

Executive Summary – *Localisation and Social Security: A Review*

**A study by the Social Security Advisory Committee
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1. Introduction

In the current political debate, many are stressing the advantages of localisation. The 2010-15 UK Government developed a clear rationale for decentralisation, and it is in this context that a number of benefits have been subject to reform in the past few years. We have been concerned throughout to avoid labelling localisation as being either a good or a bad thing. Our research for this report has evidenced ways in which localisation is creating opportunities to do things differently at the local level.

2. Localisation: recent reforms in social security

Community Care Grants (CCGs) and Crisis Loans, which were part of the Social Fund, have been abolished, with responsibility now falling to upper-tier local authorities in England, and to the devolved administrations in Scotland and Wales, to provide local welfare assistance in their areas. The funding arrangement for 2013-14 represented a cut of 10 per cent on the cost of equivalent benefits in 2012-13.

Council Tax Benefit (CTB) has been abolished in favour of support schemes administered at the local level. Funding was set at 90 per cent of the forecast expenditure on CTB for 2013-14.

Discretionary Housing Payments (DHPs), which are part-funded by central government, are awarded by local authorities to provide additional support to the recipients of Housing Benefit. The funding for DHPs was increased in 2013-14 to mitigate the impact of various welfare reforms, but has since been cut back.

The Independent Living Fund (ILF) is to be abolished at the end of June 2015, with local authorities set to take on the responsibility for its functions.

The Jobcentre Plus Flexible Support Fund (FSF) 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 (USdI) schemes are now being piloted.

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.

3. Evidence and experience

We received evidence through our consultation with stakeholders, and considered the findings and arguments from a selection of recently published reports on the localisation of social security.

The reaction of local authorities to the localisation of social security has been mixed, but in principle they seem to have welcomed the opportunity to take on greater responsibility. We heard evidence, however, that the differences arising from localisation should be limited to cases where it was essential to meet local need and that vulnerable groups could be marginalised in local politics.

Some 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 UK Government is launching Universal Credit, a centrally administered benefit, with Housing Benefit becoming the responsibility of central government.

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, a so-called 'postcode lottery' effect. Some worried about people wanting to move to areas where benefits were perceived to be more generous and about potential inequalities between areas. We heard insights into the potential impact that localising some benefits could have on two specific groups of vulnerable people: the survivors of domestic violence and abuse and homeless people.

Some stakeholders identified the danger of creating differential outcomes for different types of people within the same area. We heard how the localisation of Council Tax support had exempted low-income pensioners from the changes, causing a greater financial impact on working age people. Our attention was drawn to a significant ruling against Sandwell Metropolitan Borough Council, which lost a court challenge to a 'local connection' rule in its Council Tax support scheme.

The localisation of social security has been introduced against the backdrop of significant cuts to public expenditure. 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. Deep concern about the level and sustainability of funding was evident throughout our consultation. There was a fear that the benefits and achievements of localisation could be lost for want of continued investment.

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. We heard evidence urging central government to continue to cover the costs of local welfare schemes. A number of reports have examined how localising Council Tax support has led to fewer people receiving support and variations in the support that different local authorities provide.

We heard broadly positive views about what councils had achieved with local welfare assistance schemes, designing and delivering innovative services. However, the reduction in funding has created uncertainty about the future viability of schemes. We heard evidence that there had been a massive reduction in the number of awards made as well as a shift away from the provision of loans, depriving many people of access to interest-free loans.

4. Conclusions and recommendations

The need for a cross-departmental approach

The shift towards the localisation of social security means that the benefits discussed in this report are not just a matter for DWP. We therefore consider it important that all relevant departments, including devolved administrations where appropriate, take a joint interest in the future development of localisation and to forge a stronger relationship in co-ordinating the agenda.

We recommend that DWP lead 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 consistency and minimum standards

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.

We recommend that DWP and DCLG:

- **draw up a coherent set of guidelines for local welfare assistance schemes;**
- **undertake an analysis of whether the new system of local welfare assistance is delivering better outcomes than the previous provision under the Social Fund; and**
- **undertake an analysis of the financial impact of localising Council Tax support on vulnerable people and local authority finances.**

Protecting vulnerable groups

We are concerned about particularly vulnerable groups such as homeless people and the survivors of domestic violence and abuse. 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.

We recommend that DWP and DCLG:

- **establish clear protocols for co-ordinating support for particularly vulnerable groups; and**

- **offer guidance to local authorities discouraging the use of residency qualifications in funding decisions.**

The need for oversight

There is a danger local services are not always well or effectively monitored or evaluated, and that a national overview is lost. We believe there should be an official, systematic national oversight of localisation and social security.

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 localised.

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 of funds to fulfil the task.

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.

Other recommendations

We also recommend that:

- **Local authorities and Jobcentre Plus offices lead the development of informal partnerships with other relevant bodies locally to explore the development of localisation;**
- **Local authorities find a balance of providers between large-scale companies and more specialised third sector providers;**
- **DWP commission an independent evaluation of the FSF and commit to greater transparency about its operations in the future;**
- **DWP urgently clarify future plans for USdl, and clarify its future funding so that it can be put on a sustainable footing; and**
- **DWP lead a programme of work to ensure that data are shared effectively and in line with ICO protocols and best practice.**

The key principles of localisation

We believe that developments in social security 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;

- designed and presented with **clarity, accuracy and simplicity** in mind; and
- clearly and transparently '**owned**' by an appropriate authority.

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.