SOCIAL SECURITY

ADVISORY COMMITTEE

Localisation and Social Security: A Review

A study by the Social Security Advisory Committee
Occasional Paper No. 14

May 2015

About this report

This project was conducted as part of the Social Security Advisory Committee's (SSAC's) Independent Work Programme, under which the Committee investigates pertinent issues relating to the operation of the benefits system.

We would like to thank the individuals and organisations that provided their views on this issue, including at the SSAC stakeholder event in November 2014, and at a round-table event on localisation that took place the following month.

We are also grateful for the assistance of Chris Tryhorn, who prepared the paper for us, and to officials from the Department for Work and Pensions who provided factual information. As ever, we are also grateful to our extensive stakeholder community for their active engagement with this project.
However, the views expressed and recommendations reached in the paper are solely those of the Committee.

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Foreword

Responsibility for the development and oversight of social security policy in Great Britain (GB) has for many years been strongly centralised. In Northern Ireland there has been both political and administrative opportunity for divergence, but in practice parity with GB arrangements has been largely adopted.

In recent years, however, the assumptions underpinning these arrangements have been challenged:

- the idea that 'one size fits all' is no longer accepted;
- hoped for economies of scale are contrasted with the need to flex both policy and delivery to local circumstances; and
- there is increased demand for devolution to Scotland, Wales and Northern Ireland and for the potential role that local government can play.

So there is a growing debate about who should be responsible for developing and delivering social security in the United Kingdom (UK).

It is against this background that SSAC decided to undertake a review of the 'localisation agenda'. From the outset we were aware that this is complex and genuinely 'multi-layered' and is politically contentious. It is not for SSAC to engage with debates about the future integrity of the UK. We do, however, have a responsibility to identify and explore issues that impact on social security and the 'localisation agenda' is just such a subject.

We have sought to pull together the key strands of policy, and to describe some of the innovative initiatives to deliver social security at a sub-national and local level highlighting the implications for ordinary claimants and their families. Such is the complexity and sensitivity of this exercise, coupled with a recognition that developments and debates in Scotland, Wales and Northern Ireland remain in a state of flux, that we have concentrated our report on experience in England. That said, we hope that our conclusions and recommendations have general applicability.

In a time of change it is important that a sharp focus is retained on the circumstances and needs of social security claimants and their families. We call for continued DWP leadership, working by invitation and in concert with representatives from across Whitehall, devolved administrations, local authorities and third sector organisations to ensure that necessary and inclusive standards of coverage and adequacy are maintained. The 'localisation agenda' has much to offer by way of flexing policy and delivery mechanisms to local circumstances. But these innovations, while conscious of the need for financial prudence, must be appropriately resourced and sustained into the future. As a guide to the ongoing debate we advance a number of key principles that we believe should be mainstreamed through all future thinking and innovation. We hope that they prove to be useful.

Paul Gray
Chair, SSAC

1. Introduction

Localisation has become an ever more common term in the lexicon of social security. In keeping with its statutory role in providing advice and assistance to the Secretary of State, the Social Security Advisory Committee (SSAC) has undertaken a project that examines this concept in more detail, draws on the evidence of stakeholders, and seeks to draw some conclusions about the way the localisation of social security is working in practice and might develop. In doing so, we seek to describe key themes and recent trends in the development and delivery of social security policy as the relationship between central government, devolved administrations and local authorities has changed.

Our objective is to contribute to a deeper understanding of the key impacts and issues arising from the localisation agenda. We have not undertaken a detailed research project – the subject is too broad and our resources are modest – and therefore do not claim to have analysed all aspects of the topic. However, we have examined UK government policy as found in Department for Work and Pensions (DWP) legislation, statements and guidance; we have matched this with a review of relevant research derived from academic sources and reflected upon the experience of key actors including local authorities and voluntary organisations. In particular, we have benefited from the support of our extensive stakeholder community, who participated in structured discussion about the subject at one of our stakeholder seminars held in November 2014 and responded to an online consultation conducted during December 2014.

It is evident, therefore, that we do not claim to have produced a definitive report on this important but complex subject. We are confident, however, that we bring into some focus the various relevant strands of policy and have identified some of their impacts on local authorities, voluntary organisations and social security recipients. We seek to draw attention to important challenges, and to raise questions about gaps, anomalies and unintended consequences, with a view to making recommendations for action and proposing some principles that will need to be considered further as this agenda for the localisation of social security develops.

In doing so, we have been conscious of the constraints to public finance that inform the options available to government at this time. We have kept in mind that the need to make efficiency savings and to take tough decisions about public spending priorities must be taken into account when proposing any recommendation that could lead to funding being maintained at current levels or even increased.

What is localisation?

From the outset, we were aware that there is uncertainty among our stakeholder community – and more widely – about the definition and consistency of use of the term 'localisation'. In the current political debate, we are aware that many are stressing the advantages of de-concentration, whether to a sub-national, regional or local level. These advantages include: increased access by members of the public to the political process; the opportunity to articulate special needs; the greater accountability of decision-making politicians; and the configuration or adaptation of policies and services to prevailing local circumstances. In addition, administrative or executive decentralisation creates or empowers subordinate authorities or agencies to implement policy and deliver service according to previously agreed protocols. Budgets can also be devolved, tax-raising powers considered, targets and performance measures introduced, and services brought closer to their recipients or customers.

We have been concerned throughout to avoid labelling localisation as being either a good or a bad thing. However, we do think it helpful to distinguish localisation from a number of related terms which from time to time are thought to be almost synonymous: decentralisation, de-concentration, devolution, and subsidiarity.

> **Decentralisation** may be said to express central government's willingness to determine a policy in broad terms but allow an outer tier of administration to vary or deliver it in a way of their choosing.
>
> **De-concentration** is more to do with the management and administration of government functions, with local offices being the customer-facing end of a 'chain of command'.
>
> **Devolution** refers to the constitutional ability of sub-state governance structures to acquire and discharge full responsibility for a range of policies and functions previously held at the state level. Within this debate, certain commonly used words have been given an elevated status: matters are transferred, concurrent, reserved or exempted. Important distinctions exist between each of these terms, and how social security and closely related policies such as taxation fit into this debate is a matter of current negotiation in Scotland, Wales and Northern Ireland.
>
> **Subsidiarity** is commonly used in the context of European legislation, where it essentially means that the issue in question should be determined through domestic legislation. The principle of subsidiarity seeks to locate decision making closer to the citizen. In practice, however, it normally means that decisions are located on a continuum which is pitched at a level of political authority which is no higher than that which is required for effective implementation.

We see localism and localisation as general terms that relate to those policies, schemes or funds that are developed and/or delivered via local institutions or agencies, to meet the needs of citizens living in a particular locality. In some respects, these two terms embrace aspects of decentralisation, de-concentration and devolution, and represent points on the centre-local spectrum.

In the UK, social security provision has always been dependent on changes in the balance of responsibility between localities and central government. Historically, for example, we have moved from Poor Law Unions to a centralised system of National Insurance. Now the move seems to be in the other direction. At the heart of these trends lies a common recognition that the most effective of policies and services must understand the needs and circumstances of claimants (and their dependants), and must configure and deliver support in ways that achieve policy objectives in a timely and cost effective manner.

A final consideration is to recognise that social security policy embodies values and principles that reflect a nation's traditional values and principles. Put another way, social security has traditionally helped to build and sustain national identity. This is one reason why international institutions (not least the European Union) have only the most limited competence in this policy area. Because of this principle it may be important to reflect on the implications of fragmenting responsibility for both social security policy and its delivery in the context of debates around the integrity of the UK.

For the purposes of this report, we suggest that 'localisation' is about the interaction between the following principles:

- the need to achieve better outcomes for claimants and local communities;

- the configuration of social security policy and its delivery to the more specific circumstances of local communities;

- the encouragement and support of enhanced accountability for policies and services at the local level and the associated leverage of local service provision by charities and other community organisations;

- the encouragement of greater citizen involvement at the local level; and

- the securing of optimal cost-effectiveness in the achievement of national policy objectives.

There is some concern that the current debate about localisation may be placing undue emphasis on structure (the role and status of institutions) rather than process and outcome. In fact, our research for this report has evidenced ways in which localisation is creating opportunities to do things differently at the local level: for example, co-commissioning, co-location and the re-configuration of local authority services has thrown up examples of good and/or innovative practice.

However, localisation and decentralisation are not the ends of policy – they are the processes through which policy objectives may be attained. From the 1970s to the present day, public policy has been characterised by the removal of powers from local authorities and their partial substitution by a range of agencies that are, for the most part, independent of direct democratic control.

At the same time, there has been a culture of strong central management – driven especially by HM Treasury (and Cabinet Office) where an ethos of target setting and performance management have impacted across both central and local government. At the same time, local government raises, by European standards, a modest share of its own budgets (through council tax, business rates and service charges).

The 2010-15 UK Government developed a clear rationale for decentralisation, which was most cogently outlined in a guide to the Localism Bill. Six 'essential actions' were identified:[1]

- to lift the burden of bureaucracy;
- to empower communities to do things their way;
- to increase local control of public finances;
- to diversify the supply of public services;
- to open up government to public scrutiny; and
- to strengthen accountability to local people.

It is in the context of this localisation agenda that a number of benefits have been subject to reform in the past few years. In Chapter 2, we identify and describe the elements of social security policy that have been localised in various ways. We look at reforms to the Social Fund, Council Tax Benefit, Housing Benefit (Discretionary Housing Payments), and the Independent Living Fund. We also look at new systems that have replaced or will replace a plethora of pre-existing provision: the Flexible Support Fund, Universal Credit and Universal Support – delivered locally, and the Work Programme.

In Chapter 3, we summarise the views of the stakeholders who responded to our consultation, along with the findings and arguments from a selection of recently published reports on the localisation of social security. The main points are presented according to four categories – policy, commissioning, finance, and delivery – with a final word about data sharing.

In Chapter 4, we draw our conclusions and make a set of recommendations for action to tackle problems or seize opportunities associated with the development and implementation of the localisation of social security.

It is important to bear in mind that in this report we are primarily examining the situation in England. Some of the differences in provision resulting from the devolution of powers to other parts of the UK are covered in Annex A.

[1] HM Government (2010), *Decentralisation and the Localism Bill: an essential guide*, p2-3. Available at: http://webarchive.nationalarchives.gov.uk/20120919132719/http://communities.gov.uk/publications/localgovernment/decentralisationguide

2. Localisation: recent reforms in social security

A number of elements of social security policy have been reformed in recent years in the context of the localisation agenda. The discretionary component of the Social Fund has been abolished, with responsibility for provision for one-off grants and loans now falling to local authorities. Council Tax Benefit has been abolished in favour of support schemes administered at the local level. Discretionary Housing Payments, which are part-funded by central government, are awarded by local authorities to provide additional support to the recipients of Housing Benefit. The Independent Living Fund is to be abolished at the end of June 2015, with local authorities set to take on the responsibility for its functions.

Likewise, a number of new systems that have been introduced or are in the process of being introduced to replace pre-existing provision contain local elements in their design. The Jobcentre Plus Flexible Support Fund has supplanted a number of older schemes and allows for discretion at district level. The rollout of Universal Credit is in its early stages, but much work is already going in to the local support services that will necessarily accompany its implementation. Universal Support – delivered locally schemes are now being piloted. Finally, the Work Programme involves a strong local dimension and local authorities have expressed interest in taking on responsibility for it in the next commissioning cycle.

In this chapter we examine these seven reforms and consider the reaction of stakeholders and other commentators to their implementation in Chapter 3.

Social Fund

The Social Fund was introduced in 1987-88 to replace the provision of single payments for one-off needs to people entitled to Income Support. It had two components, the Regulated Social Fund and the Discretionary Social Fund. The former allowed for payments covering maternity, funeral or heating costs (cold weather and winter fuel payments). The discretionary component comprised non-repayable Community Care Grants (CCGs), Crisis Loans and Budgeting Loans.

As part of the Welfare Reform Act 2012, CCGs and Crisis Loans were abolished as from April 2013. Instead, funds were made available for the next two financial years (the remainder of the period covered by the UK Government's 2010 Spending Review) to upper-tier local authorities in England, and to the devolved administrations in Scotland and Wales, to provide such assistance as they considered to be appropriate in their areas.[2]

[2] House of Commons Library Standard Note SN06413 (Localisation of the Social Fund), p1. Available at: http://www.parliament.uk/business/publications/research/briefing-papers/SN06413/localisation-of-the-social-fund

The stated rationale for transferring funding to local authorities was to provide for greater flexibility at the local level. As the Secretary of State explained in the preface to the Annual Report on the Social Fund for 2011-12:

> *Local communities will now be able to determine how best to deliver this critical service and they will be closer to people who need it. They will be able to diagnose the underlying causes of an individual's problems rather than just providing grants or additional loans which may in the past have compounded financial problems by increasing personal debt.*[3]

The funds available in the new arrangement for 2013-14 were not ring-fenced, though guidance was provided by the Department for Work and Pensions (DWP) in the form of a settlement letter, which set out the general expectations that central government had of local authorities. In the letter, sent to local authorities in August 2012, the Minister for Pensions, Steve Webb, wrote:

> *The Government has decided that it would not be appropriate to place a new duty on local authorities/devolved administrations in respect of the new provision you are planning. You need to be able to flex the provision in a way that is suitable and appropriate to meet the needs of your local communities. However, whilst we do not want or expect you to replicate the current scheme in either whole or part, it is incumbent upon me to say that it is the intention of the Government that the funding is to be used to provide the new provision. Whilst the Government recognises the difficulties relating to the boundary between providing financial support and social services, we expect the funding to be concentrated on those facing greatest difficulty in managing their income, and to enable a more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities/devolved administrations already offer. In short, the funding is to allow you to give flexible help to those in genuine need.*[4]

Ahead of the transfer of responsibility to local authorities, the rules governing access to Crisis Loans were changed with a view to reducing overall spend. For example, they were discontinued for items such as beds and cookers (except in situations related to disasters such as flooding) and restricted for general living expenses to three awards in a 12-month period.[5] As a result of these changes, gross expenditure on Crisis Loans fell sharply: from £228.3m in 2010-11 to £103.2m in 2012-13. The number of loans made fell from 2.6m

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[3] Department for Work and Pensions (2012), *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012*, p6.Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214337/2012-annual-report-social-fund.pdf

[4] House of Commons Library Standard Note (Localisation of the Social Fund) SN06413, p7. Available at: http://www.parliament.uk/business/publications/research/briefing-papers/SN06413/localisation-of-the-social-fund

[5] Ibid., p7-8.

to 1.7m. Meanwhile, funding for CCGs was maintained at £141m a year over the same period, although the number of grants awarded dropped from 254,000 to 197,000.[6]

Widespread concern about the implications of localising welfare assistance was expressed by charities in response to a DWP consultation and during the passage of enabling legislation through Parliament. Charities were worried that some local authorities might choose to provide little or no support to vulnerable claimants or might divert funds to other commitments, and that in the absence of support, claimants would seek recourse from illegal money-lenders or high-interest credit providers.

