for all our communities, cultural institutions and society in general; economic growth and devolving powers and responsibilities at a local level; European Union structural funds; UK Holocaust Memorial project.”

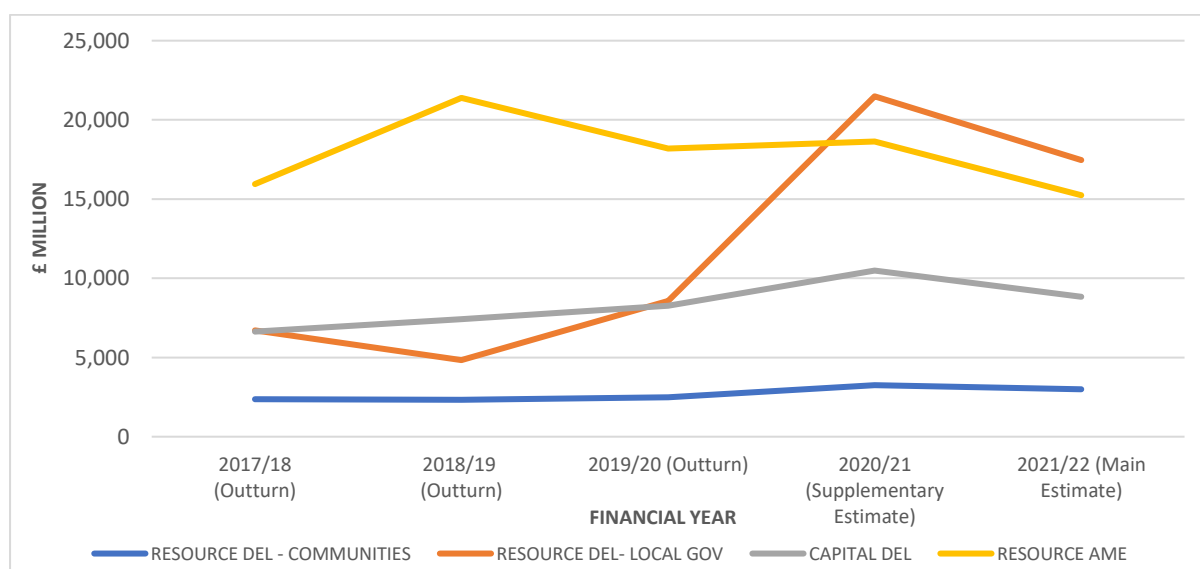
“Supporting local authorities and communities; bringing them together; emergency assistance and financial support to local authorities and communities; encouraging race, gender and faith equality; helping support troubled families and victims of domestic violence and child sexual exploitation; controlling migration and providing integration support to British Nationals from Hong Kong arriving in the UK; tackling extremism and promoting cohesive communities; gypsy and traveller policy.”

“Responsibility for keeping the Grenfell Tower site safe and secure. Supporting residents and victims of the Grenfell fire and engaging with the Grenfell Tower Memorial Commission.”

“Delivery of the Building Safety Portfolio, support and monitor the rectification of safety issues within buildings; review the current building safety system and to implement changes to that system as they are required; delivery of energy performance regime. UK-wide delivery of insurance products to rectify building safety issues, and the UK- wide delivery of a National Regulator for Construction Products.”

1.7 Spending trends

The chart below shows overall spending trends for the last four years and plans presented in the Main Estimate 2021-22.



Communities

Overall, spending on Communities RDEL has been relatively stable in past years. Last year saw an increase at Supplementary Estimate 2020-21, mainly driven by additional funding to support the Department's response to Covid-19. The settlement for 2021-22 at Spending Round 2020 will see an increase of £0.2 billion compared to 2020-21 (excluding the exceptional Covid-19-related spending).

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 (£6.6 billion in 2015-16 compared to £8.8 billion planned spend in 2021-22).

The capital budget at Main Estimate 2021-22 is lower than Supplementary Estimate 2020-21 due to transitions in housing and local growth programmes (including the ending of the legacy Help to Buy scheme and the introduction of the current 2021-2023 Help to Buy scheme).

Local Government

Part of the Department's remit is to manage and provide funding to local government 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 decreased across the SR15 period until 2019-20, however Core Spending Power for this period increased in cash terms. The Department publishes an annual summary of Core Spending Power – the latest publication can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/958368/Core_Spending_Power_supporting_information.xlsx. In 2019-20 there was an increase largely driven by £3.4 billion of grants brought forward from 2020-21 in response to Covid-19. The value of Local Government DEL was further increased by £13 billion in 2020-21. This increase was driven by the response to Covid-19 in 2020-21, new Section 31 business rates relief worth £10.7 billion, and other support for local authorities worth £5.4 billion.

