

Finance Panel

Agenda

Friday 12 July 2013
11.30am

Millbank Room (8th Floor)
Local Government house
Smith Square
London
SW1P 3HZ

To: Members of the Finance Panel
cc: Named officers for briefing purposes

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Finance Panel

12 July 2013

There will be a meeting of the Finance Panel at:

11.30am on Friday 12 July 2013 in the Milbank Room (8th floor), Local Government House, Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available at 1.30pm.

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour:	Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative:	Luke Taylor: 020 7664 3264 email: luke.taylor@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235 email: libdem@local.gov.uk
Independent:	Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Location

A map showing the location of Local Government House is printed on the back cover.

LGA Contact

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Finance Panel

Date: 16.01.13

Finance Panel 2012/2013

Councillor	Authority
Conservative (4)	
Melvyn Caplan [Vice-Chairman]	City of Westminster
David Finch	Essex CC
David Westley	West Lancashire BC
Nigel Ashton	North Somerset Council
Substitutes	
Stephen Baines MBE	Calderdale MBC
John Fuller	South Norfolk DC
Alan Jarrett	Medway Council
Labour (3)	
Sharon Taylor OBE [Chair]	Stevenage BC
Catherine West	Islington LB
Sir Steve Houghton CBE	Barnsley MBC
Substitute	
Mike Connolly	Bury MBC
Liberal Democrat (1)	
Paul Tilsley MBE [Deputy-Chair]	Birmingham City
Substitute	
Sam Crabb	Somerset CC
Independent (1)	
Councilman Matthew Richardson [Deputy-Chair]	City of London Corporation
Substitute	
Marianne Overton	North Kesteven DC and Lincolnshire CC

LGA Finance Panel Attendance 2012-2013

Councillors	14.09.12	23.11.12	25.01.13	22.03.13	10.05.13	
Conservative Group						
Melvyn Caplan	Yes	Yes	Yes	Yes	Yes	
David Finch	Yes	Yes	Yes	Yes	Yes	
David Westley	Yes	Yes	Yes	No	Yes	
Nigel Ashton	Yes	No	Yes	Yes	Yes	
Labour Group						
Sharon Taylor OBE	No	Yes	Yes	Yes	Yes	
Catherine West	Yes	Yes	Yes	Yes	Yes	
Stephen Houghton CBE	Yes	Yes	Yes	No	Yes	
Lib Dem Group						
Paul Tilsley MBE	Yes	Yes	Yes	Yes	Yes	
Independent						
Matthew Richardson	Yes	Yes	Yes	Yes	Yes	
Substitutes						
John Fuller	Yes	Yes	Yes	Yes	Yes	
Alan Jarrett	Yes	Yes	Yes	Yes	Yes	

Agenda

Finance Panel

12 July 2013

11.30am

Local Government House, Smith Square, London, SW1P 3HZ

	Item	Page	Time
	FOR DISCUSSION		
1.	Spending Round 2013	3	11.30am
2.	Rewiring Public Services – Verbal Update		
3.	Council Tax Referendums and Levying Bodies	25	
4.	Update on Universal Credit	35	
5.	Local Government Pension Scheme Fund Investment in UK Infrastructure (To Follow)		
	FOR INFORMATION		
6.	Social Investment Update	77	
7.	Feedback from Finance related Annual Conference Sessions – <i>Verbal Update</i>		
8.	Note of the last meeting – 10 May 2013	81	

	PART 2 – CONFIDENTIAL	Page	Time
9.	Welfare Reforms: Centre for Economic and Social Inclusion’s Research – CONFIDENTIAL		
	Tony Wilson, Policy Director at the Centre for Economic and Social Inclusion will be in attendance to present the emerging findings.		

Item 1

Spending Round 2013

Purpose of report

To update the Panel on the Spending Round.

Summary

The Government announced the results of the Spending Round on 26 and 27 June. The LGA produced a response to the announcements on both days, which are attached at **Appendix A and B**. This report draws out the key points.

Recommendation

Members are invited to discuss the Government's announcements and the LGA response.

Action

Officers to act on any comments members have.

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Spending Round 2013

Background

1. The Government announced the results of the Spending Round over two days. The Chancellor set out the results of the departmental plans on 26 June and the next day, the Chief Secretary announced investment in growth and infrastructure.
2. The LGA produced on the day briefings to cover both announcements, which are attached as appendices to this report and provide further information on the proposals set out below. We also published a number of press notices and LGA leaders gave a number of interviews to the TV, press and radio.

Local government finance

3. The key Spending Round announcements for local government in 2015-16 were:
 - 3.1. A 10 per cent real terms reduction in core local government funding of £2.1 billion;
 - 3.2. A £3.8 billion pooled budget through the NHS for health and social care integration including £2 billion new money. This appears to be the largest factor in arriving at the Government's calculation of a 2.3 per cent cut in 'Local Government Spending';
 - 3.3. £335 million to prepare for the implementation of care funding ('Dilnot') reform;
 - 3.4. £200 million extension of the Troubled Families Programme;
 - 3.5. A £100 million council efficiency and transformation fund;
 - 3.6. Further support to freeze council tax for 2014-15 and 2015-16 equivalent to a 1 per cent increase in council tax with referendum limits of 2 per cent in both years;
 - 3.7. £200 million reduction in Education Services Grant;
 - 3.8. A £2 billion Single Local Growth Fund to be allocated via local growth deals with each Local Enterprise Partnership (LEP), for which funding includes £400 million of the New Homes Bonus;
 - 3.9. Increased investment in local roads maintenance by around £300 million per year, from £700 million planned expenditure in 2014-15;
 - 3.10. A consultation to be launched on the use of capital receipts to fund one off costs of transformation; and
 - 3.11. A package of community benefits for communities affected by shale gas fracking.

Item 1

4. Our headline response was that the reductions to core local government funding will stretch essential services to breaking point in many areas.
5. The steps taken to target NHS funding at social care were positive. The LGA has been central to the negotiations on health and social care at both a political and official level during the last few months. The announcement indicates what can be achieved through active engagement between the sector and Government Departments and, if it can be demonstrated to have been successful, as the community budget pilots have been successful, may encourage Government to take this approach much further.
6. Beyond this and the extension of the Troubled Families Programme, there was relatively little in the Spending Review in relation to Community Budgeting. Although a welcome promise of further resources (funding and support) for service transformation is welcome, this was disappointing in view of the positive outcomes from the four pilot areas.
7. The Government also listened to our concerns regarding the capitalisation of one-off revenue costs by agreeing to consult on allowing some flexibility for local authorities to use asset sale receipts to finance one-off costs of service transformation. There has been no announcement on the lifting of the housing borrowing cap.
8. There has been some attempt by Government to help local authorities plan by announcing two years further Council Tax Freeze grant and Council Tax referendum limits. We have also had confirmation of the intention to provide draft 2015/16 settlement figures with the 2014/15 settlement. This is a positive step, but of course there remain many uncertainties to be resolved before final figures are known at authority level.
9. We welcomed the Government's commitment to devolve the majority England EU spending allocation of £5.3 billion EU Structural and Investment Funds for 2014-2020 as seven year notional allocations to LEPs.
10. The inclusion of £400 million from the New Homes Bonus in the Single Local Growth Fund came as a surprise. It means pooling at LEP level of un-ringfenced funding previously received directly by councils and which many Councils will have planned to use to help bridge the funding gap. This will potentially redistribute money between councils and impact on the funding for local services. Those impacts do not appear to have been properly considered and we are urgently seeking more detail.
11. The proposed cut to Education Services Grant is unwelcome to Local Education Authorities (LEA), highlighted in the Spending Round papers as 'in line with the changing nature of the schools system' and 'enabling local authorities to focus on their core role in schools'. It will be important that the sector responds robustly to consultation if it wishes to highlight the important role LEAs play in school improvement and the extent to which strong well-funded LEAs contribute to achievement. The Government's move is at odds with OfSTED's expectations. As much as the news in relation to drawing together service delivery objectives in relation to health and social care is to be welcomed, policy in relation to young people continues to fragment and withdraw into silos.

Item 1

What next?

12. The detail on some announcements needs to be worked through and consultations will follow on:
 - 12.1. allowing some flexibility for local authorities to use asset sale receipts to finance one-off costs of service transformation;
 - 12.2. the support the councils provide to schools through the Education Services Grant; and
 - 12.3. the mechanism through which a proportion of New Homes Bonus is pooled at the LEP level.
13. Many of the reforms we asked for in the Spending review documentation remain unresolved and these will need to be revisited and incorporated where appropriate in future campaigns.

Conclusion and next steps

14. Members of the Panel are invited to comment on the announcements and LGA response.

Financial Implications

15. The costs of responding to the Spending review will be met within existing budgets.

The Spending Round

26 June 2013

LGA Key Messages

- The Spending Round's 10 per cent cut to council funding in 2015-16 is on top of the 33 per cent reduction since 2010 and confirms local government as the hardest hit part of the public sector. Local authority core funding from Department of Communities and Local Government (DCLG) falls by £2.1 billion in 2015-16. This cut will stretch some services to breaking point in many areas.
- The Government has listened to our concerns regarding the importance of providing sustainable funding for adult social care. The announcement of £2 billion additional investment is positive as it will improve health care services for local residents. This will help social care authorities and the NHS to bridge the gap between resources and rising demands. This transfer does not disguise the fact that council funding will have been cut by the equivalent of four times this amount across the life of this Parliament.
- Despite the positive steps taken to target NHS funding at social care, the fact remains that some councils will simply not have enough money to meet their statutory responsibilities for other services.
- Many councils have frozen council tax bills for the past three years to help hard-working families and pensioners during these tough times. Confirmation of the freeze and the 2 per cent referendum limits for the next two years will help local authorities to plan their budgets. We need a longer-term solution for how public services are funded in the future as those local authorities which take up Government's offer to freeze council tax face a real terms cut.
- The Government's support for the Public Service Transformation Network signals that the Treasury and Number 10 are supporting the necessary rewiring of public services. It is absolutely essential that all of Whitehall commits to a community budgets approach as this will make significant savings to the public purse and improve services for local people.
- Tens of thousands of troubled families are already being helped by councils to turn their lives around. The £200 million extension of this fund is a vote of confidence and recognition of just how effective local authorities have been when given the mandate to bring together the work of the whole public sector in their areas.
- There will be a consultation in the autumn about a £200 million reduction in the Education Services Grant. The Chancellor referred to this as a transfer of funding from local government to schools. Such a change may lead to a reduction in local authorities' capacity to support schools. The LGA will be making this very point during the consultation process.



Briefing

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- The Chancellor has announced that the total annual growth pot will be £2 billion, well below the £70 billion recommended by Lord Heseltine. The LGA will be issuing a further briefing when Government announces more detail tomorrow.

This briefing covers:

- The Spending Round
- Council tax
- Adult Social Care
- Public service transformation
- Children's services and schools funding
- Troubled families
- Local growth
- Fire and Police

The Spending Round

The Spending Round announces that the Government will:

- Reduce total spending in 2015-16, 2016-17 and 2017-18 in real terms at the same rate as during the Spending Review 2010 (SR 2010) period. The overall spending envelopes for Total Managed Expenditure for the three years are confirmed as £745 billion in 2015-16, £755 billion in 2016-17 and £765 billion in 2017-18.
- Make savings from current spending of £11.5 billion in the spending round for 2015-16. The savings from core local government funding is £2.1 billion.
- Reduce local authority core funding by 10 per cent in 2015-16 in real terms. This compares with overall cuts of 5.6 per cent across all other unprotected departmental budgets. Local authority core funding from DCLG falls by £2.1 billion in 2015-16.
- Transfer £2 billion from the NHS to local authorities for social care.

LGA View:

- Today's 10 per cent cut on top of the 33 per cent reduction since 2010 confirms local government as the hardest hit part of the public sector. Local authority core funding from DCLG falls by £2.1 billion in 2015-16. This reduction will stretch essential services to breaking point in many areas.
- The effect of the NHS transfer to local authorities for social care and other measures reduces the reduction to 2.3 per cent for local government overall from 2014-15 to 2015-16.
- Despite the positive steps taken to target NHS funding at social care, the fact remains that some councils will simply not have enough money to meet their statutory responsibilities for other services.

Council Tax

The Government announced that it will provide further support to freeze council tax for 2014-15 and 2015-16. This will be the equivalent of a 1 per cent council tax increase for councils which freeze their council tax on the same lines as in 2013-14. It will set referendum limits of 2 per cent in both 2014-15 and 2015-16. Subject to the Local Audit and Accountability Bill achieving Royal Assent, this limit will now include levying bodies.

LGA View

- Councils want to help families and pensioners during these tough times by keeping their council tax bills down. Many councils have already frozen council tax for the past three years. Local authorities which take up government's offer to freeze council tax face a real terms cut so we need a longer-term solution for how public services are to be funded in the future.
- In addition, including levying bodies in the referendum limits will cause more pressure to those councils with large levies for services such as transport, waste and drainage.

Adult social care and health

The Government's announcement on adult social care for 2015-16 includes:

- A £3.8 billion pooled budget for health and social care services, shared between the NHS and local authorities, to deliver better outcomes and greater efficiencies through more integrated services.
- The pooled budget includes:
 - Continuation of the existing transfer from the NHS to social care as set out in the 2010 Spending Review.
 - An additional £200 million in 2014-15 to accelerate the transformation process.
 - £2 billion a year through the NHS to join up local health and social care services.
 - Funds for carers and people leaving hospital who need support to regain their independence.
 - £350 million of capital funding for projects to improve integration locally.
- £335 million for councils to prepare for reforms to the system of care funding, including the care cap and universal deferred payments.