The funding for local welfare assistance schemes across Great Britain in 2013-14 and 2014-15 was set at £178m. Further funding to cover administrative expenses was made available; this added up to £72m over the two years.[7] DWP indicated that councils would be expected to fund local welfare assistance from their general grant funding from 2015. After a lengthy period of uncertainty, the Department for Communities and Local Government (DCLG) allocated £74m for local welfare assistance in England as part of its local government finance settlement for 2015-16.[8]

According to a DWP review of local welfare provision based on a survey of more than 100 local authorities in England (71% of those receiving funding), only 67% of the money made available was spent on local welfare schemes in 2013-14, with 86% of the available money budgeted for spending in 2014-15.[9] A report by the Centre for Responsible Credit found that in 2013-14 just under half of the total allocation for local welfare provision went unspent. It also estimated that only 400,000 awards for assistance were made in 2013-14, a 75 per cent fall compared to the final year when CCGs and Crisis Loans were in operation.[10]

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[6] Department for Work and Pensions (2011), *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2010/2011*, p10; Department for Work and Pensions (2012), *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012*, p10-11; Department for Work and Pensions (2013), *Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2012/2013*, p10-11.
[7] House of Commons Library Standard Note SN06413 (Localisation of the Social Fund), p7-8. Available at: http://www.parliament.uk/business/publications/research/briefing-papers/SN06413/localisation-of-the-social-fund
[8] Written statement by Kris Hopkins MP (3 February 2015), House of Commons Written Statement HCWS246. Available at: http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm150203/wmstext/150203m0001.htm
[9] Department for Work and Pensions (2014), *Local welfare provision review*, Annex D and E. Available at: https://www.gov.uk/government/publications/local-welfare-provision-review
[10] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p104. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation

Council Tax Benefit

As part of the 2010 Spending Review, the UK Government announced its intention to localise support for Council Tax from 2013-14 in England, devolve powers to Scotland and Wales, and to reduce expenditure on the benefit by 10 per cent across the whole country. The Welfare Reform Act 2012 provided for the abolition of Council Tax Benefit (CTB) and provisions for the localisation of Council Tax support were included in the Local Government Finance Act 2012.[11]

The Government wanted to localise assistance with Council Tax payments in order to: encourage local authorities to assume a greater stake in the economic future of their local areas; provide local authorities with an opportunity to reform the way in which working age claimants were supported and thereby simplify the existing system of criteria and allowances at the local level; reinforce local control over Council Tax and encourage local financial accountability and decision-making; give local authorities some control over how the 10 per cent reduction in expenditure was to be achieved, allowing for local circumstances and priorities; and give local authorities a financial stake in the provision of support for Council Tax, thereby giving incentives for councils to get people back into work. The UK Government's ultimate aim is for local authorities to grow their economies, provide employment, and thereby reduce residents' reliance on Council Tax support.[12]

The Local Government Finance Act 2012 set out the criteria to be used by local authorities when deciding which classes of people should be entitled to a reduction in Council Tax. The criteria included the capital and income levels of the liable person, the capital and income levels of other residents at the property, and the number of dependants of the liable person and other residents.[13]

The resulting reduction could take a variety of forms and the level of reduction could vary. Pensioners were protected from any adverse consequences of the change. The government provided a reduced and cash-limited budget within which local authorities were obliged to devise and implement new schemes.

The decision to exclude Council Tax support from Universal Credit caused some controversy; the existence of separate schemes, with separate tapers, was considered by many to go against the rationale of simplicity to be found at the heart of Universal Credit.

Funding for Council Tax support is provided through the business rate retention scheme rather than by government grant.[14] Funding was set at 90 per cent of the forecast expenditure on Council Tax Benefit for 2013-14. In the

[11] House of Commons Library Standard Note SN/SP/6672 (Council Tax Reduction Schemes), p1. Available at: www.parliament.uk/briefing-papers/sn06672.pdf
[12] Ibid., p2-3.
[13] Ibid., p4.
[14] Ibid., p5.

first year of Council Tax support, this amounted to £4.2bn across Great Britain, of which £3.7bn covered English local authorities.[15]

Research by the New Policy Institute into the 326 new schemes introduced by councils in England in 2013-14 found that 82 per cent of councils reduced the level of overall support compared to what people had received previously under Council Tax Benefit (the other 18 per cent made no changes and absorbed the remaining costs into their main budget), while 72 per cent of councils introduced a minimum payment.[16]

Housing Benefit: Discretionary Housing Payments

Discretionary Housing Payments (DHPs) are made by local authorities in response to applications from recipients of Housing Benefit. They are funded by a DWP grant and by the local authorities themselves: local authorities are permitted to contribute up to two and half times DWP's contribution.

Recipients of Housing Benefit can apply for a DHP when a shortfall exists between rent due and the benefit payable, for example because the property is deemed to be too large for their needs or the rent charged is higher than the Local Housing Allowance rate. DWP has issued guidance to local authorities but the method of allocation and the decision-making process is fully localised. There is no obligation on local authorities to pay DHPs.[17]

The funding for DHPs was increased in 2013-14 to mitigate the impact of the reduction in Housing Benefit arising from the under occupancy charge, the household benefit cap, and reforms to the Local Housing Allowances (for claimants in privately rented accommodation). Overall funding of DHPs thus went up from £60m in 2012-13 to a total of £180m in 2013-14. Funding in 2014-15 was £165m, and has been cut to £125m for 2015-16.[18]

Particular concern was expressed about the impact of under-occupation provisions on disabled people and foster carers. Their circumstances were recognised by DWP who made £30m of additional funding available to local authorities to help an estimated 40,000 cases (£25m for 35,000 wheelchair users and £5m for 5,000 foster carers). However, these funds were not ring-fenced and remained subject to local authority discretion.[19]

DWP requires local authorities to monitor expenditure and provide reports. At the end of the 2013-14 financial year, 240 out of 380 local authorities had underspent by £13.3m against the available Government contribution. Thirteen local authorities spent exactly 100 per cent of the DHP allocation,

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[15] Ibid., p6.
[16] New Policy Institute (2013), *The Impact of Localising Council Tax Benefit*, p1. Available at: http://www.jrf.org.uk/publications/impact-localising-council-tax-benefit
[17] House of Commons Library Standard Note SN/SP/6899 (Housing Benefit: Discretionary Housing payments), p2. Available at: www.parliament.uk/briefing-papers/SN06899.pdf
[18] Ibid., p2.
[19] Ibid., p3.

while 127 overspent by £16.8m against the available Government contribution.[20]

Independent Living Fund

Established in 1988, the Independent Living Fund (ILF) is a discretionary source of funds to assist applicants to live in the community rather than move into residential accommodation. In June 2010, the UK Government decided to close the ILF to new applications on the grounds that its model was "*financially unsustainable*". In December 2012, the Government announced that the ILF would close from 31 March 2015, and that thereafter local authorities in England and the devolved administrations would determine how ILF users were to be supported. However, all measures to affect a transfer of responsibility were suspended in November 2013 following a Court of Appeal judgment that overturned the Government's decision to close the ILF. After further consideration and a new equality analysis, the Government decided to resume plans to close the ILF, now with effect from 30 June 2015.[21]

Flexible Support Fund

The DWP's Flexible Support Fund (FSF), managed by Jobcentre Plus district managers, was established in April 2011. It took over a number of schemes previously operated by Jobcentre Plus such as the Deprived Areas Fund, the Adviser Discretion Fund, and the Travel to Interview Scheme. The new scheme operates, as its name suggests, with greater flexibility, allows for discretion at district level, and can also support local 'partnerships' that seek to address barriers to work.[22]

For 2013-14, the budget for the FSF was set at around £100m. This was increased in 2014-15 to £140m, made up of baseline funding of £70m and a further £70m of new funding from change projects (mainly travel fares for additional interviews under SR13 Conditionality & Help to Work, Support for Lone Parents, English Language Training, City Deals, Support for Post Work Programme, etc). Some of this funding consisted of only one-off payments and some has been reduced as claimant volumes have fallen. For 2015-16, DWP is anticipating the budget to be in the order of £70m.

The allocation to district level is based on claimant need but the policy on how it is used is left to the discretion of district managers. Some districts put a limit on the value and/or number of awards or referrals to provision. Current DWP guidance does not allow payments to claimants who are in work. The only exception to this is the In Work Emergency payments for lone parents.[23]

[20] Ibid., p7.
[21] House of Commons Library Standard Note SN/SP/5633 (Independent Living Fund), p1. Available at: www.parliament.uk/briefing-papers/sn05633.pdf
[22] House of Commons Library Standard Note SN6079 (Jobcentre Plus Flexible Support Fund), p1. Available at: www.parliament.uk/briefing-papers/SN06079.pdf
[23] Information supplied by DWP.

Universal Credit and Universal Support – delivered locally

Universal Credit has been central to the 2010-15 UK Government's welfare reform agenda and seeks to replace a number of individual tax credits and means-tested benefits including Housing Benefit. Universal Credit will be 'digital by default' and paid, in the main, to claimants on a monthly basis in arrears. The element representing the former Housing Benefit component will no longer be paid direct to landlords but to tenants.

Universal Credit is a working age benefit and therefore generally excludes payments to claimants of pension age.[24] In such cases the intention is that Housing Benefit will migrate to a modified Pension Credit. In addition, a benefit cap has been introduced and is designed to ensure that no individual or household is in receipt of benefits to a value greater than average earnings after tax and national insurance. This applies only to households where no-one is in work and is set at £500 per week for couples and £350 per week for single parent households.[25] Until Universal Credit is fully rolled out, the benefit cap is to be enforced by local councils through adjustments to Housing Benefit. A number of Universal Credit pilots have been testing the support that claimants will need as the process of moving to an entirely different benefit regime is managed.

Recognising that these changes to benefit structure and mode of benefit will have a significant impact on claimants, DWP and local authorities have worked together to address the challenges involved. In February 2013, DWP and local authorities jointly published a draft Local Support Services Framework for Universal Credit. The document described the range of support services that councils would need to either provide or commission for Universal Credit claimants; consideration was also given to the consequent cost and management structures thereby entailed.[26]

DWP identified that some claimants would require support through: triage and explaining the new services, particularly while they are being introduced in incremental stages; assistance with making claims online and managing their UC account online; and advice to help them manage their money under UC's monthly payment arrangements and ensure that rent and cash flow is well managed.[27]

A taskforce put together by DWP and the Local Authority Associations (LAA) agreed on a trial of these support services. A formal trialling programme in 11 partnerships got under way in September 2014. The Local Support Services Framework has now been rebranded as Universal Support – delivered locally

[24] In cases where one member of a couple is over the qualifying age for State Pension Credit, but their partner is not, benefit support will be made available through Universal Credit.
[25] See details at: https://www.gov.uk/benefit-cap
[26] Department for Work and Pensions (2013): *Universal Credit: Local Support Services Framework*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181395/uc-local-service-support-framework.pdf
[27] Ibid., p6.

(USdl).[28] Our understanding is that USdl is a support programme for the introduction of Universal Credit rather than an ongoing fund to support recipients of the benefit in the long term.

Work Programme

DWP's Work Programme was launched in June 2011. It is being delivered by a range of public, private and third sector organisations and replaced a range of programmes including New Deal, Employment Zones and Flexible New Deal. The principal objective is to move claimants into work. The Work Programme was commissioned centrally by DWP, with 40 contracts available in 18 areas.[29]

However, there is a strong local dimension to the programme, with an emphasis on incentives and flexibility to configure activities adapted to the local labour market and local circumstances. As DWP has explained:

> *Local providers are best placed to identify the most effective way of helping people into sustained work, and have been given new freedom to do so without prescription from government. Requirements for providers have been minimised as far as possible, allowing them to innovate and focus their resources where it will do most good … This approach encourages Work Programme providers to form partnerships with other organisations such as local authorities, health service providers and colleges that have an interest in helping people to move into work and to stay in work.*[30]

Local authorities have expressed interest in taking on responsibility for the Work Programme.[31]

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[28] For latest information, see: https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities/universal-support-delivered-locally-information-for-local-authorities

[29] Department for Work and Pensions (2012), *The Work Programme*, p12. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49884/the-work-programme.pdf

[30] Ibid. p.3

[31] See, for example: Local Government Chronicle (17 April 2013), "Leaders and chiefs call for localised Work Programme". Available at: http://www.lgcplus.com/news/services/economic-development/leaders-and-chiefs-call-for-localised-work-programme/5057496.article

3. Evidence and experience

In this chapter, we summarise the responses we received through our consultation with stakeholders, as well as the findings and arguments from a selection of recently published reports on the localisation of benefits. Some stakeholders reflected on the overall drift of policy as well as commenting in detail on the policy changes set out in Chapter 2. The main points they made are presented according to four categories – policy, commissioning, finance, and delivery – with a final word about data sharing. Quotations are from consultation responses unless otherwise noted.

In December 2013 DWP published its plan[32] to trial local support services as part of the roll-out of Universal Credit. The plan had been developed by DWP working in collaboration with colleagues from local government. Indeed, in addition to a Ministerial Foreword to the document there were statements from the Local Government Association, the Convention of Scottish Local Authorities and the Welsh Local Government Association. The plan sought to outline ways to test arrangements for partnership working, financial management and the effective delivery of front line services. Direct payments demonstration projects were to test the implications of paying Housing Benefit direct to social sector tenants; Local authority led pilot projects had already been testing approaches for supporting claimants to budget and to get online and councils in Pathfinder areas were providing support services at the local level. This innovative framework provided the context within which plans for the roll-out of Universal Credit were developed and resulted in the specification now know as Universal Support – locally delivered.

Policy

The big picture: greater responsibility 'welcomed in principle'

The localisation of some aspects of the social security system has given local authorities new responsibilities for the delivery of benefits and community support, leaving them to devise some benefit schemes themselves. The authorities' reaction to this shift in policy, as far as the responses to our consultation have shown, has been mixed, but in principle they seem to have welcomed the opportunity to take on greater responsibility.