The Main Estimate for 2021-22 does not include all the measures introduced in response to Covid-19 for 2020-21 and consequently reduces by £4 billion.

Resource AME

The Department's AME budget for 2021-22 has reduced by £3.4 billion from Supplementary Estimate 2020-21. This change is mostly driven by the reduction of the Local Share in 2021-22 by £7.4 billion which is offset by an increase of Deficit payments to local authorities worth £4.2 billion.

The retained element of business rates (the local share) scores as AME in MHCLG's Estimate. There was a year-on-year reduction in 2020-21 following the ending of 75% business rates retention pilots, which followed the end of the 100% business rate pilots in 2018-19. Retained business rates are recorded as a non-cash expenditure item in the Department's accounts and the amount estimated to be retained by local authorities in 2021-22 is £8.9 billion (£16.3 billion in 2020-21). The decrease in the Local Share is largely due to the shortfall in Business Rates collected in 2020-21 as a result of Covid-19.

1.8 Administration costs and efficiency plans

Amounts sought this year (Main Estimate 21-22)		Compared to final budget last year (Supplementary Estimate 20-21)		Compared to original budget last year (Main Estimate 20-21)	
£ million		£ million	%	£ million	%
Administration - non ring fenced	313.9	7.1	2%	12.4	4%
Administration - ring fence - depreciation	20.0	-	-	-	-
Total	333.9	7.1	2%	12.4	4%

Through the Spending Round 2021, the Department received an admin budget for 2021-22 of £300 million excluding depreciation.

Further changes have been made to the Department's administration budget at this Main Estimate, including £14 million of additional funding, £12.5 million of which was awarded at Spring Budget 2021 to support the delivery of the Levelling Up Fund, Community Ownership Fund and Freeports.

1.9 Funding: Spending Review and Budgets

Spending Review 2020 set the overall Departmental budget for resource expenditure and capital expenditure for 2021-22.¹

Total Communities DEL budget of £10.1 billion was made available at Spending Review 2020, of which £2.3 billion was Resource DEL and £7.8 billion was Capital DEL. A further £1.0 billion of Capital DEL budget reprofiles were brought forward from 2020-21 into 2021-22.

At the Spring Budget 2021 the Government announced additional Resource DEL funding of £2 million for Respite Rooms and a further £12.5 million of admin funding to deliver Freeports, the Levelling Up Fund, and the UK Community Ownership Fund.

Local Government Resource DEL funding for 2021-22 of £17.5 billion was made available at Main Estimate.

1.10 Other funding announcements

The funding profile of the £3.5 billion for cladding remediation (announced on 21 February 2021) had not been agreed at the time of publishing this Main Estimate. There were no additional spending announcements for 2021-22.

¹ <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020>

2 Spending detail

2.1 Explanations of changes in spending

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

Resource DEL - Communities

The table below shows how MHCLG's spending plans for Resource DEL (Programme and Administration) in the Communities Budget compare with 2020-21 Supplementary Estimate. Our administration budgets appear on several estimate rows. This is because of budgeting rules on depreciation and income classified as administration, and because administration spending in our arm's-length bodies (ALBs) appear on different estimate rows to spend in the core department.

Subheads	Outcome	Work Package	Resource DEL				
			2021-22 Main Estimate budget sought	2020-21 Supplementary Estimate budget approved	Change from Supplementary Estimate 2020-21		See note
			£ million	£ million	£ million	%	
A - Local Government and Public Services	1	Grenfell Inquiry	1.0	1.0	0.0	0%	
		Grenfell Site and Programme	8.1	9.6	(1.5)	(16%)	
	2	Homelessness and Rough Sleeping Recovery	106.1	108.3	(2.2)	(2%)	
	3	Stewardship and System Wide Risk Reduction	3.5	5.7	(2.2)	(39%)	
Improving Local Outcomes for Communities and Places		29.5	29.5	0.0	0%		

