



National Audit Office

DEPARTMENTAL OVERVIEW 2019

# LOCAL AUTHORITIES

MARCH 2020

## LOCAL AUTHORITIES

This overview summarises the work of local authorities including what they do, the system of accountability, where they get their funding and spend their money, recent and planned changes, and what to look out for across their main business areas and services.

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The National Audit Office (NAO) helps Parliament hold government to account for the way it spends public money. It is independent of government and the civil service. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether government is delivering value for money on behalf of the public, concluding on whether resources have been used efficiently, effectively and with economy. The NAO identifies ways that government can make better use of public money to improve people's lives. It measures this impact annually. In 2018 the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.

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## About local authorities

There are number of different types of local authorities. This overview concentrates on **principal local authorities** – London borough councils, unitary authorities, metropolitan councils, county councils and district councils.<sup>1</sup> As of 1 April 2019 there were 343 principal authorities (a reduction from 353 in the previous year owing to a number of reorganisations). These authorities provide a wide range of services, either delivered themselves or by commissioning other providers. Among other functions, these authorities:

- provide services such as planning, housing, waste collection, and sports and leisure facilities;
- support many people in vulnerable circumstances, such as adults in receipt of local authority social care and children in need of help and protection; and
- aim to enable local economic growth.

There are a range of other types of local authority:



**Combined authorities** are corporate bodies formed of two or more local government areas, established with or without an elected mayor. They enable groups of councils to take decisions across boundaries on issues which extend beyond the interests of any one local authority.



**Fire and rescue authorities** carry out a range of duties including responding to fires, road traffic accidents and other emergencies; and undertaking preventative activities to reduce the risks of fire.



**Police and crime commissioners**, in consultation with their chief constables: set objectives for their police force; allocate the funds needed to achieve them; and hold police forces to account on behalf of the public.

Fire and police bodies are covered under our Home Office Departmental Overview.

### Function

Adult and children's social care, transport, planning, highways, public health

Local tax, housing, planning, leisure, waste collection and environment

Joint working across geographical areas

Fire and rescue

Policing

Conservation and the promotion of scenic areas

Local facilities, for example management of town and village centres

### Organisation

33  
London borough councils

56  
unitary authorities

36  
metropolitan borough councils

26  
county councils

192  
district councils

Including 10 combined authorities, the Greater London Authority, and five joint waste authorities. Local authorities are key partners in the 38 Local Enterprise Partnerships (LEPs).

Forty-five fire and rescue authorities including 28 stand-alone bodies, 14 within county councils and separate arrangements for Greater Manchester, London and Northamptonshire.

Thirty-six elected police and crime commissioners. There are separate arrangements for the Metropolitan Police, Greater Manchester and the City of London.

Ten national park authorities.

There are around 10,000 parish and town councils, although these do not exist in all areas.

Source: National Audit Office analysis of departmental data

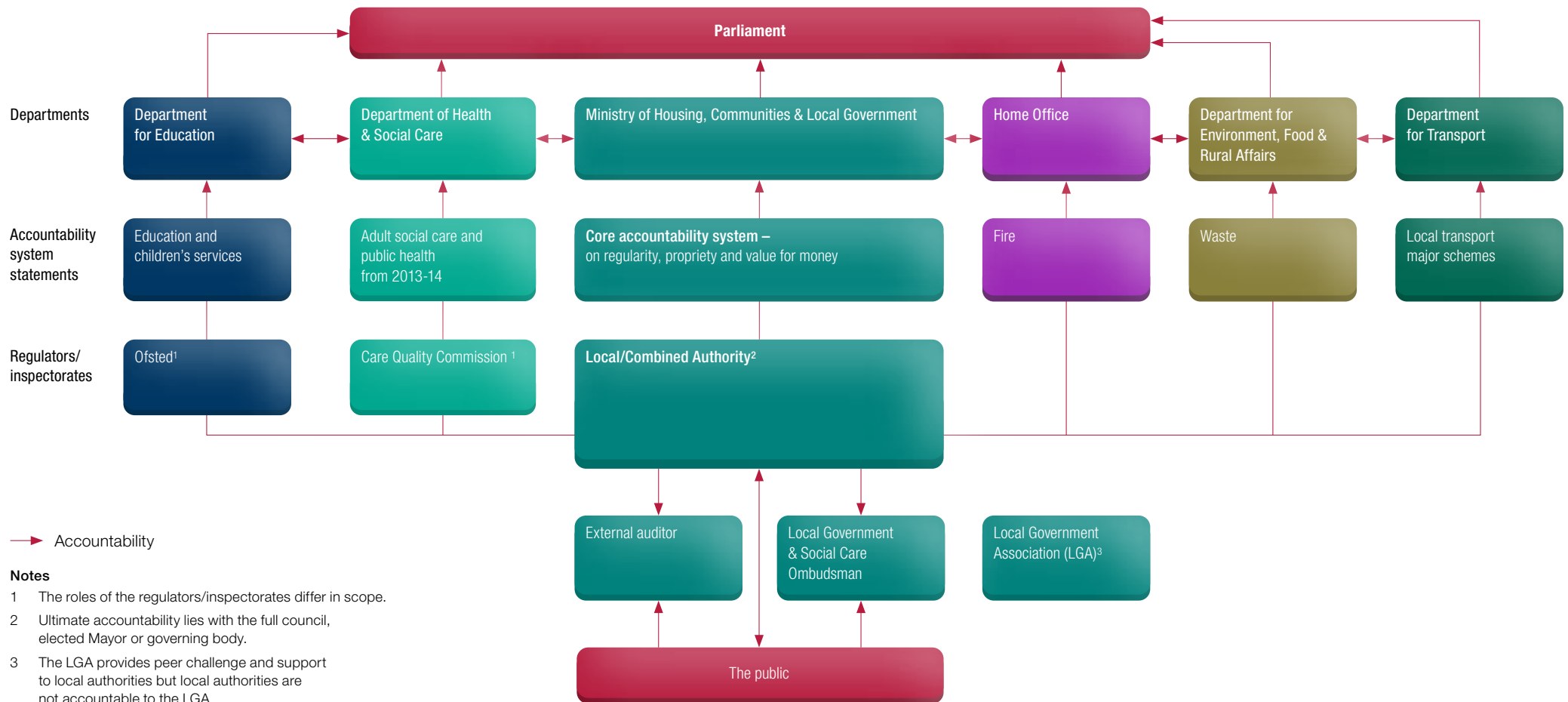
<sup>1</sup> We also include the council of the Isles of Scilly and the Corporation of London.