The Local Government Association (LGA) told us that the localisation undertaken so far had been "*both necessary and effective*". It had given councils and their partners some much needed flexibility to intervene earlier and address specific local circumstances.

[32] Universal Credit Local Support Services Update and Trialling Plan, December 2013 Available at: https;//www.gov.uk/government/publications/universal-credit-local-support-services-update-and-trialling-plan

This echoed what the LGA had said previously in its review of the new system of local welfare assistance schemes (published in September 2014).[33] The transfer of funding for discretionary welfare payments was "*welcomed in principle*".

Local authorities provide a range of vital support to people in crisis situations or who have community care needs, and the transfer presented an opportunity to bring financial and non-financial forms of support together to better address their underlying problems and reduce the number of repeat applications.

Local Government Association

The Social Security Advisers in Local Government likewise told us that "*some degree of localisation is positive*". But they warned: "*There does need to be real clarity around the definitions of a local area depending on the topic and purpose*." It found that some district/borough councils had wrongly understood that they would take on responsibility for local welfare assistance schemes, when in fact it was the upper-tier councils that would be responsible. The Social Security Advisers also mentioned other potential problems associated with localisation: a loss of accountability for the citizen because of reduced rights of appeal, the loss of economies of scale and expertise (features of a more centralised approach), and the possibility that local schemes might undermine wider policy objectives. They also warned that as local authorities became more involved in the provision of financial support their role as advocates for their communities would be undermined.

Essex County Council said localisation should mean that local partners had a role at every stage of provision, even if budgets were not fully devolved. It felt, for instance, that "greater strategic involvement" from local authorities would be necessary for the successful rollout of Universal Credit. The council also said it could see a case for the geographic differentiation of benefits.

Differences in the costs of living, notably housing costs between London and the South East and the North East may suggest that variable benefit rates could be instituted. The provision of local welfare assistance in Essex has enabled funding to be targeted to meet local needs and in a way that complements other local support services to deliver outcomes to our most vulnerable residents.

Essex County Council

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[33] Centre for Economic and Social Inclusion (2014), *Delivering local welfare: How councils are meeting local crisis and community care needs*, p3. Available at: http://www.cesi.org.uk/sites/default/files/publications/LGA%20Delivering%20local%20welfare%20report%20FINAL.PDF

The council concluded that localisation allowed councils to support the better delivery of services in local areas. It added:

There is a need to ensure that the roles and responsibilities in delivering any localised initiative needs to be clarified in full at the outset so that the burden and risks are fully understood and can be mitigated. To optimise outcomes, any localisation should ensure local authority involvement from the conceptual stage, as co-commissioners where possible and on an ongoing basis throughout the delivery phase. In some instances, local authorities are able to set strategic themes but unable to influence the detailed mechanics of delivery, which involves government agencies and providers exclusively. Real localisation would need to respond on an ongoing basis to local interest and involvement.

Essex County Council

A more cautious note was struck by Nottingham City Council:

Our experience of the government's approach to localising welfare suggest it is about passing budgets/responsibility of discrete parts of the welfare system to the local level, while retaining control of large parts of the system. In some instances, eg council tax, government has tended to set the rules on how local authorities should deliver these schemes, meaning local flexibility has been curtailed and effectiveness reduced.

Nottingham City Council

Among other stakeholders, the Low Incomes Tax Reform Group (LITRG) said it was "*generally supportive of localisation to the extent that it means people are better served by authorities being able to flex benefits and services to local needs*". But it flagged up the potential for "*serious confusion*". "*This confusion arises both in terms of people's understanding of to whom they turn for guidance (is it a national, devolved or local authority – or perhaps a combination?) and of what power exists to change things in the community*." Differences arising from localisation should be limited to cases where it was essential to meet local need, LITRG argued. It echoed Essex County Council's point about the differences in the cost of living across the country.

Homeless Link made the point that the greater autonomy councils had been given over the past five years had in fact led to cuts to services, and argued that vulnerable groups could be marginalised in local politics. "*Whilst there is a democratic argument that local councillors are answerable to their electorate for these reductions, the problem is that the needs of vulnerable local minorities are often not reflected in local political discourse.*" It picked out as examples of those who might struggle to get their voices heard locally: rough sleepers, single homeless people, those with learning difficulties, exoffenders, substance dependent individuals and women fleeing domestic violence. The April Centre added other categories to the list of those who might be at risk from the effects of localisation: students, migrants, and those who may have itinerant lifestyles (for example, Travellers and the Roma).

ENABLE Scotland drew a distinction between the delivery of service-led projects such as the Independent Living Fund (ILF) and the Work Programme and that of 'core' benefits and funds: while the former could be localised to the third sector, the latter should remain with the state: "*It is important that core benefits and funds are seen as legal entitlements (even where the success of a claim depends on discretionary elements) and that the delivery of these by government or statutory organisations not only helps to do this, but also provides clear routes of accountability.*"

Localisation versus centralisation

A number of stakeholders pointed out that the shift to localisation was not a one-way process. At the same time as a number of specific benefits and employment schemes have been localised, the government is launching Universal Credit, a centrally administered benefit, albeit one that will have some local delivery support. As the Social Security Advisers in Local Government put it: "*The introduction of Universal Credit will… involve a centrally managed system. This does appear to be odds with a local approach*."

As part of the move to Universal Credit, Housing Benefit will become the responsibility of central government, even as Council Tax support has been localised. In the words of the LGA:

> *Lack of a consistent and coherent approach to localism and localisation is further apparent when you consider that under the auspices of Universal Credit it is the government's current intention that the administration of working age Housing Benefit will become the responsibility of DWP, effectively forcing an inefficient administrative split between two interdependent benefits that are currently very effectively administered together.*
>
> **Local Government Association**

Nottingham City Council felt that keeping Council Tax support out of Universal Credit might undermine the overall policy aim of the latter, in terms of simplifying and improving incentives to work. It said separating the claims processes for Council Tax support and Housing Benefit might confuse residents.

Another manifestation of the tension between these localising and centralising tendencies was identified by LITRG:

> *There are confusing messages about where people should seek information. On the one hand, the Government Digital Service is working to merge various other public websites into the global GOV.UK and promoting this as a single source of information. Yet on the other hand, new websites are being created in the devolved administrations (such as for Revenue Scotland), and there is a vast array of different information in different formats on local authorities' websites.*
>
> **Low Incomes Tax Reform Group**

LITRG, which is particularly concerned with the interaction between the tax and benefit systems, also mentioned the centralisation of the support offered by HMRC. Local enquiry centres had been closed over the past year, it said, and while HMRC could still provide some local services to those needing extra support, the system was "*less flexible*":

> *HMRC's 'local knowledge' has been lost in the new, centralised offering. Communities that have specific local needs and differences are not therefore immediately apparent.*"

LITRG said it was concerned that decisions taken centrally such as this could displace costs to the local level. It offered a potential example of such displacement: if housing benefit is cut, either local authorities might pick up the tab with discretionary grants, or homelessness would increase.

The 'postcode lottery' problem

A number of stakeholders reported their concern that the variation in schemes inherent in the policy of localisation would produce different outcomes across the country. LITRG outlined the point:

> *One of the potential pitfalls with localisation is that there will be different practices by those administering benefits and services at a local level – essentially creating a 'postcode lottery'. This is all very well where that difference is justified (that is, where a service or benefit is tailored to meet a community's particular needs); but the aim should be to deliver a consistently high level of service across the country where there is no justification for deviation from a certain protocol.*
>
> **Low Incomes Tax Reform Group**

Both LITRG and the Social Security Advisers in Local Government worried about people wanting to move to areas where benefits were perceived to be more generous. The Social Security Advisers highlighted "*perverse incentives for people to move across local authority boundaries to access more generous schemes*". It said such a problem was evident in the US, warning of "clear implications for ghettoisation, weakening of family and community links". LITRG made a similar point:

> *The availability of different benefits in different areas, subject to local discretion, moves away from certainty of entitlement and could be prejudicial to fairness. This may be particularly noticeable for those living on or near authority boundaries (further exacerbated for those on the borders of the devolved administrations). It may also serve to influence behaviour in unintended or unexpected ways, such as a desire to move to a particular area that provides a particular benefit.*
>
> **Low Incomes Tax Reform Group**

Nottingham City Council highlighted the "*potential communications challenge*" that could result from a situation where neighbours living in different local authorities could find themselves in receipt of different levels of benefit. It warned of "*confusion for citizens and potential inequalities between areas*". Citing the financial challenge of meeting the costs of local welfare assistance, the council said:

> *The ability of different authorities to support the funding shortfall determines a person's likelihood of receiving support for needs as basic as food and clothing. The way welfare assistance has been localised means that there are inequalities between areas with some councils deciding not to continue schemes.*
>
> **Nottingham City Council**

A report by the Centre for Responsible Credit on local welfare assistance schemes likewise described the support offered across the country as being subject to a 'postcode lottery' because funding had not been ring-fenced by central government and local spending therefore varied from area to area.[34] And the potential unfairness of localising Council Tax reduction schemes was highlighted in research by the New Policy Institute:

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[34] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p110. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation

> *It will be a curious system when a jobseeker with a state-provided income of £71.70 per week is considered to have enough money to pay some Council Tax in some parts of the country, but too poor to pay in others.*"[35]

It is worth noting that Council Tax rates vary from one authority to another, so disparity between areas is built into the system already.

National problems, national solutions?

Two stakeholders provided insights into the potential impact that localising some benefits could have on two specific groups of vulnerable people. Both Women's Aid, the domestic violence charity, and Homeless Link, the national organisation for frontline homelessness charities, had concerns about the localisation agenda.

Women's Aid told us that most survivors of domestic abuse relied on local welfare assistance to provide items such as beds and cookers that were needed when they were attempting to set up a new home. Women fleeing domestic abuse would often arrive at refuges without money, food or belongings, and might have limited access to money; the vast majority had no savings, and some had suffered 'financial abuse'. But they were struggling to obtain local support; some domestic violence services had found it hard to get the necessary support for women – especially single women with no dependent children – to move to a new home. Women's Aid argued for a "*separate fund at national level*" to maintain local welfare assistance.

More broadly, the charity said it was concerned that localising the funding and commissioning of domestic violence refuges was not working and was contributing to the "*decimation*" of the national network of specialist refuges. Since 2010, 17 per cent of specialist refuges had been lost because of funding cuts and "*very poor local commissioning practices*". It said specialist refuges had been established as a national network:

> *They afford women the opportunity of being able to escape across council, county or country boundaries in order to flee domestic violence. Specialist refuges are in their very essence a national service.*
>
> **Women's Aid**

Women's Aid said that many refuges were having 'local connection' caps imposed on services: often only 20 per cent to 30 per cent of the women accommodated at a refuge were allowed to be non-local. It cited a survey it had conducted of 33 refuge services that found that a demand for local people was explicitly specified in the contract for service or was "*becoming practice in*

[35] New Policy Institute (2013), *The Impact of Localising Council Tax Benefit*, p1. Available at: http://www.jrf.org.uk/publications/impact-localising-council-tax-benefit

[councils'] *commissioning or housing departments*". In other cases, local authorities were asking refuges for data about the number of women from outside the area, which they feared was the "*prelude*" to some kind of quota being imposed. It said it had heard anecdotally of one refuge service that had been required to charge higher rents for women from outside the area. Other services were being challenged by the local authority for not accepting local women even when there was a high risk of further violence in that area from the perpetrator of the abuse. This could well be the case for some black and minority ethnic (BME) abuse survivors who found it more difficult to hide from the perpetrator in their local community, the charity said. It went on:

> *There are concerns that if this practice becomes widespread, a 'locality' rule could jeopardise the entire national network of services and place survivors of domestic violence at high risk of further abuse, danger and even death. If more local authorities adopt this practice, survivors will in effect become trapped in their locality. This could particularly affect BME survivors and those fleeing abuse such as female genital mutilation and honour-based violence. This undermines the national network that has developed to meet women's needs over the past 40 years.*
>
> **Women's Aid**

Women's Aid cited research showing that 70 per cent of referrals to refuge services were from outside the area where the service was located, ie from a woman crossing a local authority boundary. It said that the net effect of forced migration between different local authorities was "*negligible*". It quoted research that found that most local authorities had around the same number of women leaving and arriving per year as a result of domestic abuse.
It argued that the imposition of a 'local connection' rule on refuges would contravene the Housing Act 1996 if undertaken by a housing authority. "*Local authorities should not impose a blanket policy which gives no space for discretion to be used in individual cases*," it said. Partnerships between neighbouring authorities could manage transitions, it noted.

Homeless Link was likewise concerned about the issues facing those who move between different local authority areas. "*What happens to those who have to move area?*" it asked. "*How [are] people who do not have a provable local connection to be helped? Is it acceptable that assistance to the most vulnerable depends upon local political and financial priorities?*"

The organisation said it was supportive of localisation where it was not "*a 'cover' for cuts, but is actually about delivering better quality, integrated services that operate out of silos*". But it argued that central government "*cannot just withdraw and leave everything to local agencies*". It stressed "*the important role that needs to be taken [on] a national basis to guide how decisions and resources are allocated locally*".

Homeless Link said the Community Care Grants (CCGs) and Crisis Loans that were made available from the old Social Fund had been unique tools for keeping some people in accommodation and helping others out of homelessness. It said it had been given a "*mixed picture*" of the newly localised system of welfare assistance. There were on the one hand some "*inspiring stories*" of how councils had embraced local welfare assistance and have worked with voluntary sector agencies to provide more comprehensive support services. However, there were also other schemes "*with complex bureaucracies where vulnerable people often feel they have no chance realistically of accessing help*". It warned of the effects of variation between schemes:

> *Whether somebody can receive assistance varies across local authority boundaries and the gatekeeping a particular council [has] put in place… It is hard to see how a completely localised system of rules is compatible with an emergency resource, which we believe should be allocated on the basis of need rather than postcode.*
>
> **Homeless Link**

Homeless Link also said there was also variation in the way councils had approached applications for Discretionary Housing Payments (DHPs) to cover rent deposits or bonds. Some local authorities would make a payment to a homeless person who had been offered a property to rent, but others required that the individual must already live in the area and have an active Housing Benefit claim already at a different address. This created a "*lottery*" in terms of accessing support, Homeless Link argued.