		Local Government Reform and Improvement	5.2	4.1	1.1	27%	
		LG Finance	7.0	7.3	(0.3)	(4%)	
		UK Holocaust Memorial and learning Centre	1.5	4.7	(3.2)	(68%)	
	4	Delivering Policy in Places	1.5	1.0	0.5	50%	
		Resilience and Recovery	9.6	80.0	(70.4)	(88%)	1
A - Local Government and Public Services Total			173.0	251.2	(78.2)	(31%)	
B - Housing and Planning	1	Affordable Housing Supply	0.9	0.4	0.5	125%	
		Building Safety Reform	34.3	12.2	22.1	181%	2
		Building Safety Remediation and Standards	24.4	34.4	(10.0)	(29%)	3
		Home Ownership and Leasehold	209.6	202.0	7.6	4%	
		Housing Delivery and Market Diversification	627.4	907.4	(280.0)	(31%)	4
		Housing Quality and Support	148.1	43.3	104.8	(242%)	5
		Investment in Land, Infrastructure and Regeneration	9.8	34.3	(24.5)	(71%)	6
		Net Zero	2.0	(2.0)	4.0	(200%)	
		Planning	106.5	69.8	36.7	53%	7
	2	Homelessness and Rough Sleeping: Intervention and Prevention	569.8	436.2	133.6	31%	8
4	Local Growth Investment	0.5	0.5	0.0	0%		
B - Housing and Planning Total			1,733.3	1,738.5	(5.2)	0%	
C - Decentralisation and Local Growth	1	Investment in Land, Infrastructure and Regeneration	21.3	5.3	16.0	302%	9
	4	Delivering Policy in Places	4.5	3.8	0.7	18%	
		Local Growth Investment	274.5	237.2	37.3	16%	10
		Local Growth Policy and Strategy Shielding	200.0	0.0	200.0	100%	11
			0.0	194.2	(194.2)	(100%)	12
C - Decentralisation and Local Growth Total			500.3	440.5	59.8	14%	

D - Troubled Families	3	Improving Local Outcomes for Communities and Places	165.0	161.8	3.2	2%	
D - Troubled Families Total			165.0	161.8	3.2	2%	
E - Research, Data and Trading Funds	4	Local Growth Investment	6.6	8.6	(2.0)	(23%)	
	5	Communications	0.5	0.5	0.0	0%	
		Corporate Functions	5.1	4.9	0.2	4%	
E - Research, Data and Trading Funds Total			12.2	14.0	(1.8)	(13%)	
F - MHCLG Staff, Building and Infrastructure Costs	5	Governance, Control and Digital	2.6	14.3	(11.7)	(82%)	13
	Other	Admin incl. depreciation	237.3	223.4	13.9	6%	
F - MHCLG Staff, Building and Infrastructure Costs Total			239.9	237.7	2.2	1%	
G - Local Government and Public Services (ALB)(Net)	Other	Admin incl. depreciation	18.4	17.5	0.9	5%	
G - Local Government and Public Services (ALB)(Net) Total			18.4	17.5	0.9	5%	
H - Housing and Planning (ALB)(Net)	1	Affordable Housing Supply	1.1	1.2	(0.1)	(8%)	
		Digital and Technology	0.0	2.3	(2.3)	(100%)	
		Cross Cutting Strategy and Corporate	15.0	16.0	(1.0)	(6%)	
		Home Ownership and Leasehold	12.8	18.7	(5.9)	(32%)	
		Housing Delivery and Market Diversification	6.5	84.4	(77.9)	(92%)	14
		Housing Quality and Support	1.8	0.0	1.8	100%	
		Investment in Land, Infrastructure and Regeneration	27.1	180.2	(153.1)	(85%)	15
	2	Prevention	4.0	1.0	3.0	300%	
		Recovery	0.6	0.3	0.3	100%	
Other	Admin incl. depreciation	78.2	85.8	(7.6)	(9%)		
H - Housing and Planning (ALB)(Net) Total			147.1	389.9	(242.8)	(62%)	
Total RDEL MHCLG Communities			2,989.2	3,251.1	(261.9)	(8%)	

- 1. Resilience and Recovery:** Budget decreases primarily relate to non-recurring costs in 2020-21 to cover our response to the Coronavirus pandemic, and to prepare port areas for the end of the EU transition period.

2. **Building Safety Reform:** The new Building Safety Regulator and National Construction Products Regulators are moving from initial inception stage to delivery, with the budget increasing to enable this. £19.3 million has been transferred to DWP to fund the Health and Safety Executive's delivery of the Building Safety Regulator.
3. **Building Safety Remediation and Standards:** The reduction in spend in comparison to 2020-21 reflects that ACM Fund and Building Safety Fund have now largely completed the registration and set up stage, which was more resource intensive. £2 million additional funding for the new Waking Watch Relief Fund is reflected here.
4. **Housing Delivery and Market Diversification:** Budget change reflects the local government finance settlement 2021-22 for the New Homes Bonus grant to local authorities, which is £285 million lower than 2020-21. This was marginally offset by £5 million of new funding for Community Housing Fund and Modern Methods of Construction.
5. **Housing Quality and Support:** Funding increase of £105 million, including an additional £98 million announced at SR20 to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England, as well as £2 million for Respite Rooms as announced at Budget 2021.
6. **Investment in Land, Infrastructure and Regeneration:** Budgets decreased by £24.5 million, of which £19.4 million relates to a reduction in budget for a number of land and infrastructure programmes such as Brownfield Housing, where RDEL was provided in year 1 only of the programme (2020-21). In addition, budget was agreed at the Supplementary Estimate 2020-21 to cover expected credit losses relating to the Manchester Housing Investment Fund. The Department intends to make a similar reserve claim at this year's Supplementary 2021-22.
7. **Planning:** Additional funding for planning reform that was announced at Spending Review 2020, including the £12 million for Project Speed.
8. **Homelessness – Intervention and Prevention:** Additional funding of £254 million for Homelessness and Rough Sleeping totalling £676 million was agreed at Spending Review 2020 compared to Spending Review 2019 (across estimate rows A and B). The increase of £134 million shown in the table above reflects the comparison between 2021-22 budgets with our budget at Supplementary Estimate, which had increased in-year due to the Covid-19 response.
9. **Investment in Land, Infrastructure and Regeneration:** The overall budget of £16 million includes an increase of £10.6 million for the ongoing Ox Cam Arc programme, of which £4 million was announced at Spending Review 2020.