# The local accountability system

Local authorities are accountable to the public as they are democratically elected bodies. In addition, Parliament votes funding to the Ministry of Housing, Communities & Local Government (the Department), which passes this to local authorities in the form of grants. As a result, local authorities are also part of the accountability system under which the Department is accountable to Parliament.

The accountability system between local and central government is complex. This diagram shows how accountability flows between local authorities and the Department, as well as illustrating some of the other bodies involved in holding local authorities to account.

This complex terrain means it can be difficult to identify who is accountable for what. To aid understanding, each department must publish an accounting officer System Statement, which sets out its accountability relationships and processes, and is part of the accounting officer's personal responsibility to Parliament. The Department publishes two statements, covering local government and the Local Growth Fund. Both are available [here](#).



→ Accountability

**Notes**

- 1 The roles of the regulators/inspectorates differ in scope.
- 2 Ultimate accountability lies with the full council, elected Mayor or governing body.
- 3 The LGA provides peer challenge and support to local authorities but local authorities are not accountable to the LGA.

## How is local government funded?

Local authorities receive revenue funding from a range of sources, including the Ministry of Housing, Communities & local Government, the Department for Education and from council tax. Some of this income is controllable, meaning that local authorities have some say over how the funding is used locally. Some other income streams are non-controllable, and are passed through local authorities to other bodies and individuals, such as schools and benefits claimants.

### Controllable income – £60.3 billion in 2017-18<sup>1</sup>

- **Government grant:** in 2017-18, local authorities received £25.4 billion (including locally retained business rates income).
- **Council tax:** in 2017-18, local authorities generated £23.6 billion.
- **Sales, fees and charges:** in 2017-18, local authorities generated £10.3 billion.
- **Trading surplus and investment income:** in 2017-18 local authorities generated £1.1 billion.

### Non-controllable income – £48.7 billion in 2017-18

- **Frontline schools funding** – £28.4 billion.
- **Funding passed to other bodies and individuals** – £20.4 billion.

### Other income and reserves

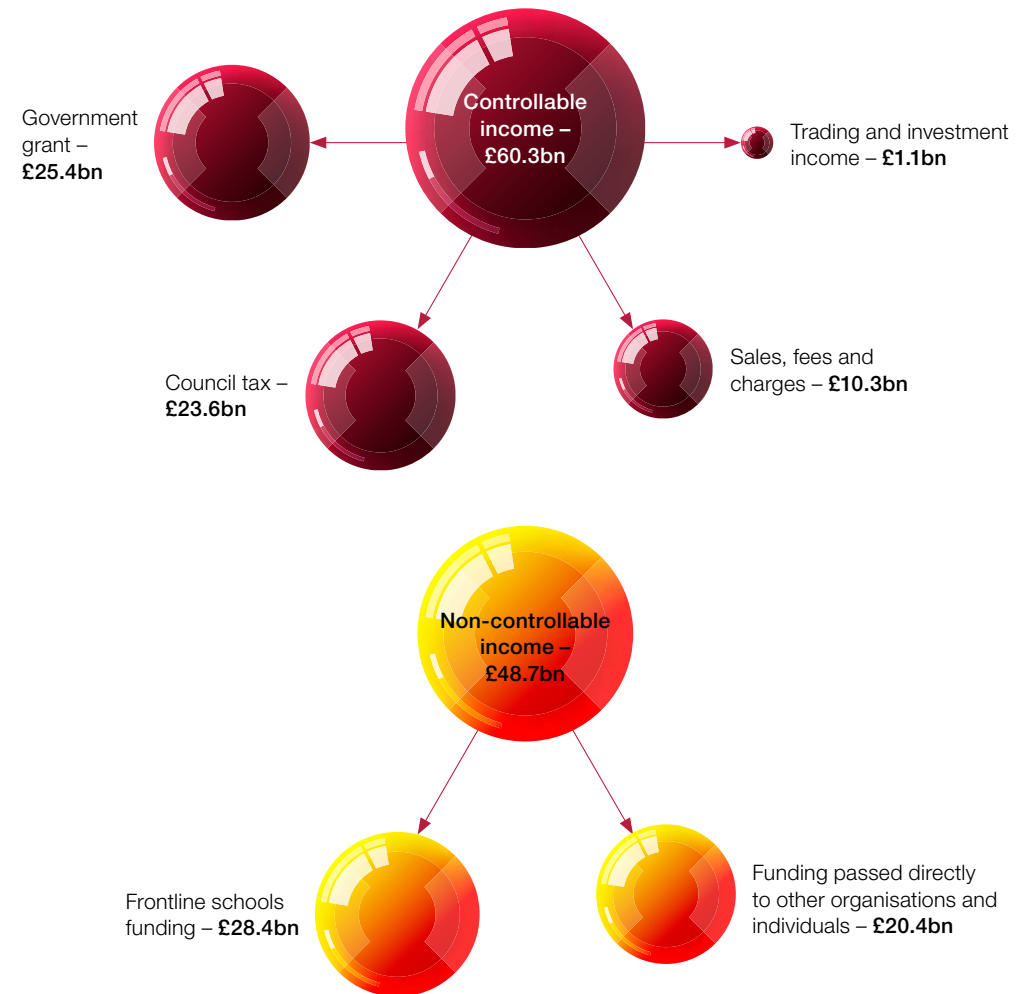
Local authorities may build up **reserves**. Local authorities had £17.5 billion of revenue reserves as at 31 March 2018 (including earmarked and unallocated reserves, excluding schools and public health reserves).

Local authorities also receive **other income** in the form of transfers and payments from other public bodies including other local authorities.<sup>2</sup>

Local authorities that have retained their social housing stock also generate rental income. This in turn is used to maintain their housing stock. This income is managed primarily **through their housing revenue accounts (HRAs)**.<sup>3</sup>

1 All figures on this slide relate only to the 353 principal authorities as of 2017-18. Figures in the bullets may not sum to the headline totals due to rounding.  
 2 We do not show data on this income stream in this document.  
 3 We do not show any data relating to authorities' HRAs in this document.