Single homeless people were finding it "*usually difficult or next to impossible*" to access DHP support. Homeless Link also suggested that some councils were denying support to tenants because of '*life choices*' such as smoking. "*Subjective policies such as these fail to treat people as individuals and are based upon arbitrary value judgments*," it said. The localisation of Council Tax support had meant new costs being loaded on to people moving out of homelessness in some areas. Individuals moving out of homelessness accommodation could be charged up to 25 per cent of the full Council Tax bill in their area, whereas previously people on Jobseeker's Allowance or Employment and Support Allowance had not been required to make such contributions. "*Now an extra financial burden has been created for people in some areas and not others purely on the basis of local priorities and not on the ability to pay*," it said. "*This seems absurd considering other benefits are not varied at a local level and personal allowances are declining in real terms*." Over half of day centres working with formerly homeless people were now providing support to clients around Council Tax arrears, the organisation added.

Same area, different outcomes

Alongside the ‘postcode lottery’ problem potentially creating winners and losers across different local authorities, some stakeholders identified the danger of creating differential outcomes for different types of people within the same area. Both the LGA and Nottingham City Council drew attention to how the localisation of Council Tax support had exempted low-income pensioners from the changes. This was causing a greater financial impact on working age people, Nottingham City Council argued. It went on: “*The government did not give councils the flexibility to decide who can qualify for support; neither did it allow councils to use tools to manage the reduced funding through setting its own policy on discounts or exemptions on particular households or properties, for example student households or single occupancy*.”

The LGA warned that any future cuts to the funding of this benefit “*would be borne in part by the working-age poor through a reduction in Council Tax support, making the Council Tax more regressive*”. It blamed this on the funding arrangements and the inflexibility of the Council Tax system, rather than on localisation itself.

Women’s Aid and attendees at the SSAC workshop on localisation in January drew attention to a significant ruling against Sandwell Metropolitan Borough Council over a ‘local connection’ rule in their Council Tax reduction scheme. Sandwell introduced a rule that only people who had been resident in the borough for the previous two years would be eligible for a reduction in their Council Tax. The council was taken to judicial review by Child Poverty Action Group on behalf of three women refused a reduction under the local connection rule. All three women were from the West Midlands, and two of them had spent most of their lives in Sandwell.

Sandwell’s scheme was deemed unlawful by the judge, Mr Justice Hickinbottom. In his ruling, delivered at the High Court in Birmingham in July 2014, he made clear that Sandwell’s residence requirement was adopted to discourage an influx of applicants from areas where property was more expensive, so that a further burden was not imposed on Sandwell’s Council Tax reduction scheme. The judge ruled that the council residence requirement was ‘ultra vires’ and thus unlawful. He also said the scheme was discriminatory and represented a barrier to freedom of movement within the European Union.[36]

Women’s Aid said that among the 3,600 residents refused a Council Tax reduction in Sandwell were claimants who had experienced domestic violence and had been forced to move there from outside the borough to find a safer place to stay. “*Localisation should not be used to exclude claims from people who are recent arrivals to the local authority area*,” the charity said.

[36] The text of the ruling is available at: http://www.cpag.org.uk/content/council-tax-reduction-minimum-local-residence-rule

The potential risk of being taken to court over Council Tax support was highlighted by Colchester Borough Council, who told us:

> *Local scheme design is allowed within relatively broad legislative parameters with limited prescription. This allows for schemes to be designed with the needs of the local population and consideration can be weighted to meet the needs of local factors and issues. However it is observed that the reforms within the Welfare Reform Act and the Localism Act, where local governance can enact policy change, does lead to increased vulnerability in the test of such local schemes and policies in the courts. This burden will ultimately fall on local authorities and result in defending such challenges or indeed altering schemes, leading to a potential reduction in the appetite for risk or innovative development.*
>
> **Colchester Borough Council**

> **Case study 1:** *Violet was 19 when she fled from her abusive partner with her twin babies late one night. She arrived at her local police station, where the duty officer called the local social services team, who in turn called the 24-hour National Domestic Violence hotline in an attempt to find her a safe place to go to. The only refuge place that could be found was in a neighbouring county, where an 80 per cent 'local connection' rule had been imposed – ie only 20 per cent of women at that refuge could come from outside the area. The space matched the needs of Violet and her children, and in principle the refuge could accept an out-of-hours referral. But they could not take Violet in, because she had no local connection. She was instead placed in emergency accommodation in her own area.*
>
> **Source: Women's Aid, response to SSAC consultation**

> **Case study 2:** *A homeless man from London with a history of drug problems was attending a support hub provided under the government's No Second Night Out policy. He was on a managed methadone programme as part of his rehabilitation. He was desperate to leave the capital, to get away from his old contacts and areas where he thought he would be at risk. He had family in the east of England and wanted to move there to continue his recovery. He found a property in the private rented sector where the landlord would accept him. But he needed financial support. He could not access rent deposit or resettlement support from either the local authority he was moving to or the one he was leaving. Previously, he might have been assisted by the Social Fund, with a Community Care Grant or a Crisis Loan. Homeless Link argues that under the new system of localised welfare assistance "there is no incentive… for any council to be unilaterally flexible around local qualifying criteria because they will only incur costs with no reciprocate benefits".*
>
> **Source: Homeless Link, response to SSAC consultation**

Commissioning

Universal Credit: 'renegotiate commissioning lines'

Universal Credit is to be a centrally administered benefit, but it has been recognised for some time that local government would have a role in providing frontline support services. In February 2013, the Department for Work and Pensions (DWP) and the Local Authority Associations (LAA) published a draft Local Support Services Framework for Universal Credit, which described the kind of support services that councils might need to provide or commission for claimants with complex needs or vulnerabilities.[37] A DWP-LAA taskforce agreed that a trial of these kinds of services was needed to identify what works best for these claimants (and the associated costs to deliver these services), and a formal trialling programme in 11 partnerships (of DWP, local authorities and the voluntary and community sector) got under way in September 2014 for a period of 12 months. The Local Support Services Framework has now been rebranded as Universal Support – delivered locally (USdl).[38]

Back in September 2012, the LGA set up its own trial: eight local authority pilot schemes designed to establish the role councils could play in providing services for claimants. It reported back on the findings of these pilots in July 2014. The pilots highlighted the importance of partnership working to address the multiple needs many Universal Credit claimants will have. Jobcentre Plus was identified as a key partner, with other potential partners including local housing providers, health services, further education colleges, and credit unions. The co-location of agencies helped to create a single point of access to customers. The LGA's review also highlighted the importance of shifting the culture towards work; councils might even use local welfare assistance funds or DHPs to this end. It stressed the need for effective 'triage' to assess customers' needs, as well as the importance of digital and financial inclusion.[39]

Local councils and their partners would have a "*central strategic role*" in supporting claimants, the LGA review noted: "*Only councils have the local reach which will enable the development of broad partnerships on the ground to support Universal Credit*." Councils could offer the employment and housing support that would be necessary to fulfil the welfare reform agenda, it added, while the pilots had demonstrated that councils were best placed to offer support, advice and opportunities to all claimants. The LGA said there

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[37] Department for Work and Pensions (2013): *Universal Credit: Local Support Services Framework*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181395/uc-local-service-support-framework.pdf

[38] For latest information, see: https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities/universal-support-delivered-locally-information-for-local-authorities

[39] Local Government Association (2014), *Universal Credit: A review of the local authority led pilots*. Available at: http://www.local.gov.uk/documents/10180/5863529/L14-297+Local+Government+and+Universal+Credit_web.pdf/3f42a03f-d92b-4ea8-a884-057eee392e02

was "*good and growing*" evidence that local commissioning and delivery of back-to-work and skills support led to better outcomes. The introduction of Universal Credit created an opportunity to address the fragmented nature of the support offered to claimants.[40]

In its submission to SSAC, the LGA said that it wanted to "*renegotiate commissioning lines*" for national programmes under Universal Credit and to see greater scope for co-commissioning between national and local government. It also called for greater co-location of services and control over budgets. The current proposal was that there would be local partnerships with DWP, but that DWP would hold the money, it said.

Nottingham City Council noted that DWP had not yet provided local authorities with details of funding for the new support and advice services that might be required under USdl. Local authorities were therefore unable to undertake meaningful planning and commissioning, it said.

Essex County Council offered an idea for a pilot scheme under Universal Credit to explore the value of "*upskilling*" workers. It suggested Universal Credit entitlements could be traded in to assist recipients in increasing their skills to gain employment or progress in work. Resources would therefore be used to lift employees out of in-work dependency.

Employment and skills: 'devolve commissioning of the Work Programme'

The LGA told us that the national employment and skills system was constraining local authorities' ability to shape and deliver local growth. It said this in turn was jeopardising the government's programme of welfare reform: only if people were given "*effective, locally integrated and sustainable*" support to get into stable employment and manage their lives and their money would there be a reduction in welfare spending and a shift towards the culture of greater self-reliance envisaged by Universal Credit. The LGA described the current system of commissioning, whereby £13bn of support was spent via 28 programmes and budgets as "*centralised, complex and fragmented*". It said it was poorly equipping the unemployed and those seeking progression, particularly those with low skills, disabled people and the long-term unemployed.

To counteract this problem, the LGA called for the co-commissioning of DWP's Work Programme and of back-to-work support between national and local government. It also cited research by the National Institute of Economic and Social Research (for the LGA), which looked at the way local authorities have successfully developed and delivered local back-to-work schemes (it is worth noting that the report decided against comparing the effectiveness or local and national schemes).[41]

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[40] Ibid., p18.
[41] National Institute of Economic and Social Research (2015), *Local authority schemes supporting people back to work*. Available at: niesr.ac.uk/sites/default/files/publications/LGAreportJan15.pdf

Nottingham City Council and Essex County Council both endorsed this view, giving a positive view of their local employment support schemes and backing the idea of devolving the commissioning of the successor to the Work Programme in 2016. "*Nottingham's experience of localised employment support schemes has been positive and in direct contrast to the reported under-performance of the Work Programme nationally*," Nottingham City Council said. Essex County Council also claimed its local skills and employment provision had outperformed central government schemes. It would like to see the Essex Employment and Skills Board, a business-led body, given a role in co-commissioning the successor to the Work Programme:

> *As a local Work Programme co-commissioner, the Essex Employment and Skills Board could help to ensure that future Work Programme participants are supported with advice and guidance on local skills provision, the needs of local employers, loan finance options, etc, to ensure they can develop their skills, increase their earning potential and achieve financial independence.*
>
> **Essex County Council**

Greater localisation of the Work Programme has also been backed by the IPPR North think tank. In a report published in June 2014, it found that the existing programme was not taking local labour market conditions into account and was failing to co-ordinate with the local delivery of public services. It explored three options for reform, including full decentralisation, and in the end endorsed the idea of local authorities and DWP jointly commissioning a new "*mainstream*" programme, with local commissioning for the more complex claimants, ie those on Employment and Support Allowance. Provision for claimants deemed easier to help, ie those on Jobseeker's Allowance, would still be commissioned centrally by DWP, but the tendering process would be driven by local authorities, with priorities set locally, and providers shortlisted and chosen by both DWP and local authorities.[42]

Finance

Localisation at a time of cuts

The localisation of the benefits under discussion has been introduced against the backdrop of significant cuts to public expenditure following the UK Government's Spending Review of 2010. The budget allocated for some of these benefits has been reduced at the same time as responsibility for them has been transferred to local authorities. (A Children's Society report pointed out that the budget for the old Social Fund had already been cut heavily since 2010. It said the 2013-14 allocation for local welfare assistance schemes was 46 per cent less in real terms than the 2010 budget for CCGs and Crisis

[42] IPPR North (2014), *Alright for some? Fixing the Work Programme, Locally*. Available at: http://www.ippr.org/publications/alright-for-some-fixing-the-work-programme-locally

Loans.[43]) The budget for Council Tax support was 10 per cent less than the cost of the old Council Tax Benefit (CTB). In the case of the ILF, local authorities will be expected to fund the benefits associated with it out of their own social care budgets when the fund is abolished in June 2015.

Deep concern about the level and sustainability of funding was evident throughout the responses to SSAC's consultation. There was a fear that the benefits and achievements of localisation could be lost for want of continued investment. As the LGA put it:

> *These small piecemeal pots of funding have all seen cuts in relation to the preceding national scheme or approach, and are all subject to short term awards, which creates high levels of uncertainty for councils, partners and communities. The consequence is that while councils have taken some very imaginative approaches within the confines of what is possible, their ability to plan for the future, or to take an holistic and integrated approach to addressing people's broader circumstances – for example employment and housing – remains extremely constrained.*
>
> **Local Government Association**

The Social Security Advisers in Local Government echoed this fear:

> *Whilst 'localism' is and has been frequently accompanied by some level of discretion, the reduction in funding could actually mean local authorities find it difficult to exercise that discretion in a way that supports the most vulnerable. These reductions in the funding levels could therefore result in there being a perception of localisation of welfare support as a means to an end and a cost cutting exercise. This is certainly the concern attached to the anticipated transfer of ILF funds to local authority social care grants… If local authorities are being asked to be flexible and innovative and deliver new forms of support to their citizens, these activities must be fully resourced to enable local authorities to continue to rise to the challenges being set.*
>
> **Social Security Advisers, Local Government**

Essex County Council also warned that localisation should not be seen as a cost-cutting exercise. "*Making future localisation work on an on-going basis, or simply ensuring that national schemes link in with local schemes, each rely heavily on local authority resources*," it argued. "*These costs are rarely covered by central government.*" Nottingham City Council talked of the

[43] Children's Society (2013), *Nowhere to turn? Changes to emergency support*, p9. Available at: http://www.childrenssociety.org.uk/news-and-blogs/press-release/report-decline-support-leaves-struggling-families-few-options

"*significant challenges and financial risk*" it was facing as a result of reduced funding.

Local authorities tasked with designing and administering new benefit schemes have found the responsibility itself was an additional cost. As Colchester Borough Council put it: "*The annual design, process and administration of Council Tax support schemes remains a significant cost factor and greater emphasis on the burdens this places on local authorities could be highlighted*." Colchester Borough Council did also mention that local authorities in Essex had worked in partnership on their Council Tax schemes to share costs, experience, policy drafting and consultancy, which had led to many improvements and efficiencies.