10. **Local Growth Investment:** Majority of the increase is on the Towns Fund programme, where the Department expects to increase the amounts paid to towns as they finalise their investment plans and move to the delivery phase of the programme.
11. **Local Growth Policy and Strategy:** The increase is due to the introduction of the UK Community Renewal Fund, which will provide £200 million additional funding to help places across the UK prepare for the introduction of the UK Shared Prosperity Fund.
12. **Shielding:** Shielding Programme funding was agreed at 2020-21 Supplementary Estimates to enable Local Authorities to support Clinically Extremely Vulnerable individuals. With Shielding advice and support paused on 31 March 2021, the budget has been reduced to reflect the position of the program.
13. **Digital and Technology:** Budget decreases relate to ‘one-off’ programmes of work during 2020-21 for cyber resilience and other digital projects.
14. **Housing Delivery and Market Diversification:** Additional budget was agreed at the Supplementary Estimate 2020-21 to cover budgeting changes relating to IFRS 9 accounting standard. The Department intends to make a similar reserve claim at this year’s Supplementary Estimate.
15. **Investment in Land, Infrastructure and Regeneration:** Additional budget was agreed at the Supplementary Estimate 2020-21 to cover budgeting changes relating to IFRS 9 accounting standard. The Department intends to make a similar reserve claim at this year’s Supplementary Estimate.

Resource DEL – Local Government

The table below shows how MHCLG’s spending plans for Resource DEL in the Local Government Budget compared with 2021-22 Supplementary Estimate. Note that Local Government Resource DEL is not mapped to Outcome Delivery Plan Objectives.

Subheads	Resource DEL				See note
	2021-22 Main Estimate budget sought	2020-21 Supplementary Estimate budget approved	Change from Supplementary Estimate 2020-21		
	£ million	£ million	£ million	%	
I - Revenue Support Grant	1,621.6	1,612.6	9.0	1%	
J - Other Grants and Payments	15,810.7	19,868.8	(4,058.1)	(20%)	1
K - Business Rates Retention	38.3	3.4	34.9	10%	2
Total RDEL Local Government	17,470.6	21,484.8	(4,014.2)	(19%)	

- Other Grants and Payments:** The change is due to a reduction of £6.3 billion in budget for Covid-19 measures. This is offset by a £2.3 billion increase, including £1.7 billion for Section 31 Business Rate Reliefs and £603 million made up of Spending Review 2020 adjustments and Budget Cover Transfers.
- Business Rates Retention:** A number of Local Authorities are entitled to Safety Net on account payments in 2021-22, whereas in 2020-21 only one Local Authority received Safety Net on account payments.

Capital DEL- Communities

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

Subheads	Outcome	Work Package	Capital DEL				
CAPITAL DEL - GRANT							
			2021-22 (Main Estimate budget sought)	2020-21 (Supplementary Estimate budget approved)	Change from Supplementary Estimate 2020-21		See note
			£ million	£ million	£ million	%	
A - Local Government and Public Services	1	Grenfell Site and Programme	35.5	31.1	4.4	14%	
	2	Homelessness and Rough Sleeping: Recovery	82.9	161.3	(78.4)	(49%)	1
	3	UK Holocaust Memorial and learning Centre Improving Local Outcomes for Communities and Places	0.0 5.8	0.9 0.2	(0.9) 5.6	(100%) 2800%	
	4	Resilience and Recovery	0.0	0.3	(0.3)	(100%)	
A - Local Government and Public Services Total			124.2	193.8	(69.6)	(36%)	
B - Housing and Planning	1	Affordable Housing Supply	0.0	431.0	(431.0)	(100%)	2
		Building Safety Reform	5.3	0.0	5.3	100%	
		Building Safety Remediation and Standards	599.7	466.0	133.7	29%	3
		Housing Quality and Support	0.2	0.6	(0.4)	(67%)	
		Housing Delivery and Market Diversification	95.4	35.8	59.6	166%	4
		Investment in Land, Infrastructure and Regeneration	533.5	554.4	(20.9)	(4%)	
	Planning	2.3	5.0	(2.7)	(54%)		
2	Homelessness and Rough Sleeping; Intervention and Prevention	4.1	3.6	0.5	14%		
4	Local Growth Investment	30.0	0.0	30.0	100%	5	