LGA view

- The Government has listened to our concerns regarding the importance of providing sustainable funding for adult social care. The continuation of the existing transfer of funding from health to social care for 2014-15 is positive, as is the additional £200 million to accelerate transformation.
- New money to drive forward integration is even better for the longer-term. Integration must be a key priority given its role in improving outcomes for individuals and drawing out the real cross-system efficiencies. This is therefore an important signal from Government of their shared commitment to taking this work forward.
- The LGA has worked closely with colleagues from NHS England to secure the additional funding from health to drive forward integration. Attention will now turn to the detail of how the money is released as we expect part of the funding to be conditional on performance. In this respect it is critical that the right balance is struck between locally agreed decisions and conditions emanating from central government. Councils and Clinical Commissioning Groups will need to be supported to demonstrate how stronger joint working can deliver the changes we know are possible from adult social care activity reducing demand on costly hospital services. Early planning will be central to this and we anticipate that councils, working with local partners, will begin preparatory work very quickly.
- The money allocated for adult social care is also an opportunity to improve data sharing between health and social care and strengthen joint planning between the two parts of the whole system.

- The £335 million for implementing care and support reform is welcome. However, with a great deal of detail on the Care Bill still to come in regulations and guidance, and the imminent publication of a government consultation on funding reform, we will want to work closely with the sector to understand the likely costs involved and whether the £335 million is a realistic figure. We have been clear throughout the debates about reform of care and support that any new burdens arising from the proposals must be separately and fully funded.
- In addition, this transfer does not disguise the fact that council funding will have been cut by the equivalent of four times this amount across the life of this Parliament

Public service transformation

The Spending Round signals a major shift in the Government's approach as they now commit to help local public services work more closely together to cut out duplication and invest in reducing demand. This builds on the successful development of whole-place business plans for community budgets in four pilot areas (Essex, Greater Manchester, Tri-borough and West Cheshire) and the analysis the LGA conducted of the pilots.

The Government will invest a £100 million into a council efficiency and transformation fund. In addition, the Government is planning to launch a police innovation fund and provide resources for the transformation of Fire and Rescue Services.

LGA View

- If the local public sector is going to be smaller, it is going to have to be radically transformed to focus on better collective working and on investment in reducing demand and preventing failure. To achieve that, public services need rewiring based on people and places. The whole-place community budget pilots have demonstrated the savings and improvements in outcomes that can result.
- The expansion of support for areas wanting to develop a community budget is positive, as is the Government's decision to provide incentives for blue-light services and the NHS to engage fully in this agenda. However, there will be more to do to secure buy-in from the full range of Whitehall departments.
- The increased certainty that Clinical Commissioning Group and councils will have from being given their funding allowance in advance will enable community budget business plans to be developed with more confidence. In due course we would hope to see this approach being adopted for the funding settlements for all local public service providers.

Children's services and schools funding

The Chancellor confirmed that schools funding and the pupil premium will be protected in real terms. However, the Education Services Grant, which pays for central services to schools will be cut by 20 per cent. The details

will be subject to a consultation in the autumn. There will also be a consultation on how best to introduce a fair national funding formula for schools in 2015-16.

LGA View:

- The 20 per cent cut in the Education Services Grant is disproportionate and will affect spending on school improvement, management of school buildings and tackling non-attendance.
- It will be essential that the sector engages in the consultation to make the case for local authorities' positive contribution to school delivery and improvement. Government policy and Ofsted's expectations on Local Education Authorities must align.
- Any review of school funding should introduce a fairer funding formula for all schools and ensure local flexibility.

Troubled families

The Government has announced a further £200 million will be invested into the Troubled Families programme to extend help to 400,000 families in 2015-16. This additional funding will be subject to match funding from local authorities as with the existing programme.

LGA View:

- Tens of thousands of families are already being helped by councils to turn their lives around. This extension of this initiative is a vote of confidence and recognition of how effective local authorities have been when given the mandate to bring together the work of the whole public sector in their areas.
- The Troubled Families programme has built on the innovative work local authorities were already doing to co-ordinate organisations such as schools, social services, job centres and health centres. It is important that local places have the freedom to tailor solutions to the specific needs of individual families.
- The cuts to local government funding will however make it increasingly hard to provide the key services that troubled families will need.

Local growth

The Government announced that £2 billion would be allocated to the creation of a Single Local Growth Fund, in response to Lord Heseltine's recommendation for growth-related funds to be devolved to the Local Enterprise Partnerships (LEPs) through a single pot. The Fund is expected to be operational in April 2015 and sustained each year of the next Parliament. The Chief Secretary to the Treasury will be announcing more detailed spending plans related to growth tomorrow and the LGA will be on hand to provide member authorities an on the day briefing.

LGA View

- We are extremely disappointed that the Single Local Growth Fund amounts to less than 5% of the £49 billion in central government funding that Lord Heseltine determined could be invested more effectively to support growth if devolved to local areas.
- With public finances set to be constrained until the economy fully recovers, it has never been more urgent to enable councils and their local business partners to meet their full potential to unlock local growth.

Fire and Police

Fire and rescue authorities will see a 7.5 per cent reduction overall in their funding for 2015-16. The Government has also announced two specific funds; a £45 million *Fire Efficiency Incentive Fund* to invest in the fire service; and a £30 million resource fund through the local government settlement to encourage joint working.

The Government will also create an innovation fund of up to £50 million for police forces to work jointly with each other and with local authorities.

LGA view

- The reduction in funding for fire services in 2015-16 is significant and will put additional pressure on Fire and Rescue Services. In establishing new funds the government is signalling its desire to see reform in the sector. Any reform must be led by the sector itself and in our view these funds should be allocated by formula rather than being subject to a competitive process.
- Preventing crime and anti-social behaviour reduces the pressures on the police, councils and the criminal justice system. The announcement of a fund to encourage police forces to work jointly together and with local authorities on new and better ways to prevent crime will provide an important impetus to collaboration.

The full Spending Round can be accessed via this [link](#).

The Government's infrastructure plan 27th June 2013



On 27 June 2013, the Chief Secretary to the Treasury outlined the government's infrastructure investment priorities beyond 2015.

LGA Key Messages

- The Government's recognition that local authorities have a crucial role to play in supporting housing and wider economic growth is very welcome.
- We remain very supportive of Lord Heseltine's recommendation to devolve funding held by central government departments to Local Enterprise Partnerships (LEPs) through a single pot. However, unless there are major changes to the Single Local Growth Fund, which seems to have different rules for different funding elements, it is hard to see how this will actually operate as a single pot.
- The Government needs to devolve much more of the £50-70 billion in growth-related funding that is currently controlled by Whitehall departments to local councillors and business people. They know their areas and its economic needs best, as Lord Heseltine argued.
- The total annual growth pot will be £2 billion, well below the £70 billion recommended by Lord Heseltine and disappointingly that the vast majority of the fund is simply a reallocation of existing council or already-devolved funding.
- We are very concerned about today's decision to require the pooling of a portion of the New Homes Bonus, which will redistribute money between councils within LEPS and impact on the funding for local services. We are urgently seeking more detail on this proposal.
- We welcome the Government's commitment to devolve the majority of spending decisions for England's European Union Structural and Investment Funds to LEPs.
- We are pleased that the Government has listened to us and increased investment in local roads maintenance by around £300 million per year. This will make a contribution to dealing with the backlog of repairs, although it is somewhat short of the £800 million annual shortfall in road maintenance identified by local authorities. The increase in "Local Authority Transport Majors" projects funding is positive, as well.
- The Government has also listened to our concerns regarding the need for greater flexibility on capitalisation by agreeing to consult on

Briefing

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allowing some flexibility for local authorities to use asset sale receipts to finance one-off costs of service transformation.

This briefing covers:

- Single Local Growth Fund
- Transport and roads maintenance
- EU Structural and Investment Funds
- Flood defences
- Schools capital
- Rent levels and capital investment in affordable housing
- Use of capital receipts
- Shale gas operations

Single Local Growth Fund

As part of the 2015/16 Spending Round publication yesterday, the Chancellor announced the creation of a Single Local Growth Fund (SLGF) with over £2 billion to be spent under the strategic direction of Local Enterprise Partnerships (LEPs). Today's announcement clarifies where this money will come from, including £400 million from the New Homes Bonus; £819 million from Local Authority Transport Majors; £100 million from Local Sustainable Transport Fund; £200 million from the Integrated Transport Block; £330 million in Further Education capital and £170 million in ESF skills match funding. The SLGF is expected to amount to at least £2 billion annually in the next Parliament.

The Government recognises some local authority Majors funding is already committed to specific transport projects. Today's announcement also indicates a further commitment of £5 billion of transport funding in the SLGF from 2016-17 to 2020-21 to enable long-term planning of priority infrastructure. The Government will also consult on the mechanism for requiring that a proportion of New Homes Bonus is pooled by local authorities and within LEPS as part of the SLGF. LEPs and the member local authorities will then agree how to spend this funding in line with their strategic economic plans as agreed through the Growth Deal process.

The SLGF will be allocated through a competitive process on the basis of LEP strategic plans. The Government believes that this approach will target resources at LEPs with the strongest strategic plans that demonstrate their ability to deliver growth.

LGA View

- We remain very supportive of Lord Heseltine's recommendation to devolve funding held by central government departments to LEPs through a single pot.
- However, unless there are major changes to the Single Local Growth Fund, which seems to have different rules for different funding elements, it is hard to see how this will actually operate as a single pot.
- It is very disappointing that the vast majority of the fund is simply a reallocation of existing council or already-devolved funding.

- Councils are overwhelmingly saying ‘yes’ to new homes and are working directly and in partnership to bring forward homes and encourage housing investment locally. Today’s decision requires local pooling at the LEP level of un-ringfenced funding previously received directly by councils. This will redistribute money between councils and impact on the funding for local services. Those impacts do not appear to have been properly considered and we are urgently seeking more detail.
- For LEPs to truly have the power to unlock local growth, much more progress needs to be made to devolve the £50-£70 billion in funding that Lord Heseltine determined could be invested more effectively through local decision-making than under the control of Whitehall departments, e.g. Regional Growth Funding.
- SLGF funds should be allocated on a non-competitive basis to give councils, businesses and other prospective investors more certainty over spending plans. Any competitive process must keep bureaucracy to a minimum and ensure that all LEPs receive a fair share of funding.

Growth Deals

The Government has committed to negotiating a Growth Deal with every LEP to give local areas greater resources, powers and influence on the basis of multi-year strategic plans developed by the LEPs. The Government will publish guidance on the strategic plans and the Growth Deals process by the summer.

LGA view

- Councils and their local business partners believe that Growth Deals have the potential to be game-changers in terms of enabling them to fulfil their ambitions for growth in their areas. We are calling for central government to match their ambition.
- We look forward to working with Government to ensure that the roll-out of these Deals advances quickly with a minimum of bureaucratic wrangling.
- Additionally, we were also pleased to see that the innovative Earn Back element of the Greater Manchester Combined Authority’s City Deal has been confirmed as it stands to demonstrate the benefits of enabling local areas to retain a fair share of the proceeds generated by their investments in growth.

Roads maintenance

The Government has also announced that it would invest over £28 billion over the six years from 2014 in enhancements and maintenance of national and local roads. £10 billion of investment has been committed to road repairs between 2015-16 and 2020-21: £4 billion will be spent on national road maintenance – enough to resurface over 21,000 miles of road. £6 billion of that money will be spent at a local level.

LGA view

- The LGA has pressed for additional funding for roads maintenance as a necessity to support a crumbling network, but also as a means of creating jobs and getting the economy moving. We are pleased that the Government has listened and increased investment in local roads maintenance by around £300 million per year, from £700 million planned expenditure in 2014/15. This will make a contribution to dealing with the backlog of repairs, although it is somewhat short of the £800 million annual shortfall in road maintenance identified by local authorities.

Local Authority Majors Transport Scheme funding

Local Authority Majors Transport Scheme funding has been announced as £819 million for each year from 2015/16 to 2020/21, a total of £4.9 billion. This compares favourably with the 2010 spending review total of around £1.5 billion and reflects the LGA's call for an increase in transport funding.

LGA view

- This is a significant increase in the capital available for investment in local major transport schemes and is welcomed. The local major's funding will be part of the government's single growth fund and it is not clear at this stage how much of the fund will be subject to a competitive bid and how much will be allocated by formula.

EU Structural and Investment Funds 2014-2020

The Government has confirmed it will devolve the majority of spending decisions for England's £5.3 billion European Union Structural and Investment Funds (EU SIF) for 2014-2020 to LEPs as notional allocations. We await the detail about any funds held nationally, but understand this amounts to over 4 per cent. EU funds have to be match funded by national or local funding, and the Government has confirmed it will put forward at least £170m match for European Social Fund.

LGA View

- After many years of lobbying by councils and the LGA, we welcome the Government's move to devolve the majority of England's £5.3 billion EU SIF spending allocations for 2014-2020 as seven year notional allocations to LEPs¹.
- We were disappointed that England's overall allocation was cut by 11 per cent on previously proposed February allocations, which was redistributed to Scotland, Wales and Northern Ireland.
- Councils are working with LEPs and partners to plan how these funds (including European Regional Development and European Social Funds) will add maximum value to deliver more intense, locally integrated provision to boost growth, employment, skills and support the most vulnerable.
- However, their ability to do this depends on available and flexible local and national match against EU money. Devolving spending decisions for EU funds is only half the solution.

- The small amount allocated to the Single Local Growth Fund means local areas must now look for other match funding to co-invest in local LEP EU plans. This will be a challenge for every area in England.
- To ensure we spend all England's allocated EU funds, it is critical any match funding from Whitehall is flexible enough to support local investment priorities. The Government's £170 million match for ESF skills funding into the single pot is welcome but it must be driven by local priorities rather than centrally driven rules on how it can be spent. This requires an open discussion between local partners and Whitehall departments. The LGA will continue to work with Whitehall to ensure these issues are resolved over the coming months.