Local welfare assistance: savings made, but fears for the future

Local authorities were not under any statutory obligation to spend the full allocation of funding made to them for the provision of local welfare assistance schemes. According to a DWP review of local welfare provision, which was based on a survey of more than 100 local authorities in England (71% of those receiving funding), only 67% of the money made available was spent on local welfare schemes in 2013-14, with 86% of the available money budgeted for spending in 2014-15.[44] A report by the Centre for Responsible Credit found that in 2013-14 just under half of the total allocation for local welfare provision went unspent. It estimated that a third of local authorities spent less than 40 per cent of their total allocation on direct financial assistance to vulnerable people (although around a fifth had spent 80 per cent or more of their allocations).[45] It recommended that a ring-fenced grant be made for 2015-16.[46]

From the perspective of councils, the localisation of welfare assistance schemes has had some positive financial effects. They have moved from cash payments to 'in-kind' benefits, which has reduced the scope for abuse and in some cases saved money. The LGA said Solihull Metropolitan Borough Council had reported a reduction in repeat applications for cash awards under the new system after applicants were offered a food parcel instead.

The LGA said that delivering discretionary payments locally had proved to be more cost-effective than the old system. Councils were now negotiating bulk purchasing deals with suppliers, who were sometimes local providers. They had also been working across departments and with other councils as well as with voluntary and community organisations to save on back office costs and improve delivery, the LGA added.

Essex County Council reported a positive financial effect following the establishment of its Essex Essential Living Fund. By using local businesses

[44] Department for Work and Pensions (2014), *Local welfare provision review*, Annex D and E. Available at: https://www.gov.uk/government/publications/local-welfare-provision-review
[45] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p104-106. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation
[46] Ibid., p110.

and charities, it had ensured that funds were re-used within the local community. The increased income had enabled those charities to grow and supported their ability to cope with increasing demand, the council said.

Both the LGA and Essex County Council warned that it was important that money continued to flow from central government to cover the costs of welfare schemes. While the LGA felt some further efficiencies might be possible in the future, for instance if local authorities were to share back office functions with neighbouring councils, it said some form of crisis and community care support would always be needed and that it should be paid for from a "*specific and identifiable pot of funding*".

This message echoed the recommendations of a report by London Councils, published in June 2014, which also argued that local welfare assistance schemes would play an important role in readying claimants for the introduction of Universal Credit. It said if such schemes lost their funding and were abolished, the partnerships built up and the support now being offered would be lost, meaning that the institutional structures necessary to support the culture change envisaged by Universal Credit would not be in place:

> *Local authorities will be best placed to maximise the possibility for people to make the jump from legacy benefits onto Universal Credit but it is clear that there will continue to be a requirement for emergency provision of one kind or another, especially as people transition onto the new payment schedule… As we move towards Universal Credit, it is a matter of significant concern that the networks and processes that local authorities have built up over the past year will potentially be lost as a result of a relatively small saving to central government. Central government should be sitting down now with local government partners to devise a new locally administered welfare intervention fund that builds on the experiences of local welfare provision and maximises the chances of large numbers of people being able to make the transition to Universal Credit.*[47]
>
> **London Councils**

At the time of this report – and at the time of SSAC's consultation – it was unclear whether the government would continue to make specific funds available for local welfare assistance schemes after 2014-15. In February 2015, the Department for Communities and Local Government (DCLG) clarified that it would allocate funding in 2015-16, but at the much reduced level of £74m.[48] It did not mention any proposed funding into 2016-17. It is

[47] London Councils (2014), *Tracking Welfare Reform: Local Welfare Provision – One Year On*, p26. Available at: http://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/resources/local-welfare-provision-one-year

[48] Written statement by Kris Hopkins MP (3 February 2015), House of Commons Written Statement HCWS246. Available at: http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm150203/wmstext/150203m0001.htm

worth noting that the LGA had called for the government to confirm that it would provide "*separately identifiable"* funding for local welfare assistance schemes in 2015-16 "*and beyond*".

The London Councils report also highlighted another pressure on local resources. It reported that local authorities in London had been surprised by how many approaches for emergency welfare assistance came from clients experiencing problems with DWP-administered benefits, such as delayed payment of benefits and sanctions to certain allowances. It said that in a large number of cases the availability of DWP emergency support was not being properly advertised; clients were often being referred from the Jobcentre Plus to local welfare teams "*without reference to the locally determined scheme criteria*":

> *One of the major concerns that local authorities had was that by becoming a de facto last resort for people affected by issues with DWP benefit (including because of their own action), not only were they potentially working against the intended policy goal of the nationally administered sanction, but they were also at risk of exposing local welfare schemes to indeterminable additional demand where DWP budgeting loans, Short Term Benefit Advances and hardship funds should otherwise have provided support. Because of extreme hardship, in many cases local authorities have extended local welfare support to some of those affected by such issues.*[49]
>
> **London Councils**

A report by the Centre for Responsible Credit echoed this, finding that up to 40 per cent of all applications for assistance from local welfare schemes arose "*as a direct result of benefit problems, including the imposition of sanctions and a failure by DWP to advise claimants about the availability of hardship payments*".[50]

Council Tax support schemes: the impact of funding cuts

It has already been noted above that the new system of localised Council Tax support has given rise to concerns about fairness: how the exemption of low-income pensioners from the changes has had a disproportionate impact on poor people of working age, and how Sandwell Metropolitan Borough Council's scheme was ruled unlawful because of its insistence on a 'local connection'. The effect of the cut in funding that accompanied the replacement of Council Tax Benefit with localised support schemes has also been the subject of criticism (it is worth remembering the financial context of the Sandwell case: its scheme was designed to minimise the future financial

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[49] London Councils (2014), *Tracking Welfare Reform: Local Welfare Provision – One Year On*, p9. Available at: http://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/resources/local-welfare-provision-one-year

[50] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p105. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation

burden the council believed it might incur). This cut effectively forced councils to choose between reducing the overall benefit to residents, or dipping into their grant funding to maintain previous levels of support, and therefore finding cuts in other areas of spending.

In March 2013, on the eve of the changes, the New Policy Institute reported that 71 per cent of councils would require all working-age adults to pay at least some Council Tax, regardless of income; only 18 per cent would retain support at the level of the old CTB (the remaining 11 per cent were making changes that would not affect all former recipients of CTB). Some 2.4 million low-income families would therefore pay on average £138 more in Council Tax in the year, and some would face an increase of more than £300 a year. It said that 78 per cent of those affected by the changes had been paying no Council Tax in 2012-13.[51] It commented:

> *With approximately 2 million working-age Council Tax Benefit claimants in poverty, and a further 300,000 just above it, an increase in Council Tax will invariably push more people into poverty or deeper into poverty. Furthermore, it is unclear how economical it will be for councils to pursue large numbers of low-income families for limited sums of money.*[52]
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> **New Policy Institute**

The New Policy Institute returned to the subject a year later. It found that support levels would be lower in 2014-15 than in 2013-14: 13 fewer councils would continue to provide the levels of support available under CTB, while 15 more would require all households to pay at least some Council Tax. Some 2.34 million low-income families would pay on average £149 more in Council Tax per year than they would have under the old system. Of these families, 1.5 million were in poverty (measured after housing costs) and 1.8 million were workless. The report found that levels of arrears and bailiff referrals linked to the non-payment of Council Tax had increased following the introduction of the new system of support, while the collection rate had fallen. The largest increases in arrears had been in areas that had introduced a minimum payment.[53]

This picture was given local focus by a report from Child Poverty Action Group and Zacchaeus 2000 that examined the impact of the new system on the residents of London in its first year of implementation. It found that more than 300,000 London residents had paid more Council Tax under their local support scheme in 2013-14 than they would have done under the old benefit, and that they had been charged on average £151 more per annum. Nearly

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[51] New Policy Institute (2013), *The Impact of Localising Council Tax Benefit*, p1. Available at: http://www.jrf.org.uk/publications/impact-localising-council-tax-benefit
[52] Ibid., p4.
[53] New Policy Institute (2014), *How Have Low-Income Families Been Affected by Changes to Council Tax Support?*, p1. Available at: http://www.jrf.org.uk/publications/low-income-families-changes-council-tax

four out of 10 of those London residents affected had been sent a court summons for non-payment, incurring court costs in the process, while nearly 16,000 cases had been referred to bailiffs. It also found that local authorities were facing lower collection rates.[54] Nottingham City Council told us that it had experienced lower collection rates too.

The report found that 23 councils in London chose to establish schemes with a minimum payment (six set up schemes that made no change to the old CTB system, while four made minor adjustments). As of 2014-15 these ranged from 5 per cent to 30 per cent of the full payable amount. Harrow's minimum payment of 30 per cent translated to a charge of £454 for a Band D property. However, ten of the councils that have imposed minimum payments have exempted some 'vulnerable' groups.[55] The report also found that some local authorities had established discretionary hardship funds for people unable to pay their new Council Tax bills or had made inability to pay the tax a qualification for accessing other support funds. However, because of "*stringent qualifying criteria and poor promotion*", most of the funds were left "*significantly under-spent*". The report called on boroughs that had established a hardship fund to be much more proactive in promoting it to residents.[56]

It concluded:

> *The majority of London local authorities have established Council Tax support schemes which require their poorest residents to pay more Council Tax. These minimum payment schemes have pushed tens of thousands of low-income Londoners deeper into poverty as, unable to meet the payments, they find themselves subject to court summonses, high costs and even intimidating bailiffs. For these people, Council Tax benefit 'localisation' arguably amounts to a new poll tax*
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> **Child Poverty Action Group and Zacchaeus 2000**

It called for the policy to be scrapped, in favour of a return to the old system of a national, fully funded system of CTB.[57]

Discretionary Housing Payments

Whereas the newly localised schemes for local welfare assistance and Council Tax reduction were inaugurated with cuts in the funding made available by central government, the pattern of spending has been less clear when it comes to DHPs. Funding for the payments was in fact increased in

[54] Child Poverty Action Group and Zacchaeus 2000 (2014), *A new poll tax? The impact of the abolition of council tax benefit in London*, p5. Available at: http://www.cpag.org.uk/content/new-poll-tax-londons-poorest-and-councils-hit-hard-council-tax-changes
[55] Ibid., p9-10.
[56] Ibid., p22.
[57] Ibid., p23.

2013-14 to mitigate the impact of the welfare reforms that were coming into effect that year: they were meant to help with costs associated with changes to Local Housing Allowance (LHA), the under-occupancy charge, and the imposition of the cap on benefits. The overall funding for DHPs in 2015-16, announced in January 2015 (after the SSAC consultation closed), has been set at £125m, which represents a cut of £40m on the 2014-15 funding settlement.[58]

The LGA said that the scope local authorities had been given to respond flexibly to residents' needs was "*welcome*", and that councils had targeted the money effectively. But it took issue with the government's notion that funding for DHPs was only 'transitional', arguing that many of the consequences of the government's welfare reforms would be long lasting. It reported "*considerable anxiety*" amongst councils that DHPs were only temporarily mitigating some of the potentially long-term impacts of reforms.

Some councils had been criticised by the government for not spending their full allocation of funds for DHPs, the LGA said. But councils were "*extremely wary of raising expectations about permanent mitigation*" in the absence of certainty over future funding. "*Councils have had to set eligibility criteria without any way of predicting likely demand in the context of unprecedented welfare reforms delivered to a highly mutable timetable*," the LGA commented. A number of councils had in fact needed to top up their DHP pot from other sources, the LGA added. It called for greater certainty and clarity about the future funding of the payments. Colchester Borough Council said that local authorities administering DHPs would be able to show greater dynamism if funding from DWP was more certain, or agreed and communicated earlier.

Delivery

Local welfare assistance schemes: innovative approaches

As a review by the LGA makes clear, local authorities had a limited amount of time to set up local welfare assistance schemes to replace the old (centralised) system of Crisis Loans and CCGs in April 2013.[59] Nottingham CC told SSAC that it had struggled to predict demand for its scheme, not least because it found "*serious shortcomings*" in the data it was provided with by DWP.

Once the new system was operational, DWP conducted its own review, receiving more than 100 written contributions from local authorities, and more detailed feedback from 12 of these. While the questionnaire asked councils about how they had spent money and with whom they had partnered, it did not ask for value judgments about the effectiveness of schemes compared with previous arrangements, nor about the process of localisation itself.

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[58] House of Commons Library Standard Note SN/SP/6899 (Housing Benefit: Discretionary Housing payments), p2. Available at: www.parliament.uk/briefing-papers/SN06899.pdf

[59] Centre for Economic and Social Inclusion (2014), *Delivering local welfare: How councils are meeting local crisis and community care needs*, p3. Available at: http://www.cesi.org.uk/sites/default/files/publications/LGA%20Delivering%20local%20welfare%20report%20FINAL.PDF

DWP published this review in November 2014. It found that local authorities had "*a good understanding of their local community, its demography and what they felt was required to support local people*", were working closely with different local stakeholders and partners, and were best placed to help vulnerable people and provide "*a timely and better targeted service than the previous remote telephone service*". The evidence showed that the local authorities had established a variety of models, some delivering wholly in-house, some delivering wholly by external providers, and others using a combination of the two.[60]

The LGA, whose own review looked at how 10 local authorities had set about creating local welfare schemes, was positive about what the councils had achieved. It reported to us that "*councils have successfully and innovatively administered local welfare assistance funding, providing vital, timely support to some of their most vulnerable and deprived residents, many of whom have also been impacted by the consequences of the government's wider programme of welfare reform*".

Specifically, it found that councils had managed demand effectively, some restricting eligibility and the type and number of repeat awards. They had also reduced the potential for abuse by moving from cash payments to 'in-kind' benefits, using payment cards or vouchers and directly purchasing items for those with community care requirements. Resources had been moved into more preventative work to meet the underlying needs of applicants rather than "*crisis needs*", with more joined-up services. Local delivery was more cost-effective, too.

The Social Security Advisers in Local Government were positive too:

> *The localisation of this function has enabled councils to be flexible and innovative. Locally devolved decision and policy making has allowed some authorities to respond to local demand. Despite the cautious approach that may have been taken initially as a result of not being able to accurately forecast and model demand, authorities have been working with a range of sectors (voluntary and public) to develop new functions and delivery points to support the most vulnerable in their area. This is against a backdrop of funding cuts at the outset.*
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> **Social Security Advisers, Local Government**

Essex County Council said the localisation of welfare assistance had allowed it to provide "*bespoke and innovative ways of supporting those in vulnerable situations and ensured that support is relevant for the locality*". Its welfare assistance scheme, the Essex Essential Living Fund, was designed to involve local charities and voluntary organisations. "*The localisation has had a positive effect on our ability to design and deliver services*," the council said.