B - Housing and Planning Total			1,270.5	1,496.4	(225.9)	(15%)	
C - Decentralisation and Local Growth	1	Investment in Land, Infrastructure and Regeneration	183.0	75.7	107.3	142%	6
	4	Delivering Policy in Places	69.5	66.1	3.4	5%	
		Local Growth Investment	1,196.0	2,047.7	(851.7)	(42%)	7
		Local Growth Policy and Strategy	50.0	29.0	21.0	72%	8
C - Decentralisation and Local Growth Total			1,498.5	2,218.5	(720.0)	(32%)	
D - Troubled Families	3	Improving Local Outcomes for Communities and Places	0.0	0.9	(0.9)	(100%)	
D - Troubled Families Total			0.0	0.9	(0.9)	(100%)	
E - Research, Data and Trading Funds	5	Corporate Functions	8.3	9.0	(0.7)	(8%)	
E - Research, Data and Trading Funds Total			8.3	9.0	(0.7)	(8%)	
F - MHCLG Staff, Building and Infrastructure Costs	5	Change Programme	1.2	0.0	1.2	100%	
		Corporate Functions	9.6	7.0	2.6	37%	
		Digital and Technology	6.0	5.9	0.1	2%	
F - MHCLG Staff, Building and Infrastructure Costs Total			16.8	12.9	3.9	30%	
G - Local Government and Public Services (ALB)(Net)	3	Stewardship and System Wide Risk Reduction	0.1	0.1	0.0	0%	
		LG Finance	0.3	0.2	0.1	50%	
G - Local Government and Public Services (ALB)(Net) Total			0.4	0.3	0.1	33%	
H - Housing and Planning (ALB)(Net)	1	Affordable Housing Supply	2,000	1,143.6	856.4	75%	2
		Cross Cutting Strategy and Corporate	39.0	20.4	18.6	91%	9
		Housing Delivery and Market Diversification	8.0	39.8	(31.8)	(80%)	10
		Investment in Land, Infrastructure and Regeneration	940.3	552.7	387.6	70%	11
	2	Prevention	6.7	15.0	(8.3)	(55%)	

H - Housing and Planning (ALB)(Net) Total			2,994.0	1,771.5	1,222.5	69%	
GENERAL CAPITAL Total			5,912.7	5,703.3	209.4	4%	

CAPITAL DEL - FINANCIAL TRANSACTIONS							
A - Local Government and Public Services	1	Affordable Housing Supply	0.0	(63.6)	63.6	(100%)	12
A - Local Government and Public Services Total			0.0	(63.6)	63.6	(100%)	
B - Housing and Planning	1	Housing Delivery and Market Diversification	3.0	0.0	3.0	100%	
		Investment in Land, Infrastructure and Regeneration	(51.0)	0.0	(51.0)	100%	13
		Home Ownership and Leasehold	0.0	500.0	(500.0)	(100%)	14
B - Housing and Planning Total			(48.0)	500.0	(548.0)	(110%)	
C - Decentralisation and Local Growth	1	Investment in Land, Infrastructure and Regeneration	(14.0)	0.0	(14.0)	100%	15
C - Decentralisation and Local Growth Total			(14.0)	0.0	(14.0)	0%	
H - Housing and Planning (ALB)(Net)	1	Home Ownership and Leasehold	2,475.5	3,992.9	(1,517.4)	(38%)	14
		Housing Delivery and Market Diversification	216.7	139.5	77.2	55%	16
		Investment in Land, Infrastructure and Regeneration	279.3	213.7	65.6	31%	17
H - Housing and Planning (ALB)(Net) Total			2,971.5	4,346.1	(1,374.6)	(32%)	
FINANCIAL TRANSACTIONS Total			2,909.5	4,782.5	(1,873.0)	(39%)	

CAPITAL DEL Total			8,822.2	10,485.8	(1,663.6)	(16%)	
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The Department's capital budgets predominantly relate to complex, multi-year programmes. The inherent nature of such activities can result in allocated budgets not matching expected spend profile on these programmes. In line with good budget management, the Department reprioritises its budgets in response to market conditions and to ensure that funding is allocated to programmes that can progress good quality, value for money projects.