Flood defences

The Government announced that it has set a long-term funding settlement for flood defences, rising from £344 million in 2014/15 to £370 million in 2015-16 and then protected in real terms to 2020-21. This provides a total of £2.3 billion and represents a real terms annual increase of 18 per cent compared with the Spending Review 2010 period. The Government also announced today that they had reached an agreement with the insurance industry on the provision of accessible and affordable floods provision to replace the existing Statement of Principles. The Government is proposing to introduce the necessary legislation through the Water Bill, published today.

LGA view

- Councils have been at the frontline in protecting their communities from the impact of flooding. We therefore welcome the Government's announcement to increase and protect spending on flood defences for homes and businesses. This extra funding will help councils lever in local contributions and enable more flood protection schemes to go ahead. The increased investment should also support the provision of accessible and affordable flood insurance cover for households.

Schools capital

The Government has committed to invest more than £21 billion of capital in schools over the next Parliament, which includes enough funding to build over 275,000 new primary school places; 245,000 new secondary school places; open up to 180 new Free Schools; 20 University Technical Colleges and 20 Studio Schools a year; as well as addressing all essential schools maintenance needs. The announcement includes a promise to rebuild 150 schools in very poor condition by 2017 – two years earlier than planned – as part of the Priority School Building Programme.

LGA view

- Councils have the ambition to meet every parent's expectation that their child has a place in a good school in their local area, but there is still not enough capacity to cope with the growing demand. So this commitment to provide additional capital to fund the school places

needed is welcome. Pupil numbers began to increase in 2010 and by 2021 numbers are projected to be 18 per cent higher than in 2012. These national figures mask much higher increases in demand in some areas.

- The commitment to sufficient resources to address all essential school maintenance needs is also welcome. But the Priority School Building Programme has been characterised by delay and excessive central control and bureaucracy. The Government needs to make sure that this money is released quickly and that councils are allowed to develop locally procured solutions with schools in urgent need of repair.
- Centrally designed and procured schools capital programmes can have a very poor record of delivery if not effectively matched to local need. This announcement of new capital needs to be matched with an announcement that the new money will flow quickly to local areas and allow councils and schools to work together to design and procure vitally needed programmes to repair crumbling schools and provide urgently needed new places.

Rent levels and capital investment in affordable housing

The Government has announced a £3.3 billion package to support 165,000 new affordable homes over three years from 2015 -16. The Government also announced that from 2015-16 social rents will rise by CPI plus 1 per cent each year for ten years.

LGA View

- Long term certainty on social rents is crucial to support councils and Housing Associations to invest in housing over the long term. Changing the rules on rent levels just one year after local councils signed a deal with the Treasury to run their own housing stock will mean councils will need to review their plans and may need to revise down their ambitions to build new homes and invest in the improvement of existing ones. We will be working with councils to understand the impact of this change for councils building ambitions.
- Demand for affordable homes continues to increase, it is helpful that the government has listened to the LGA's call for capital investment in housing and it is important that councils, as well as Housing Associations, are able to access the £3.3 billion fund on an equal basis.
- It is disappointing that the appetite of local authorities to use their own assets to build thousands of new homes continues to be stifled because of a Treasury imposed housing borrowing cap which councils, developers and the markets agree is unnecessary. Removing the cap would enable local authorities to build up to 60,000 new homes over the next five years.. Councils, through the LGA, will continue to press government to remove this unnecessary and arbitrary restriction.

Use of capital receipts

The Government announced that it will consult on allowing some flexibility

for local authorities to use asset sale receipts to finance one-off costs of service transformation.

LGA View

- The Government has listened to our concerns regarding the capitalisation of one-off revenue costs. This announcement is welcome; however, the Government should go further and allow local authorities to classify one-off service transformation costs as capital without the need to sell assets. Local government has a proven record of being able to manage its borrowing prudentially, and it should be trusted to continue to do so.

Shale gas operations (fracking)

The Government will publish, by 18 July 2013, up to date planning guidance on shale gas for local authorities. A package of community benefits for communities affected by fracking has been announced.

LGA View

- The LGA has continued to argue that fracking proposals should be a matter for consideration through the local planning system which provides a transparent and democratic process to ensure the interests of local communities can be taken into account.
- The LGA has been engaging with the Department of Communities and Local Government to influence the development of the planning guidance and ensure that it provides clarity for local authorities on how the planning regime will operate for fracking applications.
- The LGA has argued that it is important that local communities are able to benefit from shale gas operations in their areas and the mitigation. The benefits associated need to be part of the transparent and democratic local decision making process.
- It is unclear from the proposals how the community benefits will reach those communities affected in a transparent and fair way and we are seeking clarification on the detail.

Full details of the Government announcement can be found here <https://www.gov.uk/government/news/government-prioritises-long-term-investment-in-infrastructure-spending>

For further information on this briefing paper please contact Piali DasGupta on (0)20 7664 3041

ⁱ <https://www.gov.uk/government/speeches/european-regional-development-fund-and-european-social-fund-allocations-2014-to-2020>

Council Tax Referendums and Levying Bodies

Purpose of report

For information.

Summary

This report summarises a legislative change on bringing levies into the definitions used for council tax referendum purposes which is in the Local Audit and Accountability Bill, now being considered by the House of Lords.

Recommendation

That Members note the response of officers and agree to receive further reports as the measure progresses through Parliament.

Action

Officers to continue to liaise with Department for Communities and Local Government officials and to report back to the Finance Panel.

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Council Tax Referendums and Levying Bodies

Background

1. As previously discussed by your Panel, clause 39 of the Local Audit and Accountability Bill, currently before Parliament, contains provision for changing the law as it affects council tax referendums and levying bodies.
2. The current law on council tax referendums was enacted through the 2011 Localism Act. It provides, in short, that if a council or major preceptor (such as a fire or police body) agrees a council tax increase above a limit set by the Secretary of State then they have to hold a referendum to agree it. The calculation for determining whether a referendum has been triggered currently excludes charges made to the authority's budget by levying bodies.
3. The law came into being in time for 2012-13 budgets to be set. Different principles were set in 2012-13 and in 2013-14. So far no council or major precepting body has triggered a referendum. However, in the 2013/14 budget setting, the exclusion of levies allowed a number of authorities to set headline Council Tax increases above the Secretary of State's limit of 2 per cent.
4. In the light of the experience in 2013, the Government has moved to change the law. The Bill had its second reading in the House of Lords on May 22 and was due to be considered in Committee on June 26. It is likely to be considered by the House of Commons in the Autumn. Any developments will be reported to the Panel verbally.
5. As previously discussed by your Panel, the proposed change would have the effect of bringing levies into the calculation for determining whether a referendum is required. This means that if a levying body increases its charge by more than the Secretary of State's prescribed level, the local authority would then have to absorb the additional cost by making additional cuts in order to avoid holding a referendum.
6. The clause also contains provision for those councils which set council taxes above 2 per cent in 2013/14 due to levies not being taken into account to have a different excessiveness principles applied to them in 2014-15, which would enable the Secretary of State to require these authorities in effect to take account of 2013/14 increases in levies in setting their 2014/15 budgets. This would affect eight authorities (Wandsworth, Bolton, Bury, Manchester, Oldham, Rochdale, Stockport and Tameside). In total these authorities would have been able to raise £7.3 million less in council tax had the new law applied.
7. Levying bodies vary in size from integrated transport authorities and waste disposal authorities to commons conservators and garden squares. **Appendix A** has a summary of the main levies, the basis on which they are set, and the basis for their distribution.

8. The main levying bodies by type, those which levy the largest sums on authorities, are:
 - 8.1. Integrated transport authorities, affecting the Metropolitan Districts;
 - 8.2. Joint waste authorities, affecting some Metropolitan Districts and London Boroughs but not those who run their own waste disposal services;
 - 8.3. Environment Agency levies for flood defence, affecting Met Districts, London Boroughs, Counties and Unitaries;
 - 8.4. Residuary Pension Fund Authorities, affecting the former Met Counties and London; and
 - 8.5. Internal Drainage Boards, affecting Districts.
9. In addition, there are a large number of smaller levying bodies which operate across the country covering a wide range of purposes such as country parks, garden squares and commons.
10. This means that two otherwise similar authorities can be affected by this change in different ways. From that viewpoint, whether levies are included or excluded from the calculation, there will be some unfairness in the system.
11. However, there is no known single list of levying bodies or the amounts they charge.

Issues

12. The LGA Executive considered a report on 13 June. This set out officers' views that change to the law needs to be justified by an improvement in the current position for authorities in general. The proposed law change, in simply repositioning a problem, does not do this.
13. The key problem with including levies in the referendum calculation is that levying bodies are all, to a greater or lesser extent, only semi-accountable to local authorities and therefore to local electors. The degree to which local authorities can influence the decisions of levying bodies depends upon such factors as the statutory terms under which they are established, the governance arrangements of each body and how many other local authorities are involved.
14. This position is further complicated by the fact that many co-opted members who sit on levying bodies have been advised that they may not take the interests or views of their parent authority into account when considering matters relating to the levying body. This puts co-opted members into a difficult and potentially conflicted position.
15. Whilst it is a matter for individual levying bodies and local authorities to provide advice to Members, and Members who find themselves in this position should consult local officers, it is indeed the case that, when appointed to an external body, Members' first and primary

duty when acting in that role is to the body to which they have been appointed and they should act in that body's best interests. In relation to the draft legislation, it is therefore possible to envisage any number of circumstances in which this may lead to unresolvable conflicts. The Code of Conduct of some Council and indeed the Governance Framework of Levying bodies may require elected members who sit on Levying Bodies to comply with their disclosure of such interests rules.

16. Another issue is that it is possible to envisage circumstances in which levying bodies may have little choice but to increase a charge - for example in the event of a significant loss or an emergency. This may be most graphically illustrated by, for example, a case where an internal drainage board is required to carry out emergency repairs to prevent flooding and needs to raise finance accordingly. In that case, the related District would have the choice of either matching the increase from savings from its own services or putting the matter to a referendum.
17. There is also an issue as to the extent to which councils themselves are able to change levies or if they are passed through to them with little opportunity to change them (such is the case, for example, for the Environment Agency) and the extent to which levy increases may follow on changes which fit in with broader ministerial priorities (such as the City Deal in Greater Manchester).
18. Arguably, a positive outcome from a change in legislation is that it could bring to the fore something which has been an issue in local government for many years; namely the status of levying bodies and how they can be brought within a democratic framework.

Response

19. The LGA has been working with peers on the Bill. We have made it clear that we are opposed in principle to the current council tax referendum legislation, as it means that the decision as to whether or not a council tax increase is excessive and a local referendum needs to be held is that of the Secretary of State. The LGA opposes this as a centrally imposed limit should not be included as local elections are the opportunity for people to pass judgement on their council.
20. Having said that we are opposed to the new change as including increases in levies set by outside bodies in the calculation of council tax referendum limits adds further uncertainty to council finances and could lead to further reductions in essential local services. We are also opposed to the retrospection included in the Bill as it is not fair on authorities which have taken decisions in good faith based on legislation in place at the time.
21. As suggested above, whilst there is no 'one size fits all' solution to this issue, officers propose that, in addition to lobbying Parliament to vote against the clause, we continue to press for a review of levying bodies to ensure that they can be brought more closely into the accountability framework.

22. It should be noted that this legislative change does not cover local precepts – that is those set by parish and town councils. The Secretary of State already has powers to set principles to force parish and town councils to have referendums on council tax increases. However, he has not so far chosen to exercise this power.

Financial Implications

23. This is core work for the LGA and is contained within existing budgets.

Appendix A: Further detail on the main levying bodies

a) Integrated Transport Authorities

1. Boards formed of members from each authority, generally 2-3 per authority, under [Local Government Act 1985](#)
2. Apportioned on basis of population under [The Transport Levying Bodies Regulations 1992](#)

b) Joint Waste disposal authorities

1. Boards formed of members from each authority, numbers from each authority specified in [Waste Regulation and Disposal Authorities Order 1985](#)
2. Apportioned on basis of tonnage under [The Joint Waste Disposal Authorities \(Levies\) \(England\) Regulations 2006](#)

c) Environment Agency

1. Levies set by Regional Flood and Coastal Committees; these have a chair appointed by the Secretary of State plus 11-25 members of which no more than 11 are appointed by the EA, the remainder being appointed by constituent authorities [Regional Flood and Coastal Committees \(England and Wales\) Regulations 2011](#) The levy is voted for by the county and unitary members of the RFCC;
2. The levy is shared on the basis of council taxbase. See The Environment Agency (Levies) (England and Wales) Regulations 2011

d) Internal Drainage Boards

1. Elected board members under [Land Drainage \(Election of Internal Drainage Boards\) \(Amendment\) Regulations 1977](#)
2. Apportioned on basis of number of hereditaments under [Land Drainage Act 1991](#)

e) Pensions Authorities (eg LPFA)

1. Board of not less than 7 and not more than 11 members appointed by the Secretary of State, and at least half of the members excluding the chairman shall be appointed following consultations with such representatives of local government in London as appear to the Secretary of State to be appropriate.
2. Apportioned on basis of population under [The London Government Reorganisation \(Pensions etc\) Order 1989](#) (and other local legislation for other authorities)

For the different types of levies:

1. There are six ITAs, one in each of the English Met areas.
2. There are six joint waste authorities covering
 - Merseyside
 - Greater Manchester (excluding Wigan)
 - four in London covering 21 boroughs (the other London boroughs act as their own waste authority and don't pay a levy)
3. Environment Agency Regional Flood and Coastal Committees (RFCCs) levy counties and unitaries.
4. Some pensions authorities – set up following the dissolution of the Greater London Council and Metropolitan Councils in the 1980s – the LPFA and South Yorkshire Pensions Authority issue levies.
5. Drainage boards levy District Councils.

The table below shows levies as % of total Council Tax Requirement. The vast majority of districts pay no levy or minimal levy but there are exceptions e.g. 54% of Boston's Council Tax Requirement is for drainage board levies.