[60] Department for Work and Pensions (2014), *Local welfare provision review*. Available at: https://www.gov.uk/government/publications/local-welfare-provision-review

Nottingham City Council said it had worked with Nottingham Credit Union to develop a small loan scheme providing short-term credit to households who might not have had access to responsible lenders before. The idea is to respond to hardship by lending affordably and providing an alternative to payday and doorstep lenders.

A report by London Councils, published in June 2014, said local welfare schemes in the capital had been used in many cases to prevent a larger cost to public services further down the line. For example, grants for furniture had allowed parents to take custody of children who might otherwise have been taken into care, and some people with serious health conditions had got considerably better after simple changes to furniture or carpets. "*The approaches that have been taken in London have meant that rather than just handing over money, problems are identified and genuine assessments made of the best way in which public services can improve outcomes and change behaviour,*" the report concluded.[61]

Despite this broadly positive picture of innovative service design and delivery, the localisation of welfare assistance has been accompanied by a reduction in funding, with uncertainty about the future viability of schemes, as detailed above. A report by the Centre for Responsible Credit found that there had been a massive reduction in the number of awards made: it estimated that only 400,000 awards for assistance were made in 2013-14, a 75 per cent fall compared to the final year when CCGs and Crisis Loans were in operation. It said the value of awards had fallen in many areas, while there were restrictions on the number of awards that could be made in any 12-month period. "*As a consequence, the ability of low income households to access emergency financial assistance on a repeat basis, which was a feature of the prior Crisis Loan scheme, has been virtually lost in many areas of England*," it concluded.[62]

The report found "*very good practice*" in only around a fifth of local authorities. These had put in place "*effective*" schemes, whereby they had spent 80 per cent or more of their allocated money to provide the sort of support originally envisaged by the government and had been able to identify how their schemes were supporting vulnerable people with crisis and community care needs. The report defined as effective schemes that: provided for help with both crisis and community care needs; targeted the most vulnerable through a combination of structured referral arrangements and open access channels; did not place undue restrictions on eligibility and showed flexibility with regard to repeat needs; were proactive in anticipating when needs would arise; brought sources of discretionary funding together; had efficient fulfilment mechanisms in place; and supported front-line services to put together packages of financial and non-financial support.[63]

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[61] London Councils (2014), *Tracking Welfare Reform: Local Welfare Provision – One Year On*, p25. Available at: : http://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/resources/local-welfare-provision-one-year

[62] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p104-105. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation

[63] Ibid., p106-109.

A report by the Children's Society published three months after the new system was introduced drew attention to the issue of eligibility criteria. It expressed concern that some of the qualifying criteria for accessing local support would stop some people who needed support from getting it. It said some local welfare assistance schemes prevented low-income working families from making a claim, restricted eligibility for those able to access other sources of consumer credit, restricted access for those deemed able to rely on borrowing and support from friends or family, or required that people were resident in an area for up to a year before they could make a claim. It said local authorities should review their schemes to ensure that the eligibility criteria were appropriate so that vulnerable families – and particularly low-income working families – were not excluded and "*pushed into the arms of loan sharks*".[64]

Local welfare assistance schemes: the shift away from loan provision

The report by the Children's Society pointed out that under the new localised system of welfare assistance, there had been a shift away from the provision of loans. Three months after the new system was launched, it found that 62 per cent of schemes in England no longer provided loans at all. (It is worth noting that neither the Scottish Welfare Fund nor the Discretionary Assistance Fund for Wales offers loans.) Only 23 per cent of schemes did provide loans (the other 15 per cent of councils did not specify whether they did or not), and the Children's Society said that most of these would be made and collected by credit unions rather than by the local authorities themselves. It said that credit unions tended to provide low-interest rather than interest-free loans (as the old Crisis Loans were). This meant that many people were now deprived of access to interest-free loans and that a "*culture of self-reliance and good money management*" had been undermined. The charity speculated that some councils may have chosen not to provide loans "*due to the complexity of recovering them*". But without the provision of loans, local authorities would not be able to reclaim any funds; in 2011-12 nearly £150m had been recovered in Crisis Loan repayments and reinvested in further provision.

The charity said it was concerned that moving from loans to grants could mean that local schemes became less sustainable and would not be able to provide as much assistance to families in need. It recommended that local authorities establish access to interest-free or very low-interest loans as part of their welfare assistance schemes, while central government should administer a scheme of interest-free loan provision to support local authorities and allow them to make direct deductions from benefits for loan repayments (as was the case with Crisis Loans, which were repaid in this way to DWP).[65]

The LGA's review of local welfare assistance schemes briefly mentioned problems with loans. In Manchester, it said only £6,000 had been repaid on a loan book of £31,000, which the City Council was underwriting. Similarly low

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[64] Children's Society (2013), *Nowhere to turn? Changes to emergency support*, p3-4. Available at: http://www.childrenssociety.org.uk/news-and-blogs/press-release/report-decline-support-leaves-struggling-families-few-options

[65] Ibid., p11-13.

levels of repayment in the London Borough of Lambeth had led the council to refocus on providing credit union loans for non-urgent items rather than for crisis needs. The LGA said more detailed work was needed to understand the reasons for these problems and to develop effective practice.[66]

The Centre for Responsible Credit attempted to uncover information about the performance of loan schemes but found the detail provided by councils was limited (generally because the loan books were not being directly monitored by the council). It nevertheless said that many loan schemes appeared to show high levels of bad debt, and that loans made inappropriately for crisis support could result in default. It said crisis needs might be better met by grant payments, with loans more appropriate for community care needs. "*The potential role of loan schemes should be more fully assessed as these offer the potential to recycle at least an element of the funding allocation for local welfare schemes*," it added.[67]

Discretionary Housing Payment schemes: Colchester's experience

Colchester Borough Council gave us a full account of how it had changed its approach to administering and awarding DHPs. It first set about responding to the government's welfare reform agenda in 2012, creating a welfare reform team that included representatives from the customer services, housing, corporate communications and welfare rights departments, as well as Colchester Borough Homes (a council-owned company). The aim was for "*joined up solutions*".

It then created a specialist customer support team, staffed by officers with knowledge of housing, benefits, debt advice and employment support. This team works with internal and external partners such as social and private landlords, the local Jobcentre Plus, elected councillors, homelessness teams, and local debt and employment advice charities. The council was positive about this approach: "*Having to respond to welfare reform accelerated a partnership working philosophy and as a result partnership working has never been so good*."

The council put responsibility for making decisions about DHPs into the hands of this customer support team. It said this allowed for greater consistency in decisions: "*The team foster and develop a network of contacts nationally and locally, fitting the supports needs of the resident to the agency or partner that can help to deliver longer term solutions*."

Residents who were likely to be affected by the removal of the under-occupancy charge and the imposition of the benefit cap were identified beforehand by the council. From 2012, the customer support team made

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[66] Centre for Economic and Social Inclusion (2014), *Delivering local welfare: How councils are meeting local crisis and community care needs*, p13. Available at: http://www.cesi.org.uk/sites/default/files/publications/LGA%20Delivering%20local%20welfare%20report%20FINAL.PDF
[67] Centre for Responsible Credit (2015), *Where Now for Local Welfare Schemes?*, p109-110. Available at: http://www.responsible-credit.org.uk/projects/social-fund-localisation

"*proactive and direct*" contact with them. The council was also able to assess the budgetary impact of the reforms.

The council launched a DHP 'application portal', an online tool replacing traditional paper forms. It said the vast majority of applications were now made through this. Residents are given suggestions for further action when they apply online; for instance, if they indicate they are applying because of the under-occupancy charge, the form displays recommendations about longer term options such as joining the housing register and provides contact links and phone numbers. Council tenants are given information about an incentive scheme that can provide financial help with downsizing. If a resident enters details of debts, they are given references to support agencies specialising in debt. As well as collecting data on indicators such as income, expenditure, and disability, the form includes a text box in which the resident can leave other information.

Colchester said it provided information on both applications and decision letters to support residents in making a "*behaviour change*". On the letters, bespoke suggestions are made to help residents end their reliance on DHPs. It said it was supporting residents more broadly with 'mutual exchange' events for those affected by welfare reform, home visits, money management advice, and training from the local Jobcentre Plus. The council utilised its entire budget in 2013-14. It noted that year to year funding of DHPs remained uncertain and said there could be greater dynamism if there was more clarity on this point.

Case Study 1

Solihull Metropolitan Borough Council identified that young people leaving local authority care were often eligible for CCGs under the old Social Fund. So the council has devolved some of its funding for local welfare assistance to their children's services team. Social workers can now make payments according to the needs identified in leaving care plans. The council has also used money from the scheme to assist homeless people moving from temporary to settled accommodation. These customers are assisted at their pre-tenancy interview so a decision can be made before they start their tenancy.

Source: Local Government Association, from *Delivering local welfare: How councils are meeting local crisis and community care needs*

Case Study 2

Exeter City Council has combined the systems for awarding money from their local welfare assistance and DHP schemes. A lone parent living in temporary accommodation was no longer able to afford her rent because of the benefit cap. She had no other source of additional income. The council discovered that she was a qualified nurse from overseas but she could not work for the NHS as she did not have the appropriate qualification – and could not afford to go on the course that was necessary to get one. The council provided a DHP to meet the shortfall in her rent and awarded her £400 from the local welfare assistance scheme to pay for the nursing course and exam. As a result of this co-ordinated response, the resident is now back in employment.

Source: Local Government Association, response to SSAC consultation

Data sharing

The difficulties associated with the sharing of data were mentioned as a cause for concern by some stakeholders. When local authorities were setting up local welfare assistance schemes ahead of their launch in April 2013, they found it hard to assess demand as DWP had not shared full details of how the old Social Fund schemes had operated.[68] Nottingham City Council said the DWP data had "*serious shortcomings*": the council was given the demographic information of those granted awards but not of applicants, the data concerning CCGs covered only six months of 2011, and data did not show what people had needed money for.

Looking ahead to the further rollout of Universal Credit, the LGA told us that DWP and the UK Government as a whole needed to ensure that regulation and systems covering the sharing of data were in place so that data could be shared more extensively as Universal Credit is rolled out. DWP has provided assurance that regulations are now in place and that guidance and trialling is being developed. In its review of the local authority pilot schemes for Universal Credit support services, the LGA flagged up data sharing as a potential issue. New forms of partnership working necessary to support Universal Credit would involve tracking and managing caseloads across organisational boundaries. All eight pilots highlighted that, despite the need for such partnerships, "*working towards data sharing might not be simple*". They found that data sharing became easier as partnerships developed and when the data was collected in a single place. Some of the pilots used consent forms to seek customers' permission to share data.[69]

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[68] Centre for Economic and Social Inclusion (2014), *Delivering local welfare: How councils are meeting local crisis and community care needs*, p3. Available at: http://www.cesi.org.uk/sites/default/files/publications/LGA%20Delivering%20local%20welfare%20report%20FINAL.PDF

[69] Local Government Association (2014), *Universal Credit: A review of the local authority led pilots*, p9-10. Available at: http://www.local.gov.uk/documents/10180/5863529/L14-297+(with+slight+correction+on+31+07+14)%20Local+Government+and+Universal+Credit_web.pdf/6f6e2ce4-b085-4ad3-9919-3b14b4a49591

4. Conclusions and recommendations

The evidence we have received from stakeholders has painted a complex picture of the effects of localising certain aspects of the social security system. It has uncovered new and interesting ways of delivering benefits and services closer to the people receiving them as well as highlighting significant concerns with what has happened so far and the future direction of travel.

Given that our recommendations tend to stem from a conclusion that something is not working optimally, it is worth stressing that we received plenty of evidence that was positive towards the general idea of localising services. Local authorities seem to have welcomed the opportunity to take on the responsibility of providing services that could be made more responsive to local needs and circumstances, allow earlier intervention, and develop innovative local partnerships. Other stakeholders saw advantages where services could be more precisely tailored to recipients' needs.

There was a recognition that savings needed to be made where possible and that local delivery could create opportunities for that. Throughout our consideration of these issues the Committee has been conscious of the context set by the constraints to public finance and is keen to ensure that both the quest for efficiency savings and recognition of the need for 'hard choices' are set alongside and weighed against any recommendation for increased funding.

The need for a cross-departmental approach

The shift towards the localisation of social security means that the benefits under discussion are not just a matter for the Department for Work and Pensions (DWP). Indeed, the Department for Communities and Local Government (DCLG) has taken over responsibility for funding local welfare assistance schemes in 2015-16. In these circumstances we would like to see the departments take a joint interest in the future development of localisation and to forge a stronger relationship in co-ordinating this agenda: that said, within this relationship we believe that DWP should be the 'first among equals' and should assume leadership for shaping overall policy in respect of social security and support to vulnerable claimants. This is especially important in view of the impending rollout of Universal Credit and Universal Support – delivered locally (USdl).

There are also proposals to localise other forms of social security support over the coming years, including housing costs for supported accommodation tenants which have been kept out of Universal Credit. A cross-departmental approach to such reforms will be crucial to ensure that any new localised system fully considers the impact on this important form of provision for vulnerable people.

We recommend that DWP leads a policy initiative, working closely with DCLG and HMRC and (by invitation) the devolved administrations, to oversee the design and implementation of localised benefits, ensuring that the opportunity afforded by localisation to deliver services tailored to claimants' needs is balanced with a commitment to national minimum standards. In the absence of such strategic leadership from DWP we fear that any dilution in the ownership of policy and delivery could have adverse consequences for especially vulnerable claimants.

Ensuring consistency and minimum standards

Perhaps the most important question to be addressed is what more than one stakeholder called the 'postcode lottery' problem. How can we ensure that the variation inherent in localisation does not create a situation where some people cannot access benefits or services at a level of quality that is available elsewhere in the country? To what extent should geographical considerations determine whether some people gain or lose out?

Localisation is unlikely to produce neat outcomes whereby each locality can offer the same level of service. We are aware, for example, that important issues are emerging around the balance between frontline 'triaging' in local areas and the availability of expert skills needed to address the problems found there. Localisation can put an artificial barrier around the skills that are required to meet challenges; specialists will operate within defined geographical boundaries and localities, but individuals and their families might live in one locality and work in another. Evidence from the Low Incomes Tax Reform Group (LITRG), several local authorities and the Local Government Association (LGA) provided evidence in support of this. Localisation can also create 'advice deserts' where more specialised face-to-face advice is unavailable for vulnerable claimants (see evidence from Homeless Link and Women's Aid) – or indeed a surfeit of advice in other areas.