CDEL Grant

- 1. Homelessness and Rough Sleeping - Recovery:** 2021-22 is the second year of the Rough Sleeping Accommodation Programme, after year 1 funding was accelerated to meet increased pressures due to Covid-19. Funding for year 2 of the rough sleeping accommodation programme contributes to the 6000 units of 'move on' accommodation for rough sleepers and those at risk of rough sleeping over the Parliament.
- 2. Affordable Housing Supply:** Funding of £2 billion was confirmed at Spending Review 2020 for the Affordable Homes Programme, compared to £1.5 billion of expenditure at Supplementary Estimate (across Estimate Rows B and H). The increase reflects the start of the Affordable Homes Programme 2021-26.
- 3. Building Safety Remediation and Standards:** £584 million was re-profiled at the Supplementary Estimate 2020-21 for the Building Safety and ACM Fund. This new financial profile reflects the extended deadlines for submitting cost estimates and starting works on site to enable the Fund to be fully allocated to make residents safe. The reprofiled budget is £134 million higher than the £466 million retained at Supplementary Estimate 2020-21.
- 4. Housing Delivery and Market Diversification:** Lower budget requirement in 2021-22 is due to a change in the way that interest for the financial transaction programmes is classified, meaning that CDEL grant budget is no longer required. The remaining budget covers fees.
- 5. Local Growth Investment:** The launch of the Changing Places programme was delayed due to Covid-19, and so the budget has been moved into 2021-22 to ensure that the funding remains available.
- 6. Investment in Land, Infrastructure and Regeneration:** Budget changes include new funding for Brownfield Land Release Fund under the NHBF, and further budget held for case-by-case approvals of smaller projects under the NHBF.
- 7. Local Growth Investment:** Local Growth Investment: Final payments of the Local Growth Fund programme were made in 2020-21, accounting for the decrease in funding. This is partially offset by an increase in investment on the Towns Fund programme, which is moving to its delivery phase, as well as the Levelling Up Fund and the UK Community Renewal Fund.
- 8. Local Growth Policy and Strategy:** New funding of £20 million was announced at Spending Review 2020 for a UK Community Renewal Fund, which will help places across the UK prepare for the introduction of the UK Shared Prosperity Fund; and the introduction of eight Freeports in England.
- 9. Cross Cutting Strategy and Corporate:** The Homes England Digital Programme budget has been increased in 2021-22 to align with expected delivery.

10. Housing Delivery and Market Diversification: Lower budget requirement in 2021-22 is due to a change in the way that interest for the financial transaction programmes is classified, meaning that CDEL grant budget is no longer required. The remaining relates to budget covers fees.

11. Investment in Land, Infrastructure and Regeneration: Increased budget profile for Housing Infrastructure Fund to match the profile of contractual commitments.

CDEL FT

12. Affordable Housing Supply: Budgets were reduced at 2020-21 Supplementary Estimates to reflect the profile of income expected from the Greater London Authority. We expect a nil budget for 2021-22.

13. Investment in Land, Infrastructure and Regeneration: Budget for repayments from the existing Manchester Housing Investment Fund.

14. Home Ownership and Leasehold: The budget for the Help to Buy scheme is held across two estimate rows, B and H, and is based on our current assessment of demand for the scheme. The reduction reflects the transition from the legacy Help to Buy Scheme to the new scheme targeted at first time buyers only.

15. Investment in Land, Infrastructure and Regeneration: Budget for income from a legacy scheme of receipts-sharing from land disposed of at the Greenwich Peninsula.

16. Housing Delivery and Market Diversification: This budget includes new loan programmes as part of the National Home Building Programme announced at Spending Review 2020. This new funding is partially offset by increased income on several legacy financial transaction programmes where we will receive greater levels of repayments in 2012-22, meaning our overall net budget requirement for 2021-22 increases compared with 2020-21.

17. Investment in Land, Infrastructure and Regeneration: Increase in Home Building Long Term Fund budget to match profile of commitments.

Resource AME

The table below shows how spending plans for Resource AME compared with 2020-21 Supplementary Estimate. Note that Resource AME is not mapped to Outcome Delivery Plan objectives.