Collection Authority	Levies and Special Levies 2013/14 as % of CTR
<u>CLASS TOTALS</u>	
Greater London	10%
Metropolitan Districts	28%
English Unitary Authorities	0%
English Shire/Districts	1%
England	11%
<u>REGIONAL TOTALS</u>	
South East (exc. London)	0%
Greater London	10%
East of England	1%
East Midlands	2%
North East	8%
North West	30%
South West	0%
West Midlands	12%
Yorkshire & the Humber	13%

Update on Universal Credit

Purpose of report

For decision and direction.

Summary

This paper briefly updates Members on the overall progress of the Universal Credit Programme and the local authority face-to-face pilots. Sir Merrick Cockell, LGA Chairman, met with Lord Freud, Welfare Reform Minister, on 2 May to further discuss the role local government will have in helping support the delivery of Universal Credit.

Recommendations

That the Finance Panel:

1. note the update on overall progress of the Universal Credit programme and the local authority face-to-face pilots; and
2. give a further steer on actions following feedback from the LGA Chairman's meeting with Lord Freud.

Action

Officers to take forward, as directed by Members.

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Update on Universal Credit

Background

1. The statutory framework for Universal Credit (UC) will progressively remove local government's role in benefits processing for working-age claimants. LGA Members have always considered benefit claimants will still be people to whom councils have a range of inescapable legal and moral duties.
2. As a result of much work by the LGA family and partners over the past 18 months, the Department for Work and Pensions (DWP) has begun to recognise that there will be a potential role for local government in the delivery of frontline support for UC. This has resulted in the establishment of the face-to-face pilots programme and the Local Support Services Task Force.

UC Pathfinders

3. On 29 April the first UC pathfinder went live in Ashton-under-Lyne Jobcentre (Tameside) for new claimants. Tameside Council has provided a range of support as part of the pathfinder including access to free PC's via a self-service Hub, co-locating Citizens Advice (CAB) in the main council offices, and commissioning CAB and registered social landlords to provide personal budgeting support. Tameside is also working with local training providers to promote on-line access to UC and provide IT skills to support job searches. For further information about the Tameside Pathfinder please see **Appendix A**.
4. DWP has informed us that the majority of claims from the UC claimants in Ashton-under-Lyne have been made online. The three other pathfinders i.e. Wigan, Warrington and Oldham are all trailing the Claimant Commitment and will take claims for UC from July. Feedback from Oldham, Warrington and Wigan Jobcentres on the claimant commitment remains positive with claimants saying they are aware that UC is paid monthly.
5. DWP has indicated that the first round of UC monthly payments have been paid successfully. A micro management approach is being taken which is helping DWP to manage the full claimant journey. The DWP have already seen people move back into work within the claimant group. Real Time information is feeding through earnings information and the UC IT system is working as DWP expected and has been consistently available since go live.
6. DWP service centres in Bolton and Glasgow have been dealing with claimant enquiries, new claim action and change of circumstances. There is a high rate of access to the UC service via the UC website. DWP recognises that claimants are making use of the internet services provided by the Local Authorities. The DWP will be undertaking extensive evaluation over the summer using a wide range of stakeholders. Official statistics on pathfinder areas will be published in Autumn 2013.

Item 4

7. The Commencement Order that enables the expansion of the UC Pathfinder was made on 20 June. The Order extends the Pathfinder to claims dealt with by Wigan Jobcentre from 1 July and to claims dealt with by Warrington and Oldham Jobcentres from 29 July.

Local Support Services Framework

8. Sir Merrick Cockell and Lord Freud, Minister for Welfare Reform met on 2 May. This meeting provided an opportunity for further discussion about the Local Support Services Framework (LSSF). The Minister indicated that he wanted the DWP to work closely with the LGA in taking the LSSF forward. In particular, it was agreed to explore how local councils could help to lead local partnerships which would commission the specific services needed in a locality to support the delivery of UC. It was also agreed to test out how such an arrangement might work and how the funding might be deployed, in effect a community budget model. It was agreed that the Minister and the Chairman should meet again soon and that this should become a regular piece of liaison.
9. LGA and DWP officers have met to follow up these ideas through a meeting with the face to face pilot authorities, pathfinder authorities and community budget experts. Initial feedback from the councils present was that they welcomed the idea of locally developed partnerships as outlined in the LSSF. They also highlighted that different authorities are at varying points of development in terms of how far they have looked at the community budget style approach to partnership working. Authorities such as Lewisham have a very developed model where they are looking to deliver their welfare related support in conjunction with their neighbouring authorities and other partners. Other local authorities indicated that they would be more comfortable with a partnership initially focussed around the council and the local DWP, but would want scope to be able to develop the partnership as and when they felt able.
10. Discussion also took place around the funding of partnerships. It was recognised that initially funding would come directly from the DWP, although there may be scope for bidding for additional ESF funding. Councils indicated that they would be comfortable with the money coming direct from DWP to the partnership. The council and local DWP would then have joint decision making powers as to how the money would be spent. Councils would not be comfortable with local DWP officers having any sort of veto over how UC funding should be spent at a local level. **Members are asked to provide a steer around the discussions which have taken place so far and how they would like matters progressed.**
11. The DWP Universal Credit programme has a new Director General – Howard Shiplee. Howard has been very keen to hear from local government about how we can help to support our residents who may need to claim UC. He has reinstated local governments place on the UC Programme Board and is reviewing the current programme. Over the next few months, he will clarify key issues such as rollout timetable. LGA officers continue to meet with Howard on a regular basis.

Local authority-led face-to-face pilots

12. The establishment of the local authority-led face-to-face pilots recognised our shared understanding with DWP that many of those who are affected by the changes will continue to look to councils and the voluntary sector as their principal source of advice and support. The pilots are helping to identify the significant challenges that councils and partners will face when implementing UC, and most importantly, developing practical solutions that other councils can learn from – including innovative tools to help claimants manage their finances and supporting claimants to develop digital skills.
13. The pilots continue their good work. They were due to end in September, however the Chief Executive of the LGA and the Chief Executives of the pilots have collectively written to Lord Freud asking for the pilots to be extended so that they can test out elements of the LSSF. This would build upon the expertise which has developed during the course of the pilots. It would also provide valuable feedback for the sector and DWP around key LSSF implementation issues.
14. A publication was launched at the LGA Annual Conference which share the early findings from the pilots (see **Appendix A**). This document has been developed in partnership with the DWP and Lord Freud has provided some supporting words to accompany Sir Merrick's introduction.
15. From September there will also be a series of open days which the LGA will help pilots to host. The aim of these is to provide all local government colleagues a chance to see first-hand, what the pilots have been doing. It will also be an opportunity to share learning at a regional level and to help councils form networks which will support them in the delivery of welfare reform. Members and officers can sign up for the free open days at www.local.gov.uk/events. The dates for the open days are:
 - 15.1. North Dorset – 6 September.
 - 15.2. Melton BC – 10 September.
 - 15.3. LB Lewisham – 23 September.
 - 15.4. Oxford City Council – 1 October.
 - 15.5. Rushcliffe BC – 14 October.
 - 15.6. Bath and North East Somerset Council – 24 October (provisional date).
 - 15.7. Birmingham City Council - 12 November.
 - 15.8. West Lindsey – 27 November.

Financial Implications

16. This is core LGA work and there are no additional financial implications.

Local government and Universal Credit



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Forewords



Councillor Sir Merrick Cockell
LGA Chairman

The Government's welfare reforms are extensive and far-reaching in both their scope and their ambition. The introduction of Universal Credit (UC) is a key element of the 2012 Welfare Reform Act which aims to make the benefits and tax credit system simpler.

Local government is at the heart of an effective and innovative response. From the outset the Local Government Association (LGA) and councils were clear that supporting UC claimants is inevitably a part of our mission to improve the lives of local residents in locations and at a scale that makes sense to them.

We worked with the Department for Work and Pensions (DWP) to set up eight English pilots to test local government's role providing face-to-face support to UC claimants. The establishment of the pilots recognised our shared understanding that many of those who are affected by the changes will continue to look to councils and local voluntary organisations as their principal source of advice and support.

The pilots have helped to identify the challenges that councils and partners will face when implementing UC, and most importantly, developed practical solutions that other councils can learn from – including innovative tools to help claimants manage

their finances and supporting them to develop digital skills.

We recognise that the scale, intent and pace of the changes will have considerable impact on councils and communities, much of which will only be seen and understood in real time as the changes are gradually implemented across the country from the autumn.

Councils also want to work with partners to plan for the implementation as best they can, and communicate to residents about how they will be affected by the changes, so we hope sharing the rich interim learning from the UC pilots is helpful.

It is also very clear from the pilots that UC and the introduction of the benefit cap cannot be viewed in isolation from other welfare reforms. We hope that the Government will take full advantage of what councils have to offer here, not just in terms of processing benefits but stretching the offer to encompass preventative actions like homelessness, employment and training that lie within our core competences.

The next few months will be crucial in giving councils the certainty and clarity on the roll-out so that they can take decisions and allocate resources. I look forward to continuing to work in partnership with the Government to achieve this.



Lord Freud Minister for Welfare Reform

The local authority-led pilots are a real and positive example of the strong links my department and the Local Government Association have forged over recent months.

They provide a unique opportunity to ensure that the rollout of Universal Credit (UC) will be enhanced by the local support that local authorities and their partners will be providing to improve the claimant experience.

Since I launched the pilots in September, I have taken and will continue to take a close interest in their work. I am pleased with their progress and the joint working at local and national level that supports pilot activity.

I fully recognise the value and importance of the learning to the development of UC, the Local Support Services Framework (LSSF) and the planning that councils and DWP officials will undertake in developing local partnerships to support claimants as UC is implemented.

In response to representations by the Local Government Association and endorsed by the chief executives of the pilot councils, my officials are now working with the pilots leaders to ensure closer alignment between the work of the pilots and the development of the LSSF. We are also working collaboratively to strengthen and assure the learning from the pilots.

We will shortly be publishing a Summary of Key Learning Points and Case Study Examples from the pilots. Together, these two documents will inform the work being taken forward in many local authorities and DWP Jobcentre Plus Districts and the next iteration of the Local Support Services Framework, as well as the design and implementation planning for Universal Credit.

Universal Credit and the role of local government

As a result of much work by the LGA family and partners over the past 18 months, the DWP has recognised that there will be a role for local government in the delivery of frontline support for UC. This resulted in the establishment of the local authority face-to-face pilots programme and a joint programme of work to scope out local government's role in UC. There is regular political dialogue and the LGA also represents English councils on a number of DWP official-level groups with Welsh and Scottish councils represented by Welsh Local Government Association (WLGA) and the Convention of Scottish Local Authorities (COSLA) respectively.



The roll-out so far

Universal Credit replaces a number of individual tax credits and benefits including housing benefit. It will be digital by default, with a target of 80 per cent of transactions on line by 2017, and be paid monthly in arrears directly to claimants. It will be rolled out on a phased basis between autumn 2013 and 2017, although we do not yet know which clients will be migrating or when. UC will not apply to pensioners and instead housing benefit will be migrated into a modified pension credit between October 2014 and 2017.

The benefit cap for out of work households will be implemented in a phased approach from this summer and is designed to ensure that no household or individual is in receipt of benefits more than average earnings after tax and national insurance. It will only apply to workless households and is set at £500 per week for couples and lone parent households and £350 per week for single person households. Until UC is introduced it will be enforced by councils through housing benefit and a number of the UC pilots are testing the support that claimants need to manage the impact.

On 29 April 2013 the first UC pathfinder went live in Ashton-under-Lyne Jobcentre in Tameside, Greater Manchester. Three other job centres – in Wigan, Warrington and Oldham, will begin testing UC in the summer. Around 7,000 people are expected to receive UC during the pathfinder period with an initial focus on single jobseekers.

The pathfinder experience – Tameside Council

Tameside's core purpose in agreeing to be a Pathfinder authority was to protect the financially vulnerable in making the transition from existing benefits onto the new benefit. We were keen to put our residents first.

In preparation for UC we worked with the DWP in setting up a self-service Hub in the main council offices. The Hub provides free PCs for online access to UC, Housing and Council Tax benefit and other DWP benefits. The Hub supports existing PC access in libraries and Customer Service Centres across the Borough. Working with Citizens Advice, which is co-located in the main council offices, staff are on hand to provide online support to access applications and the key message is to get online and stay online. We have appointed three previously unemployed people to provide support for online activity during Pathfinder and commissioned Citizens Advice Bureau (CAB) to provide Personal Budgeting Support on our behalf. CAB are contracted to help claimants with online form completion, register with Universal Jobmatch and complete applications for Council Tax Support.

We have also worked with a local training provider to promote online access to UC and provide IT skills to support job searches. The training provider agreed to design a course to get online and stay online particularly focusing on UC job search and job match, CV writing and work readiness.

The local MiNT (network of money advice agencies – Money information Network Tameside) worked with Registered Social Landlord's (RSL's) on providing budgeting support in addition to that provided by CAB and we have held three Landlord Forums for both RSLs and private landlords specifically on UC implementation.

As part of a joint Greater Manchester initiative we have a Benefits Bus which visits various towns to promote benefits advice and the bus has already attended specific Pathfinder postcode areas and more visits are planned.

We have also worked with Health and Wellbeing partners in producing a welfare reform leaflet accessible at local GP surgeries and provided stakeholder briefings to drug, alcohol and mental health groups and those that work with vulnerable adults. We provided information on UC and promoted get online and stay online message at a local jobs fair and put in place an evaluation process for all UC claimant contact for Self Service Hub, customer services, benefits and corporate call centre and libraries.

DWP also established six direct payment demonstration pilots to test the impact of paying monthly housing benefit direct to social housing tenants. Annex A to this publication is a list of pilots and details how to find out more information about their learning.