Our evidence has suggested that shifting the balance away from national policies and national minimum standards brings with it a greater risk not just of unacceptable variation in practice but of inequality in standards and outcomes. While it can be argued that varying inputs and delivery methods at the local level can reflect different local needs and circumstances, some of our stakeholders maintained that this should not undermine a fundamental commitment to the achievement of similar or equivalent outcomes based on common citizenship.

The need for equivalence of outcome is especially important in the development of local welfare assistance schemes and Council Tax support schemes. In the case of local welfare assistance, significant variation not just in the nature of support but in the level of funding has been reported. We are concerned that loan provision, a significant feature of the old Social Fund system, has been heavily eroded as a result of the transfer of responsibility to local authorities. The decline in loan provision means that less money can be recycled within the assistance schemes, adversely affecting their overall value for money.

Likewise, the new regime of Council Tax support has led to much variation in how much Council Tax people – most of whom were previously exempt from the tax altogether – now have to pay. While some local authorities are managing to balance their need to collect revenue with the protection of vulnerable claimants, some of the 326 local schemes are not; as we note in the report, research by the New Policy Institute found that 82 per cent of councils reduced the level of overall support compared to what claimants had previously received. In one case, a scheme has even been found to be unlawful. It is of concern that working age people on low incomes are bearing the brunt of cuts to Council Tax support.

In Scotland and Wales, powers over local welfare assistance have been devolved, in the form of the Scottish Welfare Fund and Discretionary Assistance Fund respectively, at the same time as powers over Council Tax Reduction. These have been topped up by both the devolved administrations and some local authorities. While devolution remains the primary pathway for divergence between the countries of Britain, new elements of localisation are now also emerging. These are less pronounced than in England, but should be no less of interest to our future understanding of localisation in social security.

We recommend that the DWP and DCLG seek to elaborate the intended outcomes for local schemes (consistent with national policy objectives) and to that end draw up a coherent set of guidelines to specify the obligations and extent of discretion within which local authorities must discharge their responsibilities with regard to local welfare assistance schemes.

We recommend that DWP and DCLG undertake an analysis of whether the new system of local welfare assistance is delivering better outcomes than the previous provision under the Social Fund. Particular attention should be paid to the potential detrimental impact of reduced loan provision. Should outcomes be found to be worse, appropriate remedies should be proposed.

We recommend that DWP and DCLG undertake an analysis of the financial impact of localising Council Tax support on vulnerable people and local authority finances, examining the considerable variation between areas and whether minimum standards of protection are being lost in the process.

Protecting vulnerable groups

We are concerned that the prevailing financial context has interacted with localisation to impact adversely on particularly vulnerable groups such as homeless people and the survivors of domestic violence and abuse. From our previous work on the cumulative impact of welfare reform, we are aware of some of the challenges experienced by disabled people too. The problems faced by these groups of their nature require co-ordination across localities. The evidence we have heard suggests there is a real danger that vital support is in some cases harder to access or even unavailable to such people when a purely localised solution is required. Homelessness and domestic abuse are national problems that we believe need to be addressed through a national framework, even if solutions are delivered locally.

Vulnerable groups are also at risk from residency qualifications, which have been imposed in some places as a consequence of the localisation agenda. Our attention was drawn to developing practice in women's refuges, the way some councils administer Discretionary Housing Payments (DHPs), and the court ruling against Sandwell Metropolitan Borough Council's Council Tax reduction scheme.

The operation of residency requirements can bring real hardship for especially vulnerable categories of claimants such as homeless people, those with mental health problems, and the survivors of domestic violence and abuse. It also runs counter to other aspects of government policy, such as relocation to obtain employment or as a result of the under-occupancy charge. There are also issues arising from similar (or sometimes identical) legislation being applied at both a national and local level but arriving at different conclusions or outcomes.

We recommend that DWP and DCLG establish clear protocols for co-ordinating support for particularly vulnerable groups such as homeless people, disabled people and the survivors of domestic violence, ensuring that local authorities work together to common minimum standards.

We recommend that DWP and DCLG should offer guidance to local authorities explicitly discouraging the use of residency qualifications in deciding on the allocation of funding.

The need for oversight

There is a danger that following localisation, local services, especially in England, are not always well or effectively monitored or evaluated, and that a national overview is lost – and along with it, the opportunity to drive improvement across areas. We believe that central government has an overriding responsibility to ensure that its resources are used to pool risks across all geographical areas and do not consider this to be inconsistent with the localisation or devolution of some social security benefits. The specification of a minimum standard and the articulation of key principles and intended outcomes by agreement is not inconsistent with variation and innovation at the local level.

There is currently no official or systematic national oversight of localisation and social security and we believe there should be. The question of whether the transfer of power and responsibility to local authorities represents value for money for taxpayers (national and local) also needs to be addressed. We believe the UK Government should be committed to an independent audit of those aspects of policy that have been localised. Devolved administrations could be invited to share in this commitment. This would enable agreed standards to be maintained and for examples of innovative and good practice to be identified and shared.

We recommend that the National Audit Office be asked to conduct an audit every three years, starting in 2015-16, to report on the practice and outcomes of those social security policies that have been transferred to devolved administrations or sub-national, regional or local authorities.

Where next for localisation?

We have been concerned to reflect not only upon what has been done but what has not. Are there other areas of social security policy that could or should be localised? We are just beginning to learn lessons from the unfolding experience of the devolved administrations, but given their ability to shape aspects of social security to meet priorities and circumstances within their jurisdictions, could or should the same opportunities be given to regions or localities in England?

We have seen the benefits that localisation can bring to local communities. Local authorities and Jobcentre Plus offices report the stimulus given to new partnerships and ways of working with and within local communities. Local Enterprise Partnerships, Well-Being Boards, Clinical Commissioning Groups and other cross-sectoral agencies have the potential to innovate and partner, thereby aligning their own primary responsibilities for economic regeneration or public health with the resources of Jobcentre Plus offices. Can or should more be done to incentivise innovation of practice at local levels?

We recommend (where this is not already happening) that local authorities and Jobcentre Plus offices lead the development of informal partnerships with other relevant bodies locally to collate, share and publically disseminate evidence about localisation of social security and the outcomes created to inform further policy developments.

Finding a balance in commissioning

The development of a commissioning and contract culture at the local level potentially poses great challenges for smaller voluntary organisations. This culture involves the routine tendering of contracts, an emphasis on cost effectiveness, and the specification of targets, monitoring, and reporting; it also brings with it an increased risk of litigation. Smaller voluntary organisations may not have the resources or expertise to develop bids and compete ‘on a level playing field’. This will have implications for the fabric and functioning of local communities. Whereas there are those who would like to see greater protection of smaller voluntary and community organisations who are facing significant funding challenges, there are also, by way of contrast, those who believe that the voluntary sector should not be immune from the need for efficiency and effectiveness and that these objectives are supported by purposeful mergers and scaled alignments.

We recommend that local authorities responsible for commissioning services locally find a balance of providers between large-scale companies with the resources to provide volume services and more specialised third sector providers who can deliver support for more vulnerable groups. Within the framework of USdl there should be a specification that a given proportion of contracts should be placed (either directly or via an intermediary) with smaller third sector providers. Local authorities should be required to report on their progress against this expectation.

Making funding sustainable

Our evidence has also shown that there is a risk that the transfer of responsibility for the delivery of services is not always matched by a transfer to funds to fulfil the task. The localisation of welfare assistance schemes and Council Tax support was accompanied in each case by a contraction in funding. Furthermore, in the absence of hypothecation, the funds can in fact be transferred to other purposes (see evidence from the LGA and other local authorities).

We need to ask too whether the resources required to meet the demand for advice and support in local areas are always available. Do these schemes in fact need additional resources? To what extent is a localised service either more or less resource intensive than pre-existing arrangements?

Local authorities have expressed their frustration that the UK Government has taken so long to clarify the future funding of local welfare assistance schemes, Council Tax support schemes, and DHPs. It has made it much harder for them to plan ahead and put their schemes on a sustainable footing.

We recommend that DWP and DCLG clarify the long-term funding of local welfare assistance, Council Tax support and DHPs, ideally offering assurances of funding until 2020, and making it completely clear whether their ultimate intention is for councils to fund any of these schemes from their block grant.

Opening up the Flexible Support Fund

Among the array of significant resources available at the local level for the support of local communities is the Flexible Support Fund (FSF) managed by Jobcentre Plus district offices. In 2014-15 these funds amount to £140m. However, as a parliamentary research note in 2011 noted, there is limited information about the fund in the public domain. It was barely mentioned in the responses to our consultation, perhaps reflecting its low profile.

We are concerned that so little is known or understood about a fund that distributes a significant amount of public money. We are concerned that opportunities for partnership with local authorities and other local agencies could be lost for want of information about the fund's operations.

We recommend that DWP commission an independent evaluation of the FSF to identify its current priorities, practice and impact, and that it commit to greater transparency about its operations in the future. This evaluation could be undertaken by the National Audit Office as part of the audit of localisation suggested above.

Universal Support – delivered locally

USdl is an important initiative in support of the introduction of Universal Credit. We have described its objectives and note the innovative potential for cross-sectoral and partnership working at the local level. However, we have concerns about the resources available to sustain the initiative and seek clarification of future funding.

We would also like to see an acknowledgment of the important role that HMRC will have to play in the transition from tax credits to Universal Credit and its part in the complex matter of childcare costs, which involve inherently local issues. We suggest that HMRC become a formal partner in the USdl model – this will be particularly important as the self-employed are transferred from tax credits to Universal Credit and very different problems emerge for that large cohort.

We recommend that DWP urgently clarify future plans for USdl, continue with efforts to evaluate its progress so far so that learning can be shared, and clarify its future funding so that it can be put on a sustainable footing.

Data sharing

To ensure efficient and effective functioning at the local level, and within the context of the USdl initiative, there are necessary requirements for online data sharing. It is essential that data are shared more effectively across and between agencies to ensure joined-up and personalised support to claimants. At the same time, we are conscious that this practice, although to some degree inevitable, brings into focus important issues around confidentiality and data protection. We are most anxious that information about claimants, their families and broader circumstances should not be shared without the claimant's consent, that the minimum data necessary for the stated purpose is collected, and that protocols are enforced to ensure full compliance with the highest standards of data management. We are pleased to note that the DWP has sought advice from the Information Commissioner's Office (ICO) and is seeking to establish compliance with appropriate standards and best practice.

We recommend that DWP, building upon experience from the Margate Taskforce,[70] lead a programme of work to ensure that data are shared effectively and in a manner consistent with ICO protocols and best practice.

[70] http://www.thanet.gov.uk/the-thanet-magazine/campaigns/live-margate/projects/margate-task-force/

Communication

The social security system is highly complex and localisation has in some ways added to the complexity, even though Universal Credit may simplify certain aspects. Some of our stakeholders were concerned about the communications challenge presented by some of the changes in policy that have been undertaken in recent years.

We believe that citizens need to have clearer information about the way the system works, so they can claim the benefits to which they are entitled and accurately provide the information that is needed by the authorities. This would have the additional effect of reducing error in the system and empowering the individual.

SSAC has a longstanding interest in improving communications in the benefits system, as seen in our September 2013 report on this topic.[71] As the localisation agenda develops, we believe the need for clarity and simplicity will only increase and we re-affirm the conclusions of our previous enquiry.

The key principles of localisation

We are persuaded that the strategy of localisation affords considerable opportunity for innovative, individualised and community-oriented practice that can enhance outcomes for claimants. But this does not come without risk. To minimise this risk and to maximise the potential for sustainable and positive outcomes, we believe all stakeholders should give consideration to a set of key principles underpinning the development of localisation and ensure that they are mainstreamed for any future developments in policy and delivery at the local level.

We have been encouraged in our thinking by the conclusions of the Christie Commission, which examined the future of public service delivery in Scotland. The commission outlined 10 criteria against which the reform of public services should be assessed.[72] Paraphrasing for our purposes, we endorse the first four of these criteria with reference to the localisation of social security across the UK.

Any innovations associated with localisation should:

- be shown to support the achievement of outcomes – real-life improvements in the social and economic wellbeing of the people and communities;

[71] Social Security Advisory Committee (2013), *Communications in the benefits system: SSAC Occasional Paper no. 11*. Available at: https://www.gov.uk/government/publications/ssac-occasional-paper-11-communications-in-the-benefits-system
[72] Commission chaired by Dr Campbell Christie (2011), *Commission on the Future Delivery of Public Services*. See Chapter 8.21, p75, for the criteria for the reform of public services. Available at: http://www.gov.scot/Publications/2011/06/27154527/0

- be affordable and sustainable within the budgets expected to be available to sub-national authorities;

- include appropriate arrangements for services to account to the people and communities of sub-national authorities, both directly and through their democratically elected representatives, so that public confidence in and support for the delivery of services can be maintained; and

- ensure that services are built around the needs of people and communities, to increase individual and community capacity, resilience and autonomy.

We have also taken note of the conclusions of the recently published report from the Independent Commission on Local Government Finance. Building upon principles articulated by the Smith Commission in relation to Scotland, this report set out principles to inform the development of fiscal devolution in England. In essence, these are that:

- sub-national areas should be able to benefit from any policy decisions they may take but also bear any costs that might be incurred;

- there should be a balanced and reciprocal tax/expenditure relationship between central government and local authorities. In other words, following an initial settlement, should either side change policy affecting receipts or expenditure, then the decision maker would be obliged to reimburse the other party;

- financial arrangements should be both stable and sustainable over time.[73]

Drawing on these reports in this way, we have isolated five key principles that we believe should underpin any future developments in social security policy and delivery.

We believe that developments in social security (of both policy and delivery) should be:

- oriented to meeting the **needs** – and developing the capacity – of claimants;

- **sustainable** – that is to say, they should be appropriately resourced;

- consistent with **minimum standards** of both adequacy and quality, which are determined by agreement between DWP (and HMRC for the duration of provision of social security benefits by that department) and appropriate authorities in devolved administrations;

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[73] Independent Commission on Local Government Finance (2015), *Financing English Devolution*. Principles adapted from those set out on p28-29. Available at: http://www.cipfa.org/-/media/iclgf/documents/iclgf_final_report.pdf

- designed and presented with **clarity, accuracy and simplicity** in mind, so that all stakeholders, not least the recipients of benefits, are able to access and understand both individual entitlements and the system as a whole; and

- clearly and transparently **'owned'** by an appropriate government department, agency or institution which should confirm accountability structures and review mechanisms.