English local authority revenue income 2017-18



**Note**

1 The figures in the diagram do not add up due to rounding differences.

Source: Ministry of Housing, Communities & Local Government, *Annual Report and Accounts 2018-19*

# Where local government spends its money

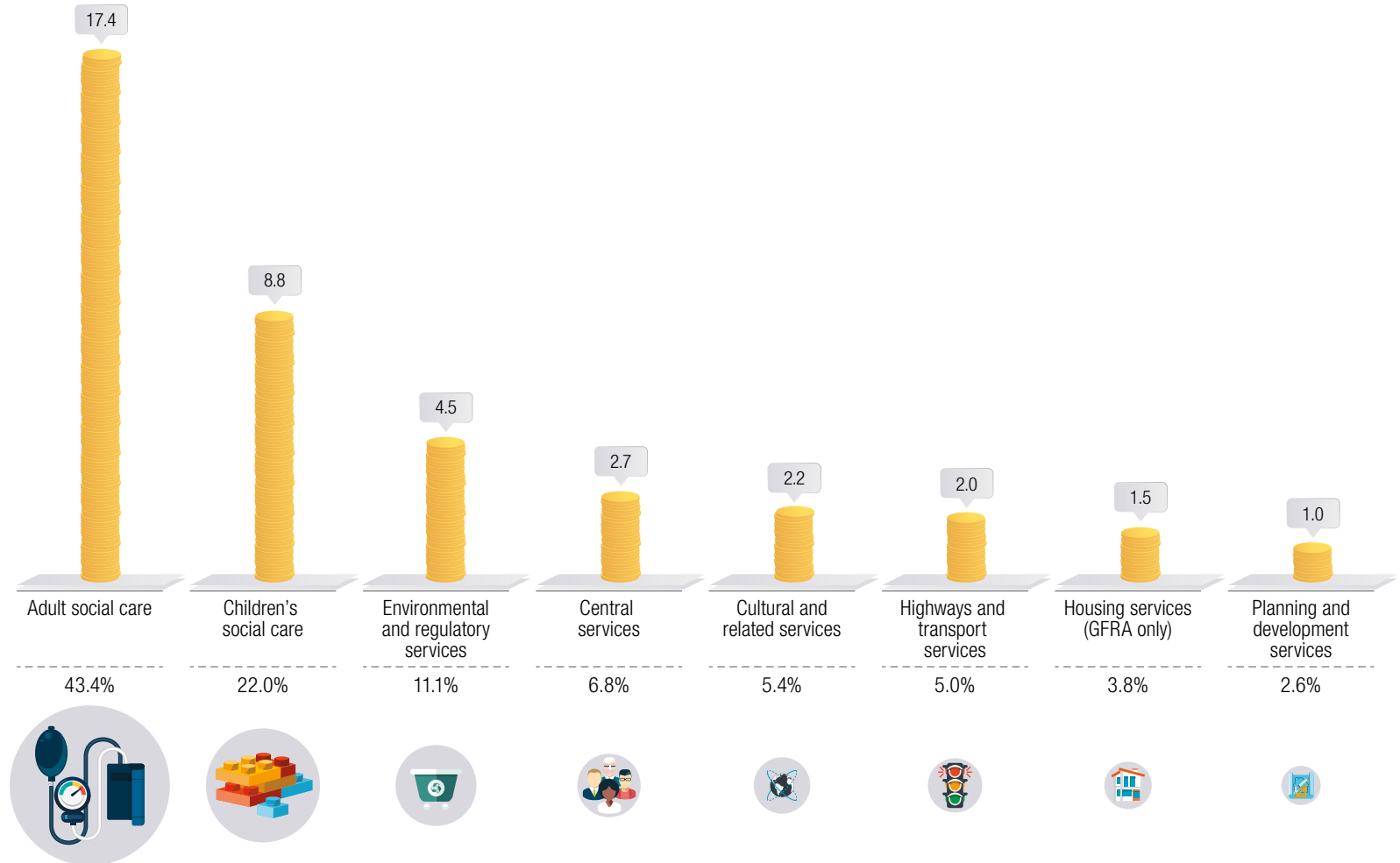
Adult social care is the largest area of spend for local authorities

In 2017-18, 43.4% of local authority spend on services (excluding education) was used to fund adult social care. Children's social care accounted for 22.0% of service spending.

Other service areas such as planning and development (2.6%), housing services (3.8%) and highways and transport (5.0%) account for much smaller shares of net revenue spending on services.

Local authority revenue spend by main service area 2017-18 (England)

Net revenue spend in 2017-18 (£bn)



**Notes**

- 1 This excludes spend on education, fire and other services and includes NHS Digital estimate of Better Care Fund expenditure on adult social care (£2.1 billion).
- 2 GFRA is the General Fund Revenue Account.
- 3 Data shown are only for the 353 principal authorities as of 2017-18.
- 4 The percentage figures do not sum to 100% due to rounding.

Source: National Audit Office analysis of local authority revenue expenditure and financing data

## Major programmes and developments in 2018-19

### Financial sustainability

**OCT**  
**2018**

The Budget provided an additional £240 million in both 2018-19 and 2019-20 for adult social care, and an additional £410 million in 2019-20 that can be used for either adult or children's social care.

**JAN**  
**2019**

In the local government finance settlement the Department confirms the creation of 15 new 75% business rates retention pilots for 2019-20, alongside existing pilots in London and five devolution deal areas.

In the local government finance settlement the Department announces the elimination of £152.9 million of 'negative Revenue Support Grant' and the publication of consultations on the Fair Funding Review and reform of the business rates retention system.

**SEP**  
**2019**

The Spending Round 2019 contains a potential £2.9 billion cash-terms increase in core spending power for 2020-21 including an additional £1 billion grant funding across adult and children's social care, a possible 2% increase in the council tax rate, a potential 2% adult social care council tax precept, and an increase in business rates baseline funding in line with inflation.

**SEP**  
**2019**

The Department confirms that it will aim to implement reforms to the Local Government Finance system in 2021-22, including the outcome of the Review of Local Authorities' Relative Needs and Resources (the Fair Funding Review) and increasing the level of business rates retained by local government to 75%.

### Local governance and audit

**JAN**  
**2019**

A new *National Local Growth Assurance Framework* was published, mandating minimum standards for LEP governance, accountability and transparency.

**APR**  
**2019**

Two new unitary authorities created to take on functions of existing councils in Dorset (including Bournemouth and Poole).

**JUL**  
**2019**

The Department launches the Redmond Review, an independent review of the effectiveness of the local authority financial reporting and audit regime.

**AUG**  
**2019**

The National Audit Office launched a consultation on the code of local audit practice. The new code is due to come into force no later than 1 April 2020.

**SEP**  
**2019**

The Department established, and convened the first meeting of, the Local Authority Governance and Accountability Framework Panel. This group brings together key local government stakeholder bodies to discuss and review governance and oversight issues.

### Housing and homelessness

**OCT**  
**2018**

The Department removed the borrowing cap on local authorities' HRAs, enabling councils to borrow more money for investment in building new homes.

**MAY**  
**2019**

£200 million fund announced by the Department for replacing unsafe aluminium composite cladding from around 170 privately owned high-rise buildings.