Subheads	Resource AME				See note
	2021-22 (Main Estimate budget sought)	2020-21 (Supplementary Estimate budget approved)	Change from Supplementary Estimate 2020-21		
	£ million	£ million	£ million	%	
L Local Government and Public Services	(17.5)	(12.7)	(4.8)	38%	
M Housing and Planning	162.3	166.7	(4.4)	(3%)	
N Decentralisation and Local Growth	11.0	12.1	(1.1)	(9%)	
O Research, Data and Trading Funds	2.0	2.0	-	-	
P MHCLG Staff, Building and Infrastructure Costs	0.6	(2.5)	3.1	(124%)	
Q Non-Domestic Rates Outturn Adjustments	350.0	101.7	248.3	244%	1
R Local Government and Public Services (ALB)(Net)	2.8	2.9	(0.1)	(3%)	
S Housing and Planning (ALB)(Net)	1,534.6	1,598.8	(64.2)	(4%)	
T Business Rates Retention	13,195.7	16,761.4	(3,565.7)	(21%)	2
Total Resource AME	15,241.5	18,630.4	(3,388.9)	(18%)	

1. Non-Domestic Rates Outturn Adjustments: The increase of £248.3 million Non-Domestic Rates Outturn Adjustments is due to £300 million of budget required to offset the cost of National Non-Domestic Rates (NNDR3) reconciliation payments that are to be made around the New Year in addition to the £50 million of contingency budget against changes at the year end.

2. Business Rates Retention: In 2021-22 the Local Share from National Non-Domestic Rates (NNDR 1) forms has fallen by around £7 billion, this decrease is offset by an increase of Deficit payments to local authorities worth £4 billion.

2.2 Restructuring

No restructuring that has significantly affected budget structures has taken place this year. There were also no 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

Amounts sought this year		Compared to final budget last year		Compared to original budget last year	
Main Estimate 21-22		Supplementary Estimate 20-21		Main Estimate 20-21	
£ million		£ million	%	£ million	%
Depreciation Programme	7.6	-	-	-	-
Depreciation Administration	20.0	-	-	-	-

Capital DEL

Amounts sought this year		Compared to final budget last year		Compared to original budget last year	
Main Estimate 21-22		Supplementary Estimate 20-21		Main Estimate 20-21	
£ million		£ million	%	£ million	£ million
Financial Transactions	2,909.5	(1,873.0)	(39%)	(3,166.5)	(52%)

2.4 Changes to contingent liabilities

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

- In March 2019, the Department recognised a guarantee for the private rented sector, guaranteeing debt of no more than £3.5 billion. The amount drawn down has increased by £0.5 billion to £1.5 billion since the Supplementary Estimate.
- The Department previously provided an indemnity to the Official Receiver for the former Sahaviriya Steel Industries UK (SSI) Steel works site in Redcar, unlimited in value, to protect him against liabilities incurred in connection with activities undertaken by consultants carrying out site assessments activity on the site he had responsibility for keeping safe. There is no longer a need for the indemnity as the surveying work has finished with no call on the indemnity.

3 Priorities and performance

3.1 How spending relates to objectives

Over the year, the government was heavily disrupted by the Covid-19 pandemic outbreak. As a result, MHCLG's delivery of its key objectives was adversely impacted. Due to the sudden outbreak, the department had to redeploy staffs to help manage priority business functions internally and in other Whitehall HMG departments. This drastically reduced the capacity of some directorates, subsequently delaying the delivery of objectives.

For next year, MHCLG has committed to four outcomes that were agreed at the November 2020 Spending Review:

1. More, better quality, safer, greener and more affordable homes
2. End rough sleeping by investing in effective prevention as well as crisis intervention and reduce homelessness by enabling local authorities to fully meet their statutory duties
3. A sustainable and resilient local government sector that delivers priority services and empowers communities
4. Raise productivity and empower places so that everyone across the country can benefit from levelling up

The table below shows how expenditure against each subhead (estimate row) contributes to Departmental priorities under the Outcome Delivery Plan.

Estimate subhead	1. More, Better Quality, safer, greener and more affordable homes	2. End rough sleeping by investing in effective prevention as well as crisis intervention and reduce homelessness	3. A sustainable and resilient local government sector that delivers priority services and empowers communities	4. Raise productivity and empower places so that everyone across the country can benefit from levelling up	5. An efficient and effective department	Unallocated – Administration, Local Government Resource DEL and Resource AME	Total
<i>All figures £ millions</i>							
A Local Government and Public Services	44.6	189.0	52.5	11.1	-	-	297.2
B Housing and Planning	2,351.4	573.9	-	30.5	-	-	2,955.8
C Decentralisation and Local Growth	190.3	-	-	1,794.5	-	-	1,984.8
D Troubled Families	-	-	165.0	-	-	-	165.0
E Research, Data and Trading Funds	-	-	-	6.6	13.9	-	20.5
F MHCLG Staff, Building and Infrastructure Costs	-	-	-	-	19.4	237.3	256.7
G Local Government and Public Services (ALB) (Net)	-	-	0.4	-	-	18.4	18.8
H Housing and Planning (ALB) (Net)	6,023.1	11.3	-	-	-	78.2	6,112.6
I Revenue Support Grant	-	-	-	-	-	1,621.6	1,621.6
J Other Grants and Payments	-	-	-	-	-	15,810.7	15,810.7
K Business Rate Retention	-	-	-	-	-	38.3	38.3