Local Support Services Framework

In February 2013, the DWP and the local authority associations jointly published a draft Local Support Services Framework for UC, which described the sort of support services councils might need to provide or commission for UC claimants, and how those services might be paid for and managed. We saw that as opening a very important conversation about the future role of local government in helping to ensure that UC can be delivered with minimum risk.

The Framework was a very helpful starting point, and as we work with DWP on the next iteration to be published in the autumn, we are proposing the following approach:

- Local Support Services should be commissioned from a diverse provider base, including DWP and council employees, but also drawing on private and voluntary sector expertise and resources. Councils are best placed to play a central and default role, not least because they will be contacting many of the client group with Council Tax Support.
- Services should be commissioned locally on a geography that makes sense for customers, taking into account the location of existing service outlets and the scope for rationalising the public sector estate in both the short and medium term.
- Local commissioning should be accountable to the community as well as

properly accountable for public money. We therefore strongly endorse the Government's proposal for commissioning through local partnerships. The Community Budgets experience provides a powerful model for how this partnership approach might be organised.

- The local partnership should agree a commissioning plan, which should detail the outcomes sought, the funding allocated to each outcome, and the allocation of delivery responsibility. That commissioning plan would be the basis of a funding agreement with DWP. It should be supported by agreements with individual local delivery bodies.
- It should be up to local partnerships to decide what specific support services should be provided and by whom, but an illustrative menu of services which the Local Support Services budget is intended to fund could be extremely valuable in helping to shape the local offer.
- We strongly support DWP's desire for a proportion of the funding to be outcome based, but we need to both incentivise preventive action that will help clients achieve independence and make it financially possible where the costs may fall up front.

It is important that there is clarity on the timetable and geography of transition for UC claimants. We are also working with DWP to resolve key issues including data sharing and the future role (and potential for transfer) of council staff.

Community Budgets

Essex, Greater Manchester, West Cheshire and the London Tri-borough (Hammersmith & Fulham, Kensington and Chelsea and Westminster) piloted a new approach to local public service transformation during 2012.

In each of the four areas a range of partners, including NHS Trusts, the police, Jobcentre Plus, councils, the voluntary and private sectors and educational establishments worked together. The pilots demonstrated the benefits of aligning resources, reducing duplication and sharing information through working together to break down public, voluntary and independent sector boundaries and joining-up related, but disconnected delivery silos. This model of collaborative leadership around the needs of a place is potentially very well-suited to commissioning local support services for UC and we are pleased to be working with DWP to test this approach further over the summer.

The Universal Credit Pilots and getting ready for the roll-out

The establishment of the local authority-led face-to-face pilots in autumn 2012 recognised our shared understanding with DWP that many of those who are affected by the changes will continue to look to councils and the voluntary sector as their principal source of advice and support.

Each pilot is focussing on different practical aspects of implementing UC and has received additional funding and support from DWP. This is important to enable the testing of new ways of working, but when looking at transferrable learning from the pilots, we need to take into account that other councils will not have access to that extra support.

The pilots are helping to identify the challenges that councils and partners will face and, most importantly, developing practical solutions that other councils can learn from – including innovative tools to help claimants manage their finances and supporting claimants to develop digital skills.

Councils are also very aware that families and individuals may be affected by more than one aspect of welfare reform, and that the success of the reforms will depend on achieving the right balance between access to suitable employment, availability of appropriate and affordable housing and support and stability for those who are unable to work, and for those who will need the most support to enter employment. The LGA has commissioned research, which will be launched in the summer, that will help councils to understand and map the

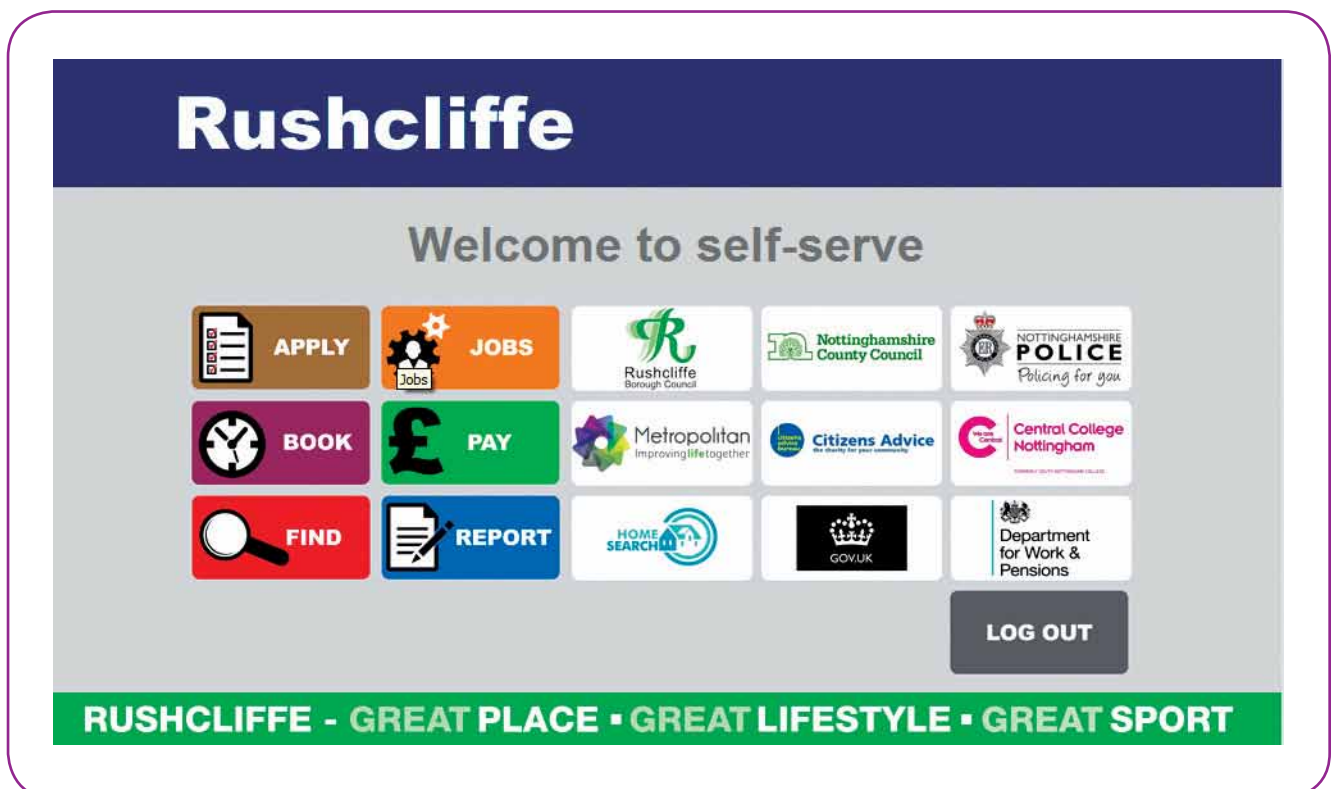
aggregate financial and geographical impact of the Government’s programme of welfare reforms. This will help councils, the Government and other service providers by improving their understanding of the potential behavioural and market effects of the changes.

The table below summarises the main learning points from the pilots and full case studies are over the page. Although we do not yet know the detail of the roll-out, the rich learning from the pilots suggests that there are practical steps councils can take now to start to plan for UC.

Theme	Top learning points from the pilots	Getting ready check list
Partnerships	<ul style="list-style-type: none"> • Positive partnerships between Jobcentre Plus (JCP) and councils are vital. • Co-locating agencies providing local support services helps to provide a single point of access for customers. • There are challenges around data-sharing and sharing IT facilities, but these can generally be overcome by early engagement. • There is a big cultural change for staff as their focus shifts to supporting claimants’ independence. 	<ul style="list-style-type: none"> • Who will you need to work with to deliver local support services and what is existing local provision? • Do you have an existing partnership that could be responsible for the UC roll-out? • Are you in regular contact with your district JCP Manager? • How might UC link to any local work on Community Budgets or Troubled Families? • Have you started to think about how you will identify vulnerable claimants who may need extra support across jobs, budgeting, housing and online access?

Theme	Top learning points from the pilots	Getting ready check list
Personal budgeting	<ul style="list-style-type: none"> • Generally claimants are concerned about their ability to manage monthly direct payments. Some of the pilots have developed online tools to help claimants improve their budgeting skills. • One-to-one budgeting support can be more effective than group sessions. • Be aware that some claimants do not have a passport or driving licence to use as ID when opening a bank account. • Personally introducing the claimant to organisations who can support them on budgeting can be more effective than simply signposting. 	<ul style="list-style-type: none"> • Have you mapped organisations who are already providing budgeting support in your area? • How are you engaging your local credit union in getting ready for UC? • Have you talked to your local banks about how they may be able to help people to open current accounts?
Online support	<ul style="list-style-type: none"> • Generally there is a low level of awareness amongst claimants that UC will be digital by default. • Supporting people to get reliably online takes time and there are different kinds of barriers that need to be addressed. • Many claimants do not have personal email accounts. • Claimants need to be aware that access to the internet via a mobile phone is not sufficient to complete the UC form. 	<ul style="list-style-type: none"> • How comprehensive is your broadband coverage? • Do you know how many of your residents who will be affected by UC do not have access to a PC or do not have the right digital skills? • Have you mapped public internet access points in your area, such as libraries and community centres? • Have you got existing digital champions who can help claimants develop their IT skills?

Theme	Top learning points from the pilots	Getting ready check list
Housing and work	<ul style="list-style-type: none"> • Tenancy sign-up is a golden opportunity to identify claimants' needs. • Integrating housing and employment support can help to provide joined-up support to claimants. • Direct in-person referrals to support and advice are often more effective than signposting, although this does have resource implications. 	<ul style="list-style-type: none"> • Have you mapped organisations who are already providing housing and employment support in your area? • How are you engaging social housing and employment advice providers in preparations for UC?
Communicating to people about the changes	<ul style="list-style-type: none"> • Don't underestimate the volume of enquiries that will be generated by UC. • A personalised approach, such as hand-written envelopes, makes a big difference when contacting claimants about the impact of benefit changes. 	<ul style="list-style-type: none"> • What are you doing to let claimants know that UC will be digital by default? • How are you briefing your staff and partners' staff about UC? • Have you got plans in place to deal with a possible increase in enquiries about UC?



Universal Credit Pilot learning seminars for councils

The LGA is working with the English UC pilots to capture and share the learning widely through a programme of regional events in the autumn. To book your place and find out further information, please visit: www.local.gov.uk/events

Details of the events confirmed so far are below:

North Dorset District Council

6 September

Melton Borough Council

10 September

London Borough of Lewisham

3 September

Oxford City Council

1 October

Rushcliffe Borough Council

14 October

Bath & North East Somerset Council

24 October (provisional date)

Birmingham City Council

12 November

West Lindsey District Council

27 November

To book your place, please visit the LGA website: www.local.gov.uk/events

You can also keep up to date with the latest welfare reform policy news from the LGA by signing-up for the LGA Finance Bulletin on the LGA website: www.local.gov.uk/ebulletins

Case study

Rushcliffe Borough Council

Objectives

There are three key aims:

- to help people claim online so they can apply for UC
- work closely with partners to focus support for customers with often complex needs and integrate services
- identify and support vulnerable customers including those without skills to claim online, for example, perhaps due to disability, illness, no computer, lack of a bank account and so on.

About Rushcliffe

Rushcliffe lies immediately south of the City of Nottingham and the River Trent and extends across towards Newark in the North East and Loughborough in the south west. The main centre of population is West Bridgford, where around 41,000 of the Borough's 111,100 population live. The remainder of the district is largely rural, with the centres of population split between small towns and villages.

- There are 6,110 housing benefit and council tax claimants in Rushcliffe.
- There are about 4,000 customers claiming Job Seekers' Allowance (JSA) or Employment and Support Allowance (ESA).
- In April 2012, 46 per cent of new housing benefits were made online, but by

June 2013 this had increased to 87 per cent.

Where are we now?

Moving customers online

- We have removed our paper housing benefit claim form – customers have to apply online.
- We have trained our social housing colleagues to use the online housing benefit form.
- We call customers back at a convenient time to help them complete the online form.
- In January 2013 we launched a user friendly website to help people apply for both council and DWP benefits, find information about local jobs and training and get help from many local partners and service providers – www.rushcliffe.gov.uk/selfserve.
- A marketing campaign with the strapline 'Don't stand in line – do it online' ran alongside this launch involving editorial, social media, posters, a leaflet in all council tax bills and an article in the residents' magazine.

Working with partners

We work with many partners to give comprehensive support to customers who have a range of different needs including never having been online, disabilities, low

literacy and poor IT skills. Our partners are carefully chosen to help people get off benefits and into work. We seek new partners with new relevant services. In particular we bring together different agencies in a single front office to provide a single access point for customers. This includes JCP, CAB, the local college, a small business adviser, the Probation Service, a social housing provider a drug misuse clinic.

Vulnerability

Both the council and Jobcentre Plus carry out surveys to find out why customers do not go online and if they have internet access and necessary skills. Surveys gain information about whether they have the mandatory bank accounts for UC.

Challenges and solutions

- Sharing data – Partners need to share data about customers. However, there are many legal complexities, differing software and cultural differences between organisations about sharing information. The solution is to work together closely to overcome fears and differences and this will come with time.
- Getting to know how partners work – building partnerships takes time and commitment to get it right. Events help to strengthen relationships, knowledge and a shared vision.
- IT facilities for partners – for us to help integrate services we encourage our partners to work from our contact centre but to do that they need internet access so they can use their software systems. We are going to iron out all IT issues.
- Data security on self-service terminals – our terminals are linked to our core computing system so customers can't just openly browse or access their personal emails. However, customers must have email access to access Universal Jobmatch to find jobs. Other pilots have addressed this with open access. So, we plan to enable access to the common email sites.
- Our partners are not at the contact centre full time and so we needed to ensure continuity of the service when they are not present. Our customer services advisors have undertaken shadowing with Jobcentre Plus advisors at the local Job Centre and vice-versa to improve skills and knowledge.
- Culture shift – self-service is a culture shift for both customers and customer advisors. Advisors want to help customers, not get them to do it themselves. We have had to reassure advisors that by doing this we are helping the customer in the long run and freeing up their time for those that need them most.
- Awareness of UC – our surveys are showing that only 18 per cent of customers are aware that UC will require them to apply online – so there's still a big marketing awareness job to do.