## Exiting the European Union

### The Department's objectives

The Department said in its Single Departmental Plan, published in June 2019, that it aims to support a smooth exit from the European Union (EU) through the following:

- ensuring legislation is in place to enable a smooth exit from the EU;
- delivering a programme to understand and manage the implications of EU Exit on our housing delivery objectives;
- ensuring there are comprehensive contingency plans to enable support for local authorities, communities and local economies in a no-deal scenario;
- delivering a programme to support local authorities and places to manage the opportunities and implications of EU Exit; and
- delivering a programme to manage the UK's exit from European funding programmes, in line with the UK's objectives and negotiation plans.

### Government guarantee

In July 2018 the UK government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016 and was intended to be called on only in the event of the UK leaving without a deal. The guarantee included the full allocation for structural and investment funds, which provide funds to help local areas to grow, over the 2014–2020 funding period. On 31 January 2020 the government announced that the guarantee would no longer be required following the ratification of the Withdrawal Agreement.

### The UK Shared Prosperity Fund

The government has said that it will establish a UK Shared Prosperity Fund to reduce inequalities between communities across the UK once it has left the EU. Funding will be allocated through Local Industrial Strategies, which the government aims to have agreed with all mayoral combined authorities and LEPs by early 2020.

### Implementation

The Department established a network of nine local authority chief executives to share information with councils on Brexit preparations and policies that impact locally. Guidance to assist local authorities in preparing for EU Exit was also issued in January 2019.

In August 2019 local authorities were asked to designate a 'Brexit lead' to oversee preparation for, and delivery of, EU Exit. Local Resilience Forums were asked to produce Brexit Plans with 'full and robust' consideration of local impacts.

### The government agreed additional funding for local areas to prepare for EU Exit

**DEC 2018** HM Treasury (HMT) allocated the Department £35 million for spending on EU Exit in 2019-20.

**JAN 2019** The Department committed £56.5 million of funding to support local authorities in their preparations for EU Exit. This included the £35 million allocated by HMT. The Department added an extra £21.5 million of funding using finance from its 2018-19 budget.

**FEB 2019** The Department announced £3.1 million for local authorities containing major ports, £1.5 million from the amount committed in January and an additional £1.6 million from elsewhere in the Departmental budget.

**AUG 2019** The Department announced £20 million of funding for all local authorities in England to help support EU Exit preparations, including £10 million of new funding and £10 million which had previously been announced as part of the January 2019 allocation but held back for spending in 2019-20. A further £5 million was made available for authorities that either have or are near to a major air, land or sea port, and an additional £4 million made available to Local Resilience Forums.

**OCT 2019** A further £1.35 million was made available for regional representatives drawn from local authorities in the nine regions to support intelligence coordination of key risks at the regional level.

A **total of £78.5 million** has been made available by the Department to help local areas prepare for EU Exit.



## Financial sustainability

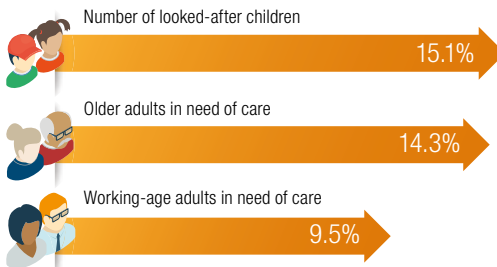


### Local authority governance and Financial sustainability of local authorities 2018

Our report *Local authority governance* (January 2019) found that in response to challenges faced by the sector, authorities have made significant savings. Spending on services by authorities fell by 14.7% in real terms between 2010-11 and 2017-18. Within their savings programmes members have prioritised dwindling resources to meet growing demand for social care.

Our report *Financial sustainability of local authorities 2018* (March 2018) found that authorities have faced significant challenges in recent years. These included a reduction in spending power (government grant plus council tax) of 28.6% in real terms from 2010-11 to 2017-18. Demand in key service areas has also increased, including a 9.5% increase in the estimated population of working-age adults in need of care and a 14.3% increase in the estimated population of older adults in need of care between 2010-11 and 2016-17. Updated analysis found the number of looked-after children increased by 15.1% from 2010-11 to 2017-18. The report also highlighted the uncertainty in the sector created by the lack of a long-term financial plan to secure financial sustainability.

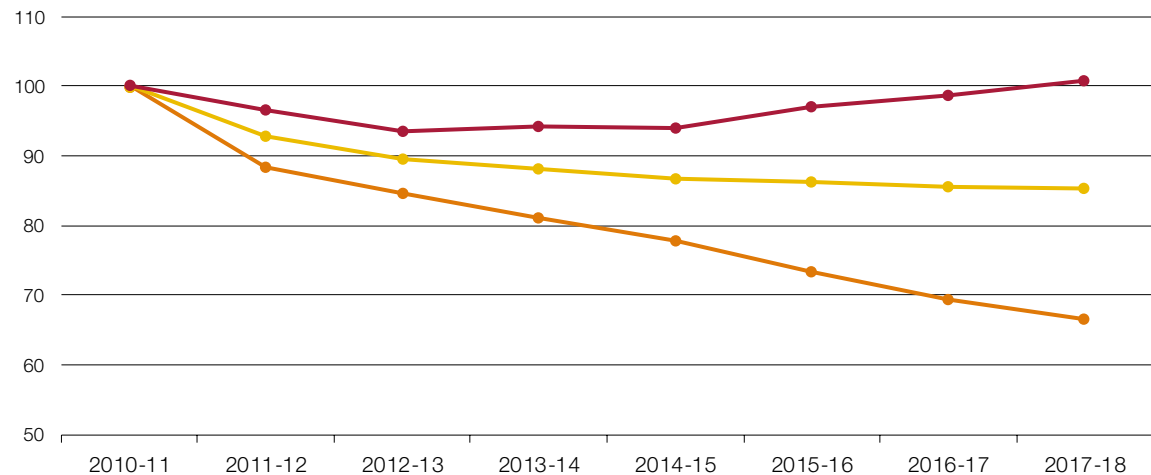
#### Demand in key service areas has increased



### Change in revenue spending by English local authorities 2010-11 to 2017-18

#### Local authorities have reduced service spending since 2010-11

Change in spend – 2010-11 to 2017-18 (%) (real terms in 2017-18 prices) (indexed 2010-11=100)



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
● Social care	100.0	96.5	93.6	94.2	94.0	97.0	98.8	100.8
● Other services	100.0	88.5	84.7	81.0	77.9	73.4	69.5	66.6
● Total services	100.0	92.9	89.6	88.3	86.7	86.3	85.5	85.3

#### Notes

- 1 Other services includes planning and development, cultural services, housing (non-Housing Revenue Account), central services, environmental services, and highways and transport. It excludes spend on education, fire and rescue, police services and 'other services'.
- 2 Social care spending includes adult and children's social care. It includes transfers from health bodies. For continuity purposes it excludes spend on Sure Start and services for young people.
- 3 Data shown are for net current expenditure.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government and NHS Digital data