We recommend that these five principles be followed by the UK Government, the devolved administrations and all local authorities in the appraisal, development and application of the localisation of social security.

Annex A Localisation, social security and the devolved administrations

In this report, we have set out recent changes to the UK's social security system in the context of the localisation agenda principally with reference to England. In Scotland and Wales, this process of localisation has taken on a somewhat different complexion; the situation in Northern Ireland is yet more different. We set out the significant variations in this annex.

Social security has remained a highly centralised area of policy despite the devolution of powers that have been extended to the nations of the UK in recent years. The Scottish Parliament has been given responsibility for a range of devolved matters since 1999, yet social security has remained reserved to the UK Parliament.[74] That is beginning to change following the 2014 independence referendum, however. Wales, like Scotland, has been legally tied to the same social security system as England.

By contrast, in Northern Ireland, social security has been a devolved issue since 1998. The Northern Ireland Act of that year required the UK Secretary of State and the Northern Ireland Minister with responsibility for social security to consult each other on the extent to which single UK systems of social security, child support and pensions should be maintained.[75] In practice, this has been interpreted as requiring parity between the two systems but some divergence does exist – most notably in terms of operational delivery and appeal structures, though also on occasion in substantive provision. Such differences are highlighted by the approach to localisation in Northern Ireland, where social security remains a function and service of central rather than local government.

Social Fund

The UK Government's decision to abolish the discretionary component of the Social Fund has shifted responsibility for similar forms of local welfare assistance to local authorities in England and to the devolved administrations in Scotland and Wales. Scotland set up the Scottish Welfare Fund (SWF) by way of replacement.

The SWF and the Discretionary Assistance Fund (DAF) operate under nationally produced guidance but local authorities administer the respective schemes and are allowed considerable discretion over applications and payments. Initial funding has been provided by a transfer of funding from the Department for Work and Pensions (DWP) but the Scottish Government has topped up their programme funding by a further £9.2m a year. From 2015-16,

[74] Schedule 5 of the Scotland Act 1998
[75] Northern Ireland Act 1998, section 87.

funding will be met from the Scottish Government's block grant[76] and will be dispersed to local authorities.

Like the system they replaced, the SWF and the DAF are discretionary and budget-limited, with applications prioritised according to the level of need. Significantly, however, loans are not a part of either scheme. Moreover, local authorities have discretion to offer support in kind; community care grants are, for example, more commonly made with the provision of goods.

The guidance for the SWF was developed in collaboration with the Council for Scottish Local Authorities (COSLA), local authorities and the third sector. It sets out rules of eligibility for the two types of grants available, Community Care Grants and Crisis Grants, and a process for determining applications and reviewing decisions. Local delivery is intended to support the Scottish national objectives of tackling poverty and inequality by linking applicants with other support (commonly welfare rights, housing, money management and employability).[77]

Nationally produced quarterly reports, which are publicly available,[78] show that while the SWF as a national scheme has avoided many of the problems associated with localised welfare assistance in England, there remains considerable variation in outcomes for applicants (eg the length of the decision-making process, whether a payment is made and, if so, its amount).

The Scottish Government has powers to legislate[79] to put the SWF on a statutory footing and the Welfare Funds (Scotland) Act 2015 has been passed by the Scottish Parliament. This adds a right to an independent second-tier review of a decision on a SWF application, with the Scottish Public Services Ombudsman taking on this function. The number of reviews so far under the interim scheme has been significantly lower than under the DWP scheme.[80]

The two forms of grant available in Wales are:

- Emergency Assistance Payments (EAP) – to provide assistance in an emergency or disaster when there is an immediate threat to health and wellbeing; and

- Individual Assistance Payments (IAP) – to meet an urgent identified need necessary to enable or support independent living, thereby preventing the need for institutional care. Eligibility for an IAP is based upon an applicant being entitled to, and in receipt of, income-related benefits.

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[76] http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_14-55_.pdf
[77] Scottish Welfare Fund Statistics: Quarterly To 30 September 2014 Chart 23 http://www.scotland.gov.uk/Resource/0046/00469064.pdf
[78] http://www.scotland.gov.uk/Resource/0046/00469064.pdf
[79] By means of an amendment to reserved matters set out in The Scotland Act 1998 through a 'section 30 order': Scotland Act 1998 (Modification of Schedule 5) (No.2) Order 2013 SI 2013/192
[80] http://www.scottish.parliament.uk/S4_Bills/Welfare%20Funds%20(Scotland)%20Bill/b51s4-introd-en-bookmarked.pdf para 44

Northgate Public Services is administering the DAF under contract working in partnership with The Family Fund and Wrexham Borough Council.

In Northern Ireland, the Social Fund – which has been a central government function – is likely to be replaced by a discretionary support service overseen by the appointment of a Discretionary Support Commissioner (rather than the current Social Fund Commissioner) and will be administered centrally by the Social Security Agency within the Department for Social Development. The Welfare Reform Bill in Northern Ireland has been subject to considerable delay but completed its Further Consideration Stage in the Northern Ireland Assembly in February 2015; however, (as of April 2015) it has not yet completed its final stage. The Bill provides the power for discretionary support schemes to be created in prescribed circumstances, none of which will be localised,[81] and for the Discretionary Support Commissioner to have a remit to supervise each discretionary scheme.[82]

Council Tax Benefit

Council Tax Benefit (CTB) was replaced from April 2013 with Council Tax Reduction (CTR) in Scotland and Wales.

The Scottish national scheme is based on regulations made by the Scottish Parliament.[83] The UK Government transferred funding to Scotland based on the expected cost of CTB in 2012-13, less 10 per cent. Because the policy intention in Scotland was to ensure nobody was disadvantaged, the funding shortfall has been made up in full by the Scottish Government and local authorities and is expected to continue into 2015-16. The entitlement conditions for CTR are essentially the same as those for CTB. A new system of review means that decisions are first reviewed within the local authority, followed by a further review by a Scotland-wide independent review panel, which is part of the Scottish Tribunals Service (the Council Tax Reduction Review Panel). An independent, cross-party Commission on Local Tax Reform has been established by the Scottish Government and COSLA to identify a “fair replacement for the Council Tax” by autumn 2015.
The Welsh Government’s Council Tax Reduction Scheme (CTRS), like its Scottish counterpart, gives full entitlement to ongoing support through a single national framework scheme. To maintain this level of commitment, the 2013-14 Local Government Settlement included an additional £22m for local authorities in addition to the £222m transferred from the UK Government. Similar arrangements were put in place for 2014-15, with local government being expected to meet any of the remaining costs of the funding shortfall, as

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[81] The enabling power to introduce discretionary schemes is provided in clause 131 of the Welfare Reform Bill (as amended at Consideration Stage): http://www.niassembly.gov.uk/assembly-business/legislation/primary-legislation-current-bills/welfare-reform-bill/welfare-reform-bill-as-amended-at-consideration-stage/#a131

[82] Clause 132 Welfare Reform Bill (as amended at Consideration Stage): http://www.niassembly.gov.uk/assembly-business/legislation/primary-legislation-current-bills/welfare-reform-bill/welfare-reform-bill-as-amended-at-consideration-stage/#a131

[83] The Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 SI 2012/319; The Council Tax Reduction (Scotland) Regulations 2012 SI 2012/303

increases in the cost of the CTRS are linked to local decisions about Council Tax rises. Following a review of the longer term arrangements, the Welsh Government has agreed to continue with these existing arrangements and maintain entitlements for a further two years (2015-16 and 2016-17).

In Northern Ireland, CTB was never introduced. A system of rate rebates, centrally managed and administered by the Department of Finance and Personnel has instead been in place. The Department is currently consulting on how the rate rebate scheme might be maintained until it can be absorbed into Universal Credit, pending the introduction of the Welfare Reform Bill.[84]

Housing Benefit: Discretionary Housing Payments

Discretionary Housing Payments (DHPs) are currently reserved to the UK Government. Responsibility for the cap on what could be spent on DHPs was devolved to Scotland in 2014, allowing the centrally allocated budget to be topped up locally.[85]

In Northern Ireland, DHPs will continue to be controlled and administered by the Department for Social Development and will cover claimants living in the social rented sector.

Independent Living Fund

In its announcement confirming the closure of the Independent Living Fund (ILF), the UK Government said that:

- the devolved administrations in Scotland, Wales and Northern Ireland would decide how ILF recipients in their countries would be supported in future;
- the UK Government, local authorities, the devolved administrations and the ILF would work closely with disabled people to ensure the transition was as smooth as possible for current ILF recipients ; and
- all disabled people, including those transferring from the ILF, would continue to be protected by a safety net which guaranteed disabled people would get the support they needed.

After the Independent Living Fund (ILF) closes on 30 June 2015, funding is to be transferred from the UK Government. The Scottish Government has said that existing users will have their awards protected from July 2015, subject to

[84] Department of Finance and Personnel, *Rate Rebate Replacement Scheme: Public Consultation Paper* (2014), available at: http://www.dfpni.gov.uk/rating-review/third_rate_rebate_consultation_v2.pdf
[85] Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2014 SI 2014/2918; Discretionary Housing Payments (Limit on Total Expenditure) Revocation (Scotland) Order 2014 SI 2014/298

continued funding from the UK Government in 2016-17. A new Scottish ILF is in development and is expected to be available to new applicants in 2016.[86]

In Wales, following a public consultation, a Grant scheme for Independent Living Fund (ILF) recipients in Wales will be in place from July 2015 to the end of March 2017 administered by local authorities to pay ILF recipients their current level of funding.

In Northern Ireland, the ILF was until recently funded by the Department for Social Development, but the responsibility passed to the Department of Health, Social Services and Public Safety from April 2015.[87] The current consultation on options for future support for ILF users does not anticipate a localised fund devolved to local councils, and focuses on accommodating the scheme within the Department of Health, Social Services and Public Safety.[88]

Universal Credit and Universal Support – delivered locally

Two of the 11 trials of support services for Universal Credit are taking place in Scotland (Dundee City Council and Argyll and Bute Council) and two in Wales (Carmarthenshire County Council and Blaenau Gwent County Borough Council).[89] None are taking place in Northern Ireland.

Universal Support - delivered locally (USdl) involves local flexibility within a UK-wide framework agreed by DWP. An independent report prepared for COSLA estimated that a net additional budget in the order of £55m would be needed to expand USdl across Scotland.[90] An evaluation is being conducted by the Centre for Economic and Social Inclusion.

As the Welfare Reform Bill has not yet been implemented in Northern Ireland, Universal Credit has not yet been introduced there. The current iteration of the Northern Ireland Bill anticipates that there will be a number of key differences between Britain and Northern Ireland in terms of the policy and the delivery of Universal Credit. In particular, payments of Universal Credit will be on a default basis of twice monthly, with the option to move to monthly payments; joint Universal Credit payments will not default to the payment being made to one member of the couple but will allow the Department to determine how payments should be made, including split payments to each

[86] http://www.scotland.gov.uk/Topics/Health/Support-Social-Care/Independent-Living/ScottishIndependentLivingFund/ScottishILFinformation
[87] See Northern Ireland Assembly Research and Information Service Briefing Paper, *The Independent Living Fund* (2013) available at: http://www.niassembly.gov.uk/globalassets/Documents/RaISe/Publications/2013/social_dev/4413.pdf
[88] Department of Health, Social Services and Public Safety, *Consultation on the Future Support of Independent Living Fund Users in Northern Ireland* (2014) available at http://www.dhsspsni.gov.uk/ilf-consultation-document-2014.pdf
[89] https://www.gov.uk/government/publications/universal-support-delivered-locally-information-for-local-authorities
[90] http://www.welfarereformscotland.co.uk/downloads/COSLA-Universal_Credit_Local_Support_Services_in_Scotland__Potential_Service_Design_and_Estimated_Implementation_Costs.pdf

member of the couple; and direct payment of the housing element of Universal Credit to landlords will be the default position, with the option to move to direct payments to claimants where they can demonstrate they are not at risk of going into rent arrears.

Scotland: new powers over welfare

Following the recommendations of the Smith Commission, draft clauses devolving powers over a number of areas including aspects of social security were included in a Command Paper published in January 2015.[91] A Bill will be introduced in the UK Parliament after the May 2015 general election. Meanwhile a joint Ministerial Working Group on Welfare has been set up to provide a forum for discussion and decision-making to ensure the implementation of welfare-related aspects of the Smith Commission Report.

In general, the proposal is that disability and carers' benefits and the rest of the Social Fund will be devolved. While Universal Credit remains reserved to the UK Government, in some aspects power is to be devolved (eg housing cost payments for tenants, frequency of benefit payments and payment to landlords), along with employment support.

Northern Ireland: no localisation in effect

The shape of local government in Northern Ireland is very different from Britain. In Northern Ireland, local government reforms that took effect from April 2015 have reduced the number of local councils from 26 to 11, but these local councils do not have control over many of the services controlled by local government in Britain.[92]

The practice in Northern Ireland has been for the majority of government services to be centrally managed and administered by the 12 Northern Ireland government departments. Social security policy in Northern Ireland, for example, is controlled within the central government Department for Social Development, with work conditionality responsibilities situated within the Department for Employment and Learning. Social security benefits are administered by an executive agency within the Department for Social Development: the Social Security Agency. Housing policy is also centrally controlled by the Department for Social Development and administered by the Housing Executive. Social services are controlled by the Department of Health, Social Services and Public Safety. Local councils in Northern Ireland have no powers or authority in any of these key areas.

The picture of localisation is therefore very different in Northern Ireland where, in effect, there is no localisation of social security services. Local council powers are relatively limited compared to those of local authorities in Britain

[91]https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397079/Scotland_EnduringSettlement_acc.pdf

[92] Local Government (Boundaries) Order Northern Ireland 2012 (SI No. 421). Powers and services that are devolved to local councils include waste disposal, recycling, environmental protection, sports and leisure services and registration of births, deaths and marriages.

and there is no evidence to suggest that these powers will be extended to provide a remit over policy or services related to social security, with the possible exception of councils providing funding for independent advice services.

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Annex C Respondents to consultation

Colchester Borough Council

ENABLE Scotland

Essex County Council

Homeless Link

Local Government Association

Low Incomes Tax Reform Group

Nottingham City Council

Social Security Advisers in Local Government

The April Centre

Women's Aid

Annex D Membership of the Social Security Advisory Committee

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