Top learning tips

- Moving people online takes time – about 12 months.
- Making partnerships work takes time and commitment to get it right.
- When co-locating partners, sorting out IT is essential.
- There is a cultural change required for both customers and staff in terms of moving to self-service.
- Only 18 per cent of customers we have surveyed so far are aware that they will have to apply for universal credit online.
- Don't assume everyone has a bank account for UC to be paid into and/or the money management skills to handle one monthly payment – you'll need to have somewhere you can refer these customers to for help (credit unions, banks and so on).

Links to useful information

www.rushcliffe.gov.uk/selfserve

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Case study

Lewisham Council

Objectives

To test the role that local authorities could play in providing a triage and orientation service under UC. The focus of our work so far has been to:

- develop an evidence based definition of vulnerability for transition and access to UC
- develop a triage mechanism for identifying and assessing individuals affected
- develop an approach for providing holistic and locally delivered face to face transition support service.

About Lewisham

Lewisham is home to over 250,000 residents from a range of diverse communities, neighbourhoods and localities. The local population is forecast to rise to over 290,000 over the next twenty years. Currently there are over 130 languages spoken by different communities across the borough.

Where are we now?

Lewisham used design methodology to develop an approach for working with vulnerable residents that integrates preparation for the benefit cap with preparation for UC. A pilot team has been set up comprising of officers from the council's housing benefit and housing needs teams

and Jobcentre Plus to design and then deliver the service.

The steps we followed were:

- **discovery:** we spent time in our AccessPoint and Housing Options Centre talking to people about Universal Credit and what they thought their barriers and support needs would be
- **defining and developing:** we took our insights to partners and colleagues in strategic and frontline roles and asked them to use this to define how we could triage and support people – we then developed an outline model based on our core insights
- **delivering:** we began to deliver the model with small groups of clients and iterated the process based on what we learnt.

Our model – phase 1

There are four high-level steps in the model we have developed:

1. A letter is sent to the customer explaining the key welfare changes and providing them with an estimate of the financial loss of the benefit cap.
2. The customer is contacted for a triage assessment over the phone, which focuses on skills and experience across the financial, digital, housing and employment spheres. The script built in our CRM system assigns scores to the answers given by the customer, which

then determines if they are considered 'vulnerable' triggering the need for a further support appointment.

3. A face-to-face appointment is conducted, initially taking the customer through an individual level calculation, focusing on the financial impact of the benefit cap and returning to work after the cap (weblink included below). The results from this bespoke calculator help to build the case for change and lead officers into the support segment of the appointment. This covers each of the four support areas in turn, identifying referral routes for each.
4. An individualised support plan is created with warm referrals to key agencies who will be responsible for providing on-going support tailored to the individual needs identified.

Phase 2

We are now adding another step to the model that would offer additional support to residents that require more intensive support. Early learning from the pilot suggests that, while some customers will be able to make the transition to UC based on their support plans, there is also a cohort of customers that will require some more prolonged support. We are working with the Behavioural Insights Team from the Cabinet Office to develop a case management approach which will see the team offering some customers more on-going support.

Working with partners

The project governance established to oversee the pilot meets monthly and has representation from all key local authority departments (this includes housing, benefits, social care, employment development). VCS leads, JobCentre Plus and Housing associations are also members. Working groups have been established representing the same areas but at an operational level.

In addition, when making referrals for clients as part of their support plan the key partners we've worked with are:

- **financial:** Credit Union for budgeting accounts, CAB for debt/money management
- **employment:** JCP (universal jobs match/flexible support fund) and Lewisham's Family Budget programme which is part of our Troubled Families initiative
- **housing:** referrals to Lewisham's Housing Options Service
- **digital:** customers are directed to where they can access the internet (local libraries and so on) and sites where they can access IT training.

Challenges and solutions

Providing holistic support of this type requires a fundamentally new relationship between the local authority and their residents. For frontline advisers this is a more difficult relationship in which they are asked to be an expert on more things, take more responsibility for making decisions and building up more partnerships across front-line services. There are some things that can be built into the model which will enable them

to do some of these things more effectively, however it remains the case that to do the role effectively staff need to be empowered to make decisions in partnership with the customer.

Scripted triage is good at identifying people who need 'transitional support' however it might not be flexible or intelligent enough to identify those who are likely to need more intensive, on-going support. One of the key reasons for this is that personality characteristics such as tenacity, drive and determination will be important factors in determining whether an individual will overcome their specific difficulties to transition to UC. These cannot be easily scripted and are much more easily identified in a face to face environment. This suggests that a layered approach to triage might be required.

Top learning tips

The holistic model tested during the pilot has been effective in terms of enabling people to understand how universal credit will radically transform the relationship across digital, financial, housing and employment spheres. We believe that integrating housing and employment into local models is critical for the success of our approaches.

Face-to-face triage makes it easier to identify those who are likely to need on-going support.

Links to useful information

Link to Lewisham's online support tool:
<http://tinyurl.com/kfe9vx7>

Link to the Policy in Practice website (they developed our benefit cap calculator):
<http://policyinpractice.co.uk/>

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Case study

West Lindsey District Council

Objectives

The pilot is focussing on:

- supporting claimants to get online and budgeting support.

About West Lindsey

The District of West Lindsey covers the area immediately north of Lincoln and forms the north-west gateway to Lincolnshire. Covering an area of 115,773 hectares, the district is predominantly rural and is the seventeenth most sparsely populated area in England with a population density of 77 persons per square kilometre. West Lindsey has a higher than average long-term unemployment rate and includes some of the most deprived and least deprived wards in the county.

Where are we now?

- Digital inclusion and supporting customers to make claims online.

In January we introduced three new public access PCs in the Guildhall reception. These have direct links to the JSA online claim form, Universal Jobmatch, local training provision, learndirect, national careers service, Money Advice Service budgeting support and volunteering opportunities. This was supported by seconded advisers from JCP who have supported people with initial claims, and also looking for employment.

In May 42 per cent of people needed some support, 20 per cent needed intensive one-to-one support and 39 per cent needed no support. Reasons for requiring support include lack of IT experience, lack of confidence with IT or the claims procedure and literacy difficulties. However, the most common reason for accessing the support was to benefit from the face-to-face staff expertise.

From 26 March the council's housing benefit form has also been available online. This was initially tested in the Guildhall at Gainsborough and is now available at public access IT points in other locations. Agreement has been reached with Lincolnshire County Council's children's centres and libraries to support this. The IT is available and staff will be trained to provide basic support. In addition, local training providers are working to provide access to their IT for claims and job seeking activities and we are training community digital champions to support people within their vicinity.

- Financial Inclusion.

To support personal budgeting, the credit union operates from the Guildhall at Gainsborough every Tuesday to provide financial products and advice. We are also hoping to provide additional debt advice services through CAB. Local training providers are prepared to provide small group sessions on budgeting, however encouraging customers to access this support is a challenge. From July we will be holding

financial inclusion sessions – ‘Money Box’ – in partnership with a local housing association, Credit Union, CAB, local solicitors, and housing floating support. Customers will be able to talk confidentially about a range of issues relating to managing their budget.

Working with partners

The council has established a steering group with an external Chair to provide strategic oversight. The steering group includes strategic partners such as DWP, CAB, Credit Union, RSLs, and a local vicar. A working group brings together the organisations involved in frontline delivery – including seconded JCP staff, Housing Associations, supporting offenders and it is encouraging that a local estate agent wants to get involved to bring the private landlord perspective.

The pilot has shown that working in partnership is key to the success of delivering digital and financial inclusion. Many organisations are concerned about how the introduction of UC may impact their customers and our open approach to partnership working through the working group and briefing and training sessions for partners has led to a large number of people coming forward to offer their support and to highlight issues for particular groups. Housing Associations are concerned about direct payments, but we are also working with domestic abuse services with regard to single household payments and funding for refuges, offender and ex-offender organisations regarding those who have been prohibited from using the internet and parish councils about supporting residents who live in rurally isolated communities.

Challenges and solutions

In terms of delivery, the big issue is digital access in a rural area. Access to IT will be provided through a range of partners, with the council providing WiFi and computer hardware and communities providing a Community Champion to support local residents in accessing the internet and making claims. The pilot is working with the Localism Team and parish council network to identify suitable venues for IT and volunteer champions to provide the support.

Top learning tips

- An external organisation chairing the steering group sends a powerful message to partners about their important roles in UC.
- Customers want to access face-to-face support to help them get on-line and community digital champions can play a role.
- Work with the county council to identify county services – such as public libraries and children’s centres – where customers can access the internet.

Links to useful information

www.west-lindsey.gov.uk/residents/benefits/universal-credit/

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Case study

Melton Borough Council

Objectives

Melton's pilot aims to:

- get 50 per cent of working age claimants using digital services
- move twenty of our most complex cases into work
- integrate services to improve face to face access for the most vulnerable people.

About Melton

- There are around 31,000 people of working age living in the Borough, of which 77.1 per cent are economically active.
- There are around 1,800 working age benefit claimants, so the pilot aims to get 900 of them using digital services.
- Customer insight work shows that 35 per cent of working age claimants are unlikely to self-serve; 26 per cent are likely to self-serve and 36 per cent are neutral.

Where are we now?

- Melton is approaching UC within the context of the council's broader transformation programme.
- Mosaic Public Sector citizen classification used to help get a deep understanding of working age Housing Benefit and Council Tax Support (CTS) claimants.

- Also carried out a joint survey with Jobcentre Plus of JSA claimants to understand their digital needs.
- Biggest barriers to digital - poor connection (20 per cent), lack of access (19 per cent) and lack of skills / knowledge (15 per cent).
- Using Google Analytics to continuously monitor usage of web site and make improvements.
- Initiated a digital review of entitlement to CTS which is testing vast majority of working age benefit cohort with strong evidence available on take up.
- Campaign developed and tailored according to Mosaic predictions of likelihood to use digital services.
- First batch of 334 letters went out to the group identified as likely to self serve in May 2013 with the rest of the letters due to follow in June 2013.
- Within the first four weeks the first batch of letters had yielded 185 registrations (55.4 per cent) and 134 completions of the review process (40.1 per cent).
- At the same time we have launched our first small triage test around improved face-to-face access for lone parents in our children's centres. It is early days, but feedback suggests the quality of interviews has improved.
- We also tested a new approach to supporting financial independence. Referrals from a range of partners

allowed us to identify some of the most complex cases and after a detailed single assessment process we work with partners to put in place individually tailored support and mentoring.

- So far we have supported twelve claimants back into work.

Working with partners

Parkside – a new multi-agency building – opened in 2011 brings together 10 partner organisations in one place with JCP due to join us in the autumn. Partnership working is central to the pilot and this has helped to encourage an ethos of information sharing and problem solving with a focus on better outcomes. The pilot has strengthened partnership working, with the focus being on a specific cohort of people.

Challenges faced and solutions overcome

- Limited resources and conflicting priorities – overcome by aligning the aims of the pilot with the council's transformation programme so that the CTS service became the first focus for the programme to achieve a digital by default service/channel shift.
- Data quality standards to achieve systems integration – invested in data matching exercise which resulted in smooth issuing of letter to customers.
- There are skills issues with some parts of the cohort – liaising with partners to explore options for upskilling those who need it so that they can cope with digital services.
- Some people do not have access to digital devices – our communication plan has

ensured that we provide good information on all available public access points in the borough.

Top learning tips

- Spend some time fully understanding the different segmentation groups within your cohort of working age benefit claimants.
- Make sure that data quality standards are in place between key systems.
- Spend time doing effective customer testing before implementation of new systems – avoids customer frustration if doesn't work and highlights early potential issues.
- Partnership working takes time to build – start early – build the partnership with a focus on better outcomes for a specific cohort of people, not the traditional partnership themes.
- A single assessment of needs and a single point of contact for customers supports better outcomes.
- Develop strong links with Jobcentre Plus, the county council and other partners.
- Link in with other key initiatives such as troubled families and children's centres.

Links to useful information

www.melton.gov.uk/advice_and_benefits.aspx

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Case study

North Dorset District Council

Objectives

- **Collaborative Work.** More integrated approach across public and voluntary agencies, North Dorset District Council, Stour Valley Revenues and Benefits Partnership, Spectrum Housing Association, JCP, volunteer Job Clubs, First Dorset Credit Union and the CAB.
- **Digital Inclusion.** To provide mediated support to online applicants both benefit and housing registration via Council and Public Access Points, home visits etc. to enable customers to develop skills to complete own applications.
- **Work Focus.** To improve links/data exchange between Jobcentre Plus and volunteer Job Clubs to help people into work. To develop better links to businesses for job vacancies.
- **Financial Independence.** To provide money management and welfare advice to those in the targeted areas and provide support to the First Dorset Credit Union.

About North Dorset

North Dorset is a large rural area, 235 sq. miles with a population of 67,900. The area has limited or no public transport, the road system is poor and access to services is generally poor. Broadband access is limited or non-existent. Unemployment is low but wages are also low (92 per cent of GB figure)

and there is low educational attainment. High numbers of self-employed (with low incomes) and high numbers in part-time work means greater reliance on benefits. Many lack basic numeracy and literacy skills.

Where are we now?

Digital Inclusion

25 per cent of households in North Dorset do not have access to Broadband. Many claimants with computers at home only use them for social activity and do not trust online banking, completing forms with personal information and so on. More basic IT training is needed to enable job search and benefit applications online.