## Financial sustainability *continued*

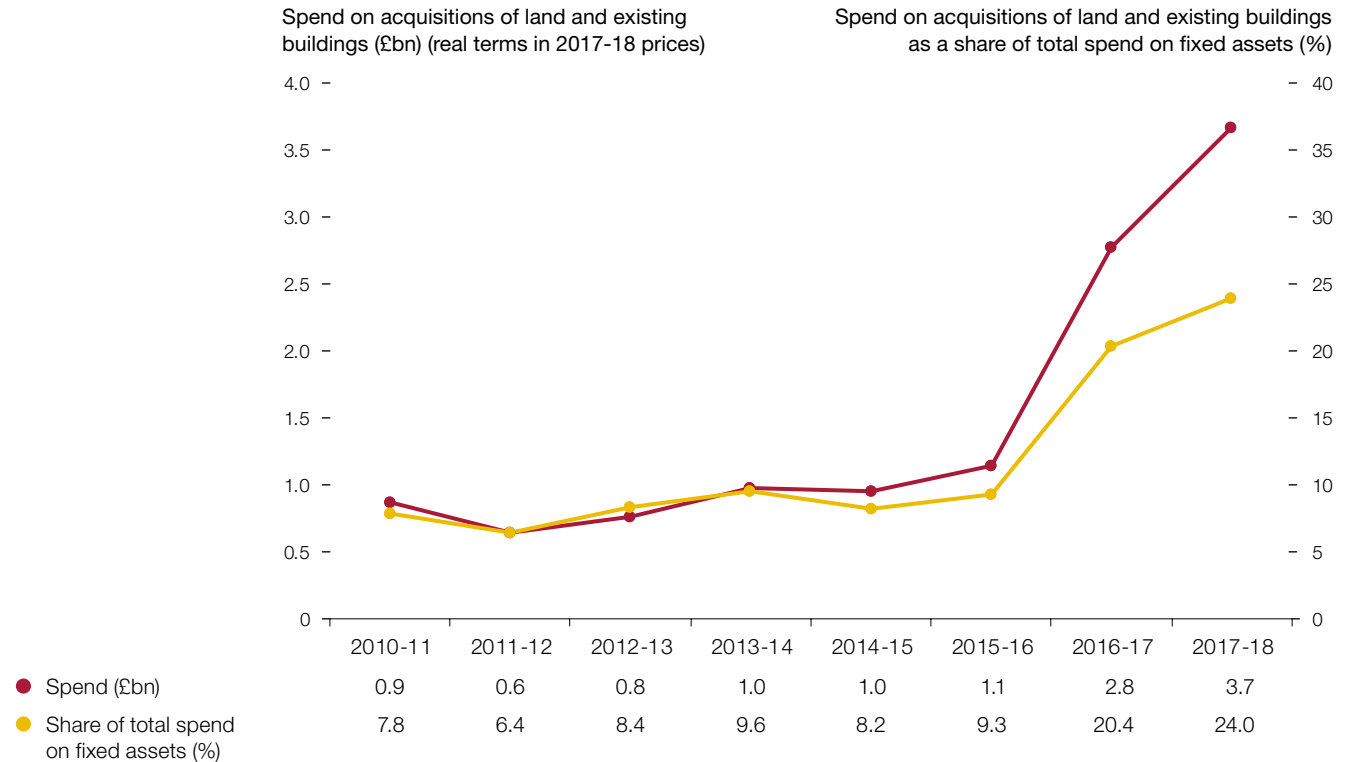
### Local authority governance

Our report *Local authority governance* (January 2019) showed that, in response to funding and demand pressures, some authorities have made commercial investments in order to generate new income. For example, the purchase of land and buildings (which includes spending by authorities on commercial properties, as well as for broader economic regeneration purposes) is increasing, and represented 24% of all spending on fixed assets in 2017-18.

Local authorities' revenue profits from their full range of commercial and trading activities increased by 36.3% in real terms to £404 million from 2010-11 to 2017-18.

### Spending by English local authorities on the acquisition of land and existing buildings 2010-11 to 2017-18

There has been significant growth in local authority spending on land and existing buildings, some of which is for commercial investment



#### Notes

- 1 Figures have been rounded to one decimal point. Spend increased from 2015-16 to 2017-18 by £2.53 billion.
- 2 Excludes spend on education services, public health, police services and fire and rescue.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government data



## Local governance and audit

Local authorities are accountable to their communities for how they spend money and for ensuring that this spending represents value for money. Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative.

Good governance means that proper arrangements are in place to ensure that an authority's intended objectives are achieved. Key elements of the statutory framework ensure that authorities remain financially sustainable.

Authorities have faced significant governance challenges since 2010-11 (see figure) as funding has reduced while demand for key services has grown. Not only are the risks from poor governance greater in the current context as the stakes are higher, but the process of governance itself is more challenging and complex. Governance arrangements have to be effective in a riskier, more time-pressured and less well-resourced context.

### Challenges for local authority governance

Type of challenge	Details
Higher risk profiles and appetites	Risk profiles and appetites are higher due to budget pressures and because some authorities engage in transformation programmes and commercial activities. This places pressure on authorities' risk management arrangements that need to evaluate risks and mitigate any negative impact should it materialise.
More difficult decisions	Members in some authorities are having to take more difficult decisions to deliver savings, sometimes balancing statutory service requirements against local priorities. Relationships between senior managers and members are being tested in this context.
Greater local challenge	Decisions on savings are being challenged by local groups and service users. This places a premium on ensuring that the decision-making and consultation processes are sufficiently robust to survive potential legal challenges.
Maintaining transparency	An increase in decision-making on sensitive issues, for instance in relation to commercial activity or where the decision is locally contentious, is challenging the transparency of local decision-making. In our focus groups external and internal auditors stressed the need for more informative reports, and less use of commercial exemptions.
Demand for new skills	The growth of new activities, particularly in relation to commercial investment, is challenging the skills bases of authorities. Internal auditors noted the pressure this was putting on staff designing these schemes, and on internal auditors' ability to understand risk in these schemes. Monitoring officers noted the challenge of maintaining their skills in the context of growing commercialism.
Great complexity	Shared services, outsourcing and commercial activities can add complexity to authorities' governance arrangements. Authorities need to ensure that governance and accountability are clear at the point these arrangements are entered into, and that ongoing oversight is effective.
Greater immediacy	Some interviewees reported a pressure to move fast and for initiatives to deliver quickly because of financial pressure. This can lead to governance being viewed as a 'blocker' and governance arrangements not being developed at the start of particular initiatives.
Reduced independent oversight	While there was no desire to return to the previous oversight framework, some stakeholders and focus group participants noted that they had less independent information and challenge to support their decision-making.
Reduced corporate resources	Spend on corporate and democratic support fell by 34.2% overall in real terms between 2010-11 and 2017-18. This includes a 39.3% reduction for single-tier and county councils, and 21.2% for district councils. In our survey of section 151 officers only 77% agreed or strongly agreed that their finance function was sufficiently resourced. Some 82% agreed or strongly agreed that their internal audit function was sufficiently resourced.