L Local Government and Public Services	-	-	-	-	-	(17.5)	(17.5)
M Housing and Planning	-	-	-	-	-	162.3	162.3
N Decentralisation and Local Growth	-	-	-	-	-	11.0	11.0
O Research, Data and Trading Funds	-	-	-	-	-	2.0	2.0
P MHCLG Staff, Building and Infrastructure	-	-	-	-	-	0.6	0.6
Q Non-Domestic Rate Outturn Adjustment	-	-	-	-	-	350.0	350.0
R Local Government and Public Services (ALB) (Net)	-	-	-	-	-	2.8	2.8
S Housing and Planning (ALB)(Net)	-	-	-	-	-	1,534.6	1,534.6
T Business Rates Retention	-	-	-	-	-	13,195.7	13,195.7
TOTAL	8,609.4	774.2	217.9	1,842.7	33.3	33,046.0	44,523.5

We do not allocate Local Government Resource DEL, Communities Resource DEL Administration and Resource AME budgets to Departmental Objectives.

3.2 Measures of performance against each priority

MHCLG's Outcome Delivery Plan (ODP) will be published online with our priorities, key objectives underpinning them and the metrics and performance by which they are measured.

Our key measures of performance included in our delivery plans are:

1. More, better quality, safer, greener and more affordable homes
 - a. Net additions to housing stock
 - b. Number and percentage of high-rise residential buildings with unsafe ACM cladding where remediation completed
 - c. Total completions of affordable homes
 - d. Number of Energy Performance Certificates created
 - e. Number and percentage of planning applications considered within statutory deadlines
2. End rough sleeping by investing in effective prevention as well as crisis intervention and reduce homelessness by enabling local authorities to fully meet their statutory duties
 - a. Number of people sleeping rough in England in the annual rough sleeping snapshot
 - b. Number of families in temporary accommodation in England
 - c. Number of units delivered through the Rough Sleeping Accommodation Programme
3. A sustainable and resilient local government sector that delivers priority services and empowers communities
 - a. Metrics for this outcome are currently under development
4. Raise productivity and empower places so that everyone across the country can benefit from levelling up
 - a. Economic performance for all functional economic areas relative to their trend growth rates

3.3 Major projects²

The department is responsible for a wide remit of projects and programmes across its housing, homelessness, levelling up, local government and building safety portfolios. At the beginning of the financial year, three projects were recognised as major by the Infrastructure and Projects Authority (IPA) and are subject to monthly review and assurance as part of its Government Major Projects Portfolios (GMPP):

- **Remediation of Unsafe ACM Cladding** – 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

² 'Major projects' refers to any project that meets the Government Major Projects Portfolio (GMPP) definition and thresholds. Projects are eligible to be included on GMPP if they are over the HMT thresholds of £10 million RDEL, £30 million CDEL grant, £50 million CDEL FT, or are novel and contentious.

accommodation and hotels. A £200 million fund supports the remediation of private sector residential buildings for which there is no other funding solution in place. A fund of up to £400 million supports the remediation of buildings in the social sector.

- **Remediation of Unsafe Non-ACM Cladding** – This programme was established to set up and manage the £1 billion 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 also provide support to those applicants that evidence their unaffordability and threat to their financial standing. The fund is available on a ‘first come – first served’ basis.
- **Grenfell Site and Programme** – The Government took ownership of the site in July 2019, and established the Grenfell Site Programme to:
 - Oversee the management of the site, including making operational decisions, to ensure it remains safe and secure and is made ready for a future memorial.
 - Ensure that the Government meets its public commitment that any decisions will be evidence-based and informed by experts, and that the community will be engaged at every step of the way towards a fitting memorial.
 - Support the setup of and provide administrative support to the independent Grenfell Tower Memorial Commission. The Commission, made up of representatives of the bereaved, survivors and local residents, will work with the community to reach a consensus on the most fitting and appropriate way to remember those who lost their lives in the Grenfell tragedy.

As both the department and GMPP expand their remits in 2021-22, the list of major projects at MHCLG will increase, particularly in the housing portfolio.

4 Other information

4.1 Additional specific information required by the Select Committee

The Select Committee has not requested any particular 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

Jeremy Pocklington

Accounting Officer

Permanent Secretary

Ministry of Housing, Communities and Local Government

13 May 2021