More public access points with broadband connectivity are required in rural areas because of limited broadband availability. The access points need staff/volunteers who are trained and police checked to assist claimants. Our benefit claim form has been fine-tuned and now takes about 35 minutes to complete if you have reasonable IT skills. Verification is an issue and not knowing what documents are needed until you log into the system. Having to bring personal data concerns some people. Local libraries have agreed to extend thirty minute free IT usage to enable benefit claimants, job seekers etc. more time to apply online. Other organisations, town and parish councils are opening their offices for public use.

A high percentage of the most vulnerable will never be able to complete forms without assistance. There will always be a need for home visits for the most vulnerable – four per cent of the pilot – and this is expensive and time consuming in rural area. Only 10 per cent of claimants are applying for housing benefit online but nearly 95 per cent of applicants to the housing register apply online (this system has been in place for three years).

Work Focus

Good working relationships with JCP has enabled us to improve access to work. However, there are limited opening hours and the location of JCP in the south of the district means access is a problem. The volunteer Job Clubs provide excellent support (although it is difficult for them to attract and retain suitable volunteers) and have helped 40 people into work in the pilot area. We need to do more to promote them. Small employers need support with HR and staff recruitment – but this has resource implications. We have encouraged local employers to take on staff. For example, Spectrum Housing Association is creating work placements through their 'Property Care' Division.

Financial Independence

Money Management 'classroom' training was provided by Adult Learning with input from the First Dorset Credit Union. Encouraging people to participate has been resource intensive and non-attendance is a problem. CAB are providing 'one-to-one' money management advice but are finding that many individuals assisted with creditors arrangements etc. frequently require repeat assistance. First Dorset Credit Union needed time to develop their systems to enable 'jam jar' and direct debit accounts to be set up.

More claimants are now setting up accounts with small financial incentives.

Additional Findings

- More numeracy and literacy 'skills for life' training is needed. Dependency on Food Banks is growing. We need to do more to promote donation to the Food Banks with clear information on the type of food needed.
- We need to promote First Dorset Credit Union (an advertising campaign has started) to direct people away from pay day loan companies etc. Commercial banks will limit the provision of basic bank accounts because there is no return for them.
- Need to provide more training in welfare reform to voluntary group and individuals to stop people receiving the wrong advice. More signposting to specialist agencies.
- Data sharing – all agencies hold data in different ways, many different agencies targeting the same groups. Need improved data sharing protocols.
- The financial downturn, high cost of fuel (cars are essential in rural areas) and oil (for oil fired heating where gas is not available) is having a serious detrimental effect on rural household budgets regardless of changes in welfare benefits.

Top learning tips

- More contact with employers to create work placements, apprenticeships etc. More support to small businesses that lack HR and staff recruitment skills.
- More promotion and support to the First Dorset Credit Union, Food Banks and volunteer Job Clubs.
- More literacy, numeracy, IT and money management training needs to be provided.
- More volunteers to help at Access Points and provide signposting to specialist agencies.
- Working in partnership means we are making best use of scarce resources.
- Some vulnerable people will not engage and the risk is that they disappear from our radar.

Links to useful information

www.dorsetforyou.com

Contact details

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General Manager

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Case study

Oxford City Council

Objectives

The overarching objectives for the pilot are:

- identify the barriers that prevent customers from entering work
- identify the options and solutions for assisting customers including the identification of partners with the skills to assist
- capture and record the learning through customer engagement.

Background to Oxford

Oxford's population is estimated to have grown rapidly in the last decade to around 154,000 in 2010. It is in many ways a prosperous city and has a large student population, but also some of the country's most deprived wards. Nearly one-quarter of Oxford's children live in poverty and there is a 10-year gap in life expectancy between the north and south of the city.

Where are we now?

The approach of the pilot is to provide support to customers affected by welfare reform that addresses all of their employment needs. We have appointed a Pilot Lead and four Welfare Reform Outreach Workers who will engage with customers.

We used existing research to identify some common barriers to people entering work, including:

- lack of child care
- health issues preventing work
- fear of the instability of entering work
- lack of skills
- debt.

We tested our understanding of local need with a selection of customers affected by either the social sector size criteria or the housing benefit cap. Customer feedback confirmed that these common barriers were experienced by our customers and that most had multiple barriers. We also found that people generally were very keen to engage with the council in overcoming barriers to work.

We are working with three organisations to support customers – Skills Training UK, JCP and CAB and are moving away from the traditional signposting model to one where the client is directly introduced to the organisation they are referred to.

Delivery starts with referrals to the pilot team, usually from the council's Contact Centre. We have briefed the Contact Centre staff and other council staff on a triage process and what factors might warrant a referral.

Once identified, the pilot team pro-actively contacts the customer to discuss their needs and options in more detail. This initial call

also includes a data check section where the customer's circumstances are reviewed for accuracy whilst potential exemptions from the welfare reform restrictions are investigated.

In most cases, where it is established that the welfare reforms will impact upon the customer, an interview is arranged with the aim of trying to fully understand the customer's needs, the barriers preventing them entering work and the solutions for removing those barriers. An action plan is agreed with the customer and where further needs are identified that another organisation is best placed to help address, we arrange a direct introduction and fully brief that organisation.

We keep in contact with the customer after they have received support and to discuss any other actions or support may be needed to continue to support the customer.

So far we have engaged 180 customers and are working on an on-going basis with 26 of those, of which four have moved into work. A further 16 cases have been referred to partner organisations, 14 have been referred as priority cases, 30 have received discretionary housing payments and all have received housing and/or work related advice.

Working with partners

As well as the three organisations who we have commissioned to provide support at this stage in the pilot, we are also working with a number of other partners. In particular, we are working with Thriving Families (Oxfordshire's Troubled Families programme) who are providing some intensive support to customers affected by the social sector size criteria and the housing benefit cap.

Challenges faced and solutions overcome

In response to the challenge of engaging people, we are developing a benefit calculator that will help our caseworkers to clearly demonstrate to customers the financial benefits of moving back into work.

Top learning tips

- Most people face multiple barriers to getting into work. Addressing all of these needs delivers the best results, but it is resource intensive.
- Nearly everybody the council works with needs some sort of debt support or budgeting advice, but they often do not realise it. Some people need a nudge, others a lot of initial support and then they are independent, while some have on-going needs.
- Don't underestimate the volume of enquiries that are generated by welfare reform.
- The council's coordination role is crucial. Important that people are able to maintain a relationship with the council through a caseworker.
- People are generally willing to talk about what they are spending money on, but less willing to engage with organisations such as CAB. When working with partners, don't just signpost customers – personally introduce customers to the organisation and they are much more likely to take-up the support.

Links to useful information

[www.oxford.gov.uk/PageRender/decCB/
CouncilTaxandBenefits.htm](http://www.oxford.gov.uk/PageRender/decCB/CouncilTaxandBenefits.htm)

Contact details

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Revenues and Benefits Programme Manager

Oxford City Council

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Case study

Birmingham City Council

About Birmingham

Birmingham is a large urban authority at the heart of the West Midlands region with a growing population of over one million. We have the youngest population of any major European city - over half the population is aged under 35. The ethnic make-up of the city is significantly more diverse than that of the UK as a whole, and that diversity is expected to increase significantly over the next 20 years. Birmingham is the largest city economy in the UK outside of London with a growing reputation as an international business location. Birmingham has significant levels of deprivation in some areas, and has fallen further behind other parts of the country in the last decade.

Objective

- To give new council housing tenants access to digital technology to help them prepare for changes to welfare benefits and assist them in managing their new home.

Where are we now?

The aim of the project was to track a customer's housing journey from start to finish, making improvements along the way and to take a digital by default approach by identifying nudging techniques to enable behaviour change.

All of the processes that a new tenant has to go through to obtain and maintain a tenancy were identified and mapped to improve the customer experience. This included the introduction of letting suites which supports new tenants from the time that they bid for their property to the end of the first 12 weeks of their tenancy. A triage process operates and any other issues that are identified such as debt, mental health, employment, domestic violence etc. enables referral of the tenant to other relevant agencies who can help with their specific circumstances.

New tenants are given their own personalised digital log book which is an online portal that helps tenants to manage every aspect of their own tenancies online. It is a one stop shop for everything to do with their tenancy from start to finish; from initial bidding for a property; to getting their keys and managing their property once they have taken up residence. It also helps tenants to manage and access their benefits online, helps them to manage their finances with simple to use budgeting tools, gain digital skills, access employment opportunities, view their council tax and rent statements, report repairs as well as access information on changes to benefits and much more. It also signposts them to other useful information and advice.

So far over 1063 people have been given a digital log book, and 88 per cent of these have been able to use it with support and encouragement from floorwalkers in the

letting suites. The digital log book has been built into the overall customer journey as part of the new housing process.

Challenges and solutions

People with learning disabilities have required more support and there are some people who are unable to use the internet as part of their probation conditions. There is the facility that if an individual cannot utilise the log book for themselves then they can be classified as an advocate and operate the digital log book on their behalf by giving informed consent. We have highlighted that certain individuals cannot access the internet to DWP due to specific conditions being placed on them and that there will need to be an alternative process. Birmingham has also used interpreters to help people who have specific language issues.

Some of the comments from tenants on using the digital log book:

‘I like this as everything is in one place’

‘It’s quick and easy to use’

‘Better than making a phone call or visiting an office’

‘It allows me to deal with my tenancy queries from the comfort of my own home’

‘I found the budgeting tool very useful’

Top learning tips

- That any claimant/customer journey is analysed with a digital first approach to identify nudging techniques which can be employed to enable channel shift and self-service to help people get ready for the introduction of UC’s digital approach.
- That time needs to be spent with the individual upfront to help them understand this approach and why it is important to get the digital skills with an emphasis on how they can be more in control of their own lives.
- That not everyone currently has an email address and time needs to be spent helping people to create their own email address ready for the introduction of UC.
- That language used when helping tenants to take on this digital approach is paramount to its success.
- That it is important that all staff who are involved in the process are trained and understand fully the reason the approach is being taken.

Links to useful information

<http://www.homelogbook.co/digitallogbook/digitallogbook.html>

Contact details

Annette King

Innovation Manager
Digital Birmingham
Birmingham City Council
telephone: 0121 675 1170



Online logbook in Bartley Green Letting Suite, Birmingham

Case study

Bath and North East Somerset

Objectives

To test effective and simple ways to provide face-to-face support for those customers most in need.

About Bath and North East Somerset (B&NES)

The overall population of Bath and North East Somerset is around 180,000 with approximately half of this number being located in the city area and the rest in surrounding rural localities. Whilst the City of Bath is relatively affluent, we have five neighbourhoods which are recognised as deprived areas and also a mixture of rural wealth and poverty.

Where are we now?

The UC pilot builds upon B&NES Customer Access Programme which is about delivering public services and advice around life events, at the right place and right time. Having adopted a systems thinking approach to housing and council tax benefits B&NES we already encourage customers to use face-to-face service(s). At the same time we have removed the need for complicated forms and operate a mediated online solution. The pilot is taking the learning from this experience and widening it to all customers who will be affected by UC.

Our first challenge was to understand in detail why people were turning up at our One Stop Shop and explain what the proposed changes would mean to them in order to understand their readiness. We then developed a range of questions which enabled us to understand issues around three key principles:

- digital capabilities (IT Savvy)
- financial support
- employability.

The data we have gathered on this has helped us to focus on what is needed.

Digital capability showed us that around 80 per cent of customers would be willing to make a claim online; but through observation we consider that around 40 per cent of these would need additional support. We then asked how they used the internet and found that whilst most had internet access via mobile phones, only 50 per cent actually have access to a PC in their own homes.

Financial Support questions did reveal that most Benefit claimants are very good at managing their finances. However they do think they will struggle when the system moves to direct payments, monthly in arrears and they would like some budgeting advice and support. Initially we referred these people on to partner organisations but have quickly realised that people are not taking up this advice at this stage and that other methods may be required.

Employability has not been something we have normally dealt with directly as a council. So it has been invaluable to work alongside DWP colleagues and to address this issue at the same time. Again we have been asking a range of questions to understand what would help people in terms of finding employment, ranging from IT skills to help with CV writing.

We continue to collect this data from customers that turn up and we have grown the size of our project team to increase the numbers through this process. We have focussed our efforts on customers impacted by the size criteria changes and pending benefit capping changes. We have also been using a better off calculation to help advise customers of the advantages for taking up employment with a number of successes.

The staff from DWP and B&NES quickly realised there were things they could learn from each other. They have taken it upon themselves to arrange a staff exchange between the Jobcentre and Bath and North East Somerset Work Exchange Experiences. So that staff from both organisations spent half a day looking at the work that each other do. This helped to strengthen expertise, such as employability, for council staff.

We already operate a successful triage process in our One Stop Shop and this has been expanded in order to refer customers through to the project.

Working with partners

B&NES already have a wide range of partners in their One Stop Shops, including HMRC, CAB, Age UK, Bristol Credit Union, Shop Mobility and others. The pilot has now enabled Jobcentre Plus to release a member of staff to work alongside their own project team to deliver a holistic solution relating to all component parts of the proposed Universal Credit model.

The team have now organised two workshops alongside other partners to explore how we can take some of these services out to the community. There are some valuable lessons learnt from these experiences.

Corporately we have started to explore the wider impacts of welfare reform. Through these conversations we have been able to link additional service providers in to the Pilot, instead of them forging their own links with DWP.

We have held a joint members workshop with our major RSL and Housing Services to update councillors on the operations and linked this into learning from the UC Pilot and our Local Welfare Support Team. This has been introduced as a single gateway to handle replacement of Social Fund and the increased DHP fund administration, with clear links and referrals in to the UC Pilot.

As a result of the pilot we have increased our engagement with partners, who play a key role supporting customers, including the National Careers Service and the Money Advice Service.