Source: National Audit Office

### Local authority governance



Our report *Local authority governance* (January 2019) found that local government has faced considerable funding and demand challenges since 2010-11 and the way authorities have responded to these challenges have tested local governance arrangements. Many authorities have pursued large-scale transformations or commercial investments that carry a risk of failure or under-performance and add greater complexity to governance arrangements. Spending by authorities on resources to support governance also fell by 34% in real terms between 2010-11 and 2017-18, potentially increasing the risks faced by local bodies.

This raises questions as to whether the local government governance system remains effective. We recommended that the government should improve its oversight of the local governance system to help local authorities cope with increasing financial and demand pressures.

## Local governance and audit *continued*

Councils are required to maintain a sound system of financial management and internal control, including risk management, internal audit and whistleblowing arrangements. Members sit on the audit committee or equivalent, which is meant to provide the full council with independent assurance on these arrangements. Members challenge policy decisions and strategic direction through committee arrangements or overview and scrutiny functions.

### Local authority governance



As part of our report *Local authority governance* (January 2019), we conducted a survey of external auditors, which indicated that while in the majority of cases auditors agreed that suitable arrangements were in place, this was by no means universal. Our report revealed that some external auditors have raised concerns about the effectiveness of the internal checks and balances at the local authorities they audit, such as risk management, internal audit and scrutiny and overview. Auditors felt that many authorities are struggling in more than one aspect of governance, demonstrating the stress on governance at a local level.

Each year, external auditors publish a conclusion on an authority's arrangements to secure value for money, and can highlight weaknesses by 'qualifying' their conclusion. In 2017-18, auditors issued qualified conclusions for around one in five single-tier and county councils. Our report also found that several authorities did not take appropriate steps to address the issues identified by their auditor in the previous year.

### Auditors' views on key governance arrangements in 2017-18 – all authorities

**In the majority of cases, but by no means all, external auditors felt that key governance arrangements were effective**



**Notes**

- 1 N=197.
- 2 Bar lengths are based on unrounded data but data labels have been rounded. Some sets of data labels may not sum to 100.

Source: National Audit Office survey of external auditors

## Local governance and audit *continued*

### Local enterprise partnerships (LEPs)

Following the abolition of regional development agencies, LEPs were established in 2011 as strategic partnerships between the private sector and local authorities.

There are  
**38** LEPs  
in England,



which operate across functional economic areas that reflect labour markets and offer economies of scale. They cross administrative boundaries, covering more than one local authority. Some LEPs operate alongside or within a combined authority.

#### Progress report into the accountability and oversight of Local Enterprise Partnerships (LEPs)

Our report *Local Enterprise Partnerships: an update on progress* (May 2019) provided an update on the work of LEPs and the Department to address our previous recommendations.

##### We found that:

- the Department faces an inherent tension between developing a system of governance over a delivery model based on the devolution of funding and its responsibilities to ad hoc, business-led partnerships;
- the Department has implemented the recommendations made by Mary Ney's review into LEP governance. In January 2017, the Department's accounting officer asked Dame Mary Ney, a non-executive director from the Department's board, to review LEPs' governance and transparency. The report was published in October 2017;
- while the assurance framework is stronger, backed up by checks on compliance, the Department acknowledges that it cannot mitigate entirely the risk of a failure similar to the Greater Cambridgeshire Greater Peterborough LEP;
- the Department has made no effort to evaluate the value for money of nearly £12 billion in public funding provided to LEPs to support local growth, nor does it have a robust plan to do so; and
- as LEPs were formed on a voluntary basis and asked to operate across functional economic areas, many overlapped. As of April 2019, nine LEPs across four areas, involving 11 local authorities, had boundary overlaps.

In an earlier report *Local Enterprise Partnerships* (March 2016), we found that LEPs were highly dependent on local authorities for staff and expertise. The Department has now commissioned research to assess the capability of all LEPs to deliver their Local Industrial Strategies.



## Local services

### Ensuring food safety and standards

Local authorities have responsibilities for delivering important elements of national food safety controls and standards. This includes the work of environmental health and trading standards officers within local authorities.

#### Ensuring food safety and standards

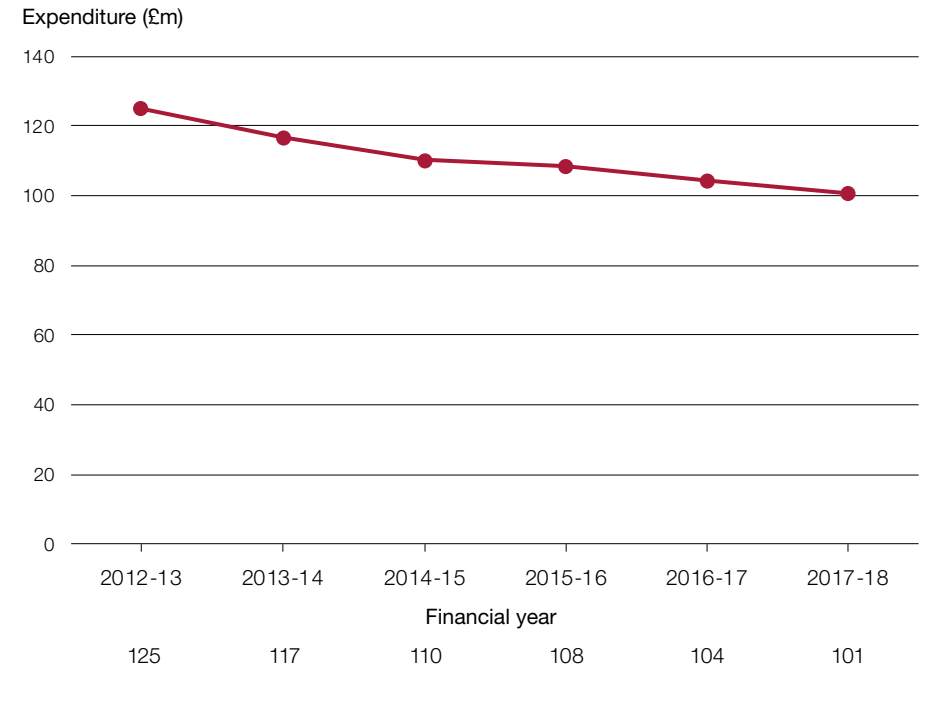
Funding reductions have provided a challenging context for the provision of these services by local authorities. Our report *Ensuring food safety and standards* (June 2019) found that:

- in 2016-17, the Food Standards Agency estimated that the total cost of delivering food controls in England was £164 million. Of these costs, 73% (£119 million) are met by local authorities;
- the level of funding local authorities allocate to food controls has been declining for a number of years. Local authority expenditure data show that their spending on food hygiene fell by an estimated 19% between 2012-13 and 2017-18, from £125 million to £101 million;
- food hygiene staff numbers declined by an estimated 13% (per 1,000 food businesses) between 2012-13 and 2017-18, and the number of food standards staff fell by an estimated 45%;
- some local authorities are failing to meet statutory objectives to conduct interventions aimed at ensuring food businesses comply with food law. In each year since 2012-13, English local authorities failed to carry out all the hygiene and standards interventions of food businesses that were 'due' (as set down in the [Food Law Code of Practice](#)); and
- despite these challenges, 90% of food businesses in England are at least broadly compliant with food hygiene requirements, and levels of major food-borne illnesses have been broadly stable since 2013.



#### Local authority food hygiene expenditure in England, 2012-13 to 2017-18

Local authority spend on food hygiene controls has reduced by an estimated 19% between 2012-13 and 2017-18



#### Notes

- 1 Analysis of total expenditure on 'food safety' category as reported in local authority revenue outturn data (RO5).
- 2 Analysis excludes spending on food standards, which is a component of local authority trading standards services expenditure and cannot be disaggregated. Port health authority expenditure is also not included.
- 3 Expenditure is adjusted for inflation and shown in 2017-18 prices.

Source: National Audit Office analysis of local authority revenue expenditure and financing England outturn data, 2012-13 to 2017-18

## Local services *continued*

### Children's social care

Local authorities in England have statutory responsibility for protecting the welfare of children and delivering children's social care. In extreme cases local authorities may use their statutory powers to place children in need on protection plans or even take them into care. Local authorities are also responsible for delivering non-statutory services for all children and young people, such as children's centres.

#### Pressures on children's social care

Our report *Pressures on children's social care* (January 2019) examined the pressures that stem from demand for children's social services, and the pressures that stem from the activity that local authorities undertake in response to actual or perceived demand. The report found that:

#### The number of children taken into care has risen by almost triple the rate of population growth

- Between 2010-11 and 2017-18 the number of children in care increased by 15% to 75,420. There has been a notable increase in the number of children over 16 taken into care, which increased by 78% between 2010-11 and 2017-18, from 3,210 to 5,710. Local authorities told us that these children often have more complex needs and as a result are more likely to go into residential care.

#### The cost of children in care is rising

- Local authorities are budgeting to spend £4.2 billion on looked-after children in 2018-19 – £350 million (9.1%) more than in 2017-18. The increase in the use of residential care has exposed the lack of suitable placement capacity available to local authorities: only 32% of local authorities report that they have access to enough residential homes for children aged 14 to 15 years, and 41% for those aged 16 to 17.

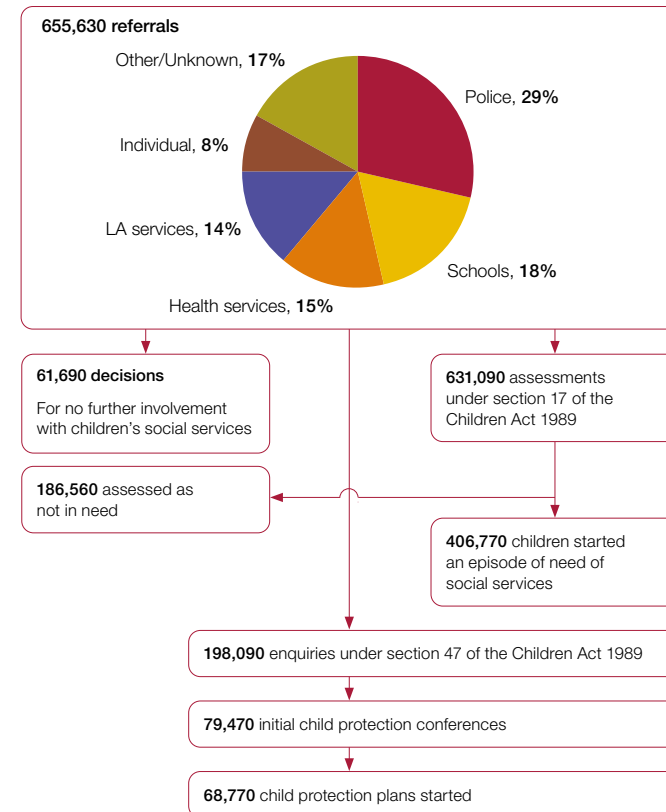
#### There is significant variation between different local authorities in both the activity and cost of their children's services

- The rate of children-in-need episodes during 2017-18 ranged from 301 to 1,323 per 10,000 children between local authorities. In 2017-18, the amount spent by local authority per child in need varied between £566 and £5,166.



#### Key stages in children's social care, 2017-18

In 2017-18 local authorities received 655,630 referrals and 68,770 children started a child protection plan



#### Notes

- Referrals: there may be more than one referral per child across the year.
- Assessments plus no further involvement does not sum to total number of referrals: multiple referrals may lead to one assessment and one referral to multiple assessments.
- Children in need plus not in need does not sum to total number of assessments: there may be more than one assessment and more than one episode of need per child across the year.
- The percentage figures do not sum to 100% due to rounding.

Source: National Audit Office analysis of Department for Education's *Statistical First Release on Characteristics of children in need: 2017-18*

# Housing

## Planning for new homes

Historically, the supply of new homes has failed to meet demand, as we set out in our *Housing in England: overview* (January 2017). The Department has set out a challenging ambition for 300,000 new homes a year from the mid-2020s, together with supporting infrastructure. The average number of new homes each year between 2005-06 and 2017-18 was 177,000 per year.

### Planning for new homes



The planning system is a key stage in the Department's strategy to meet this ambition. Our report *Planning for new homes* (February 2019) assessed how the planning system works to provide new homes. Our work has found that from the setting of the need for new homes, to the reductions in local authority capability, the under-performing Planning Inspectorate and failures in the system to ensure adequate contributions for infrastructure, the system is not working well.

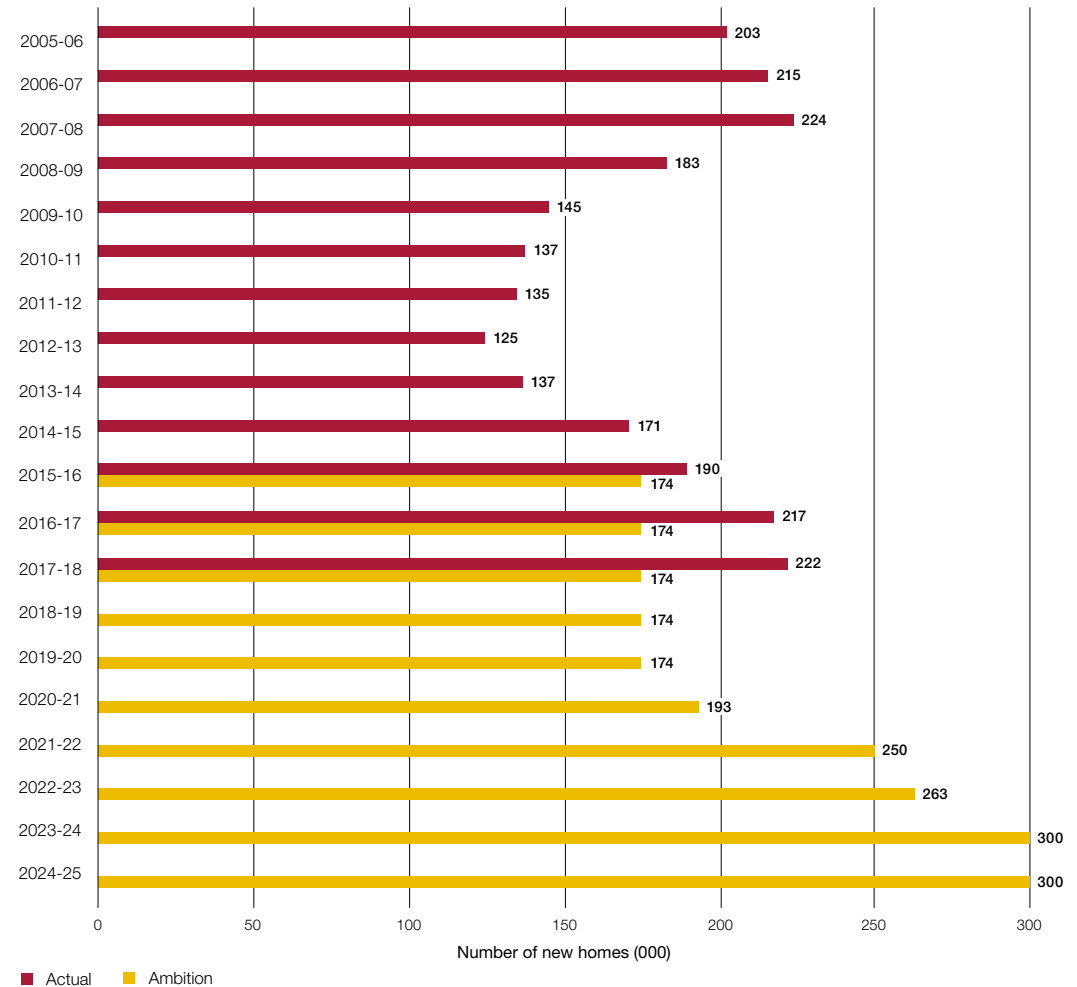
Our study found that:

- 50% of local authorities are likely to fail the 'housing delivery test' in 2020 for not building enough homes, so could face penalties;
- the number of local authority planning staff fell by 15% from 2006 to 2016; and
- less than half of local authorities (44.1%) had an up-to-date local plan which set out where new homes should be, but the report notes that this is not fully within local authorities' control.

The Department understands the shortfalls in the planning system and its new planning policy framework aimed to address some of these. Our report recommended that the Department worked with industry to identify skills gaps within local authorities, and that it worked more effectively with its partners to ensure adequate contributions for infrastructure. We recommended the Department should regularly review if local plans collectively align with the ambition to oversee 300,000 new homes a year from the mid-2020s.

### Average number of new homes per year required to meet the Ministry of Housing, Communities & Local Government's future ambitions

**An increase in the number of new homes delivered per year will need to be higher than any recent year to meet the Ministry of Housing, Communities & Local Government's ambition**



**Note**

1 National Audit Office calculation assumes one million net additions to housing stock over the twenty-three quarters between 1 April 2015 and 31 December 2020, 500,000 net additions to housing stock over the eight quarters between 1 January 2021 and 31 December 2022 and 300,000 net additions per year thereafter from January 2023.

Source: Ministry of Housing, Communities & Local Government (Actual), National Audit Office (Ambition)



## What to look out for

01

### Financial Sustainability



- **Fair Funding Review** (Review of Local Authorities' Relative Needs and Resources): ahead of the proposed introduction of the new funding formula in 2020-21 the Department will be completing its work, and is likely to consult on its proposals.
- **Business rates:** ahead of the proposed increase in local government's retention of business rates from 50% to 75% from 2021-22, the Department will be continuing to work with the sector on reforms to the way the business rates retention system works and is likely to consult on proposals.

02

### Local governance and audit



- **Redmond review of local audit:** This review will examine the effectiveness of the local authority financial reporting and auditing regime.
- **New Code of Audit Practice:** The National Audit Office will produce a new Code of Audit Practice to be laid in Parliament in time for it to come into force no later than April 2020.
- **New unitary authority for Buckinghamshire:** The new authority will replace existing councils from 1 April 2020.

03

### Devolution and growth



- **Local Industrial Strategies:** The government is inviting mayoral combined authorities and Local Enterprise Partnerships to develop Local Industrial Strategies, which are intended to provide distinctive and long-term visions of how a place will maximise its contributions to UK productivity.
- **UK Shared Prosperity Fund:** The government intends to establish a UK Shared Prosperity Fund to reduce inequalities between communities across the UK once it has left the EU and no longer has access to EU Structural Funds.

04

### Housing and homelessness



- **Implementing major planning reform package:** The Department will be publishing an Accelerated Planning green paper to look at how greater capacity and capability within local authorities can accelerate the planning process.
- **New Help to Buy Scheme:** A new scheme, to follow on immediately from the current scheme for two years to March 2023, will be restricted to first-time buyers and will introduce lower regional caps on the maximum property value while remaining at £600,000 in London.

05

### Social care



- **Adult social care:** In the October 2019 Queen's Speech the government committed to bringing forward substantive proposals to fix the crisis in social care. This will include setting out legislative requirements.