Challenges and solutions

The challenges for us relate to three key areas – digital capability, financial advice, and support and employability.

We have started to map the availability of Public Access PCs across the B&NES area and are finding a surprisingly high number of access points that we can refer people to.

We are considering an opportunity for customers who are IT savvy to come along to future workshops and help provide peer support to others. In exchange, offering a certificate that can be used on a CV for future job opportunities.

The workshops we are holding include an element for helping develop IT skills and confidence. We are also investigating other ways of providing IT training and support.

For JSA claimants we are enabling self-serve opportunities in our One Stop Shops and are pleased that locally we now have 80 per cent take up for JSA by this method. We are learning that by being available but not standing over people's shoulders they will attempt to complete the form themselves. But if you remain permanently available they will rely on your support, so there are some soft skills to this approach.

The UC pilot identified an early challenge around encouraging people to take-up personal budgeting support. Analysis of the customers revealed that a significant number of people were carers and in receipt of employment and support allowance. To address this gap in claimant coverage the UC pilot was promoted specifically to these groups using existing communication channels, such as the Carers Centre Newsletter.

We do have a wide range of partners we can refer customers onto and we are in the process of supporting a review into the Council's wider commissioning role for this purpose.

Top learning tips

- The best times to resolve a customer's issues is when you have them in front of you, by getting it right first time. Joining up services around the life event will save money and improve service.
- Having access to the right partners in one place enables the best possible outcomes. For UC we would recommend that all face-to-face meetings happen in a combined location.
- Take practical steps, such as staff exchanges, to encourage council and JCP staff to be fully aware of the breadth of each other's expertise.
- Map and brief the different agencies who work with people who will be impacted by UC.
- Be aware of the soft skills required to support someone with self-serve solutions.

Links to useful information

www.bathnes.gov.uk/services/council-tax-benefits-and-grants

www.bathnes.gov.uk/services/council-tax-benefits-and-grants/benefits/benefits-changes-community-workshops

www.bathnes.gov.uk/services/council-tax-benefits-and-grants/benefits/welfare-support-scheme

www.bathnes.gov.uk/contact-us/bath-one-stop-shop

Contact details

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Annex A – Direct Payment Demonstration Pilots

In January 2012 the Department for Work and Pensions established a programme of six Direct Payment Demonstration Projects to test the direct payment of Housing Benefit.

They are:

- Oxford
- Southwark
- Shropshire
- Torfaen
- Wakefield
- Edinburgh

Under the present system, Housing Benefit for social rented tenants is usually paid directly to the landlord. However, from October 2013, the process of rolling-out direct payments to all HB recipients will begin as part of the new Universal Credit.

DWP has published learning from the pilots on its website:

www.dwp.gov.uk/docs/direct-payment-demo-figures-may-2013.pdf



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Item 6

Social Investment Update

Purpose of report

An update on social investment.

Summary

Members have previously asked officers to work with Social Finance to promote social investment to local government. This note reports on activity and future plans.

Recommendation

Members are invited to note the report.

Action

Officers to act on any comments Members have.

Contact officer: Phillip Mind
Position: Senior Adviser
Phone no: 020 664 3243
E-mail: Philip.mind@local.gov.uk

Item 6

Social Investment Update

Background

1. At the March meeting of the Finance Panel, Ben Jupp (Social Finance) gave a presentation on social investment. Officers were invited by the Panel to work with Social Finance to deliver a programme of activity to raise awareness of social investment in local government.
2. During June, we have jointly hosted (with Social Finance) two master classes on social investment for around 20 local authority representatives each time. A third master class will be held on 9 July on social investment and adult services.
3. There was a workshop at the LGA Annual Conference on 2 July involving Social Finance and Big Society Capital (a social investor). Councillor Finch presented a case study on the first local authority social impact bond - Essex's social impact bond to prevent young people going into care.
4. An Introduction to Social Investment was also published at the conference which explores the issues (and service provision) for which social impact bonds could be used, the potential benefits and the challenges in bringing a bond to market.

The bid to the Big Lottery Fund

5. The LGA and Social Finance have also put a bid together to provide support to commissioners expressing interest in the Big Lottery Fund's new Commissioning Better Outcomes Fund. This £40 million fund is supporting the development of the social impact bond market. It launches on 9 July.
6. The bid is to provide a range of awareness and engagement activities, more intensive support to help commissioners bring forward expressions of interest to the fund and learning materials.
7. An announcement on whether we have been successful is expected in the week beginning 1 July and an update will be provided at your meeting'.

Conclusion and next steps

8. Members of the Panel are invited to comment on these actions.

Financial Implications

9. The costs of the future activity set out in the bid over the next two years will be met by the Big Lottery Fund.

Note of decisions taken and actions required

Title:	Finance Panel
Date and time:	11.30am, 10 May 2013
Venue:	Millbank Room, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

Position	Councillor	Council
Chair	Sharon Taylor OBE	Stevenage BC
Vice-Chair	Melvyn Caplan	City of Westminster
Deputy Chair	Paul Tilsley MBE	Birmingham City
Deputy Chair	Councilman Matthew Richardson	City of London Corporation
Members	David Finch	Essex CC
	Nigel Ashton	North Somerset Council
	Catherine West	Islington LB
	Steve Houghton CBE	Barnsley MBC
	David Westley	West Lancashire BC
Observers	Alan Jarrett	Medway Council
	John Fuller	South Norfolk DC

Officers: Carolyn Downs, Daniel Goodwin, Paul Raynes, Philip Mind, Mike Heiser, Aivaras Statkevicius, Stephen Clark and Frances Marshall

Item	Decisions and actions	Action by
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1 Update on Universal Credit

Paul Raynes (Head of Programmes) summarised the report, which updated members on the overall progress of the Universal Credit (UC) programme and the local authority face-to-face pilots. In doing so, he provided an update on the outcomes from a meeting on 2 May between the LGA Chairman and Lord Freud (Parliamentary Under Secretary of State for Work and Pensions). He noted that the Department for Work and Pensions (DWP) were willing to engage with the sector on the issue and asked that LGA officers work with DWP officials to scope out what a proposal involving DWP, local authorities and European Social Fund (ESF) funding might look like. Whilst DWP’s engaging approach was positive, Paul Raynes noted that at present, there was still a lot of detail to be worked through.

In the discussion that followed a number of issues were raised:

- Members welcomed DWP’s positive response to local government being a central part of any solution. However, concerns were expressed regarding conceptual and logistical aspects of the scheme, particularly around the long-term sustainability of DWP funding and the potential complexities around ESF funding, should local councils take responsibility for delivering frontline support to UC claimants. Given this, Members asked that officers establish a firm negotiating position and identify the key components that any proposal would have to include for it to be sufficiently within the sector’s interest to consider entering into any agreement. In particular, the Panel emphasised the importance of any arrangement providing adequate financial incentives for local authorities, given that supporting claimants onto the self-service system would reduce councils’ roles in the long term.
- Given the current lack of detail regarding a future framework, Members were clear that any arrangement must be built upon a clear and unambiguous understanding between DWP and local authorities. It was noted that given these uncertainties and delays in rolling out the pilot studies, the timescale for the development of the framework and roll out of UC programme was likely to be extended.

Councillor Caplan updated the Panel on the Welfare Reform Deep Dive that had taken place on 7 May, which he had chaired. The event, which had been well attended by a wide range of stakeholders, highlighted a number of key challenges for councils and partners, as well as reaffirming the sector’s position that there is a need for enduring local support in which local government has a key role to play.

In the discussion that followed a number of issues were raised:

- The Panel were united in their view that a one size fits all solution would not meet the specific needs of different localities and partnership working would be crucial to the success of any new arrangement. In particular, concerns were expressed regarding the ability of claimants in rural areas to access the self-service system due to limited transport links and access to broadband. Members asked that this issue be looked at by the Rural Commission.
- Serious concerns were raised about the impact of the proposed UC system on the affordable housing. Whilst Members were united in their view that the centrally set Housing Revenue Account (HRA) borrowing cap should be removed, they acknowledged the difficulty of persuading Government of this. It was suggested that in addition to lobbying for the removal of the cap we should also consider trading unused borrowing capacity between councils within the overall cap as a contingency option.
- Members highlighted the need to assess the cumulative impact of UC and the Government's wider package of welfare reforms on claimants, as well as the voluntary and community sector.

Decisions

The Panel:

- i. **noted** the overall progress of the Universal Credit Programme and local authority Face to Face pilots; and
- ii. **asked** that their comments inform taking forward this work with Department for Work and Pensions.

Action

Refer the Panel's concerns around specific challenges that rural areas will face in the roll out of Universal Credit to the Rural Commission.

Paul Raynes

2 Spending Review Submission

Philip Mind (Senior Advisor) introduced the report which included a copy of the LGA's detailed submission to Government to influence the forthcoming spending round. The submission, which consisted of 12 individual papers, was submitted to the Treasury and relevant Government Departments on 29 April and had received considerable media and ministerial attention. Carolyn Downs (Chief Executive) updated Members on feedback from initial meetings with the Chief Secretary to the Treasury and the Secretary of State for Health.

In the ensuing discussion a number of issues were raised, including:

- The Chair thanked members and LGA officers for their contributions to the submission and welcomed the extensive media coverage the submission had received.
- Members discussed the importance of whole place community budgeting going forward, with particular reference to the potential for transforming public services. In doing so, they noted the need to support a culture change in thinking about integrated service delivery both within the sector as well as externally. There was also a strong feeling that savings accrued through community budget style working should be reinvested locally rather than recouped by central government. With this in mind, Members emphasised the importance on demonstrating clearly to government that councils, like the NHS, deliver vital front line services.
- Members discussed the how best to approach the next stage of the lobbying campaign, and highlighted the importance adopting a nuanced approach. Whilst the importance of lobbying for the sector's key priority asks was highlighted, members also acknowledged the value of focusing on issues which were likely of success, such as proposals were cost neutral to Government.
- In discussing the importance of raising the profile of local government in the build-up to the 2015 general election, the work around the spending review was highlighted as integral to this, with Members highlighting the potential for the sector to make an even more ambitious set piece.

Decision

That the Panel **noted** the submission and **asked** that their comments inform the LGA's lobbying work.

Action

Take forward in line with Members' direction.

Philip Mind

3 New Model for Local Government Update

Daniel Goodwin (Executive Director for Local Government Finance and Policy) introduced the report which provided an update on the LGA's work to develop a new model for local government. In doing so, he noted that going forward the work stream would be renamed as 'securing a future for our communities' to reflect the importance of communities as the driving force at the heart of councils' existence. Whilst further work was underway to ensure the papers encapsulated

the ambition of the sector, Members were invited to comment on the latest version of the sustainable funding and welfare reform policy papers which had been tabled.

Cllr Houghton tabled a think piece paper which he had written with Rt Hon John Healey MP, on a proposition for what a new model for local government could look like and asked members for their views.

In the discussion that followed, Members endorsed the ambition of the new model work and emphasised the importance that it be externally focused on the impact of local government on communities. In going forward, several issues were highlighted as crucial factors in the development of the future model for local government, these included: redefining the relationship between local and central government; constitutionally protected independence; financial sustainability and the challenge of re-distribution within a model where the sector funds itself from local taxes.

Decision

The Panel **noted** new model reports and **asked** that their comments inform future developments of the papers.

Action

Take forward in line with Members' direction.

Daniel Goodwin.

4 Council Tax Referendums and Levying Bodies

Philip Mind introduced the report which informed Members that there had been an announcement in the Queen's Speech on 8 May confirming the Government's intentions to extend council tax referendum provisions to include the charges of levying bodies as part of the Local Audit and Accountability Bill. He highlighted the potential impact this could have on councils and invited members' comments.

Members expressed concerns regarding how the current proposal would work in practice given: the range of different levying bodies; their operation differences; varying degrees of democratic accountability; geographical differences to local authority boundaries; and the potential to impede key infrastructure projects. Members were clear that any legislation would need to have a clear definition of what constitutes a levying body and include sufficient flexibility to any such address anomalies. Members were asked to email any examples to Philip Mind to provide evidence base with which to help inform an LGA position.

Decision

The Panel **noted** the report and **agreed** to receive further reports as the proposals progress through Parliament.

Action

Officers to continue to liaise with Department for Communities and Local Government officials and to report back to the Panel.

Mike Heiser

5. Updating the LGA's Funding Model Outlook

Philip Mind introduced the report which updated Members on the progress in updating funding outlook for councils' model. In doing so, he drew attention to a number of improvements to the model which meant that it reflected the latest available data on income and spend, with better indications of this at the local authority level. He tabled a document which highlighted the variance in 2020 Funding Gap between 2012 model and 2013, broken down by authority type and by region.

Members welcomed the improvements to the model and asked that officers circulate disaggregated figures for Metropolitan and Shire Districts and circulate these to the Panel.

Decision

That the Panel **noted** the report.

Action

Circulate Metropolitan and Shire Districts figures to Panel Members.
[Circulated by officers on 10 May].

Philip Mind

6. Finance sessions at the 2013 Annual Conference

A list of finance themed sessions due to be held at the LGA Annual Conference was tabled and moved without further comment.

Decision

That the Panel **noted** the update.

7. Update on LGA Budget Reduction – CONFIDENTIAL

Carolyn Downs provided a verbal update to Members on the reduction in the LGA's funding for 2012/13 and 2014/14 and the two stage review process that would be undertaken to reach a balanced budget.

Decision

That the Panel **noted** the update.

8 Minutes of the last meeting

The minutes of the previous meeting held on 10 May were approved as a correct record.

9. Date and time of next meeting

11.30am on 12 July 2013, Local Government House.

LGA location map

Local Government Association

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Email: info@local.gov.uk

Website: www.local.gov.uk

Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at www.tfl.gov.uk

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

Public transport

Local Government House is well served by public transport. The nearest mainline stations are:

Victoria and **Waterloo**: the local underground stations are

St James's Park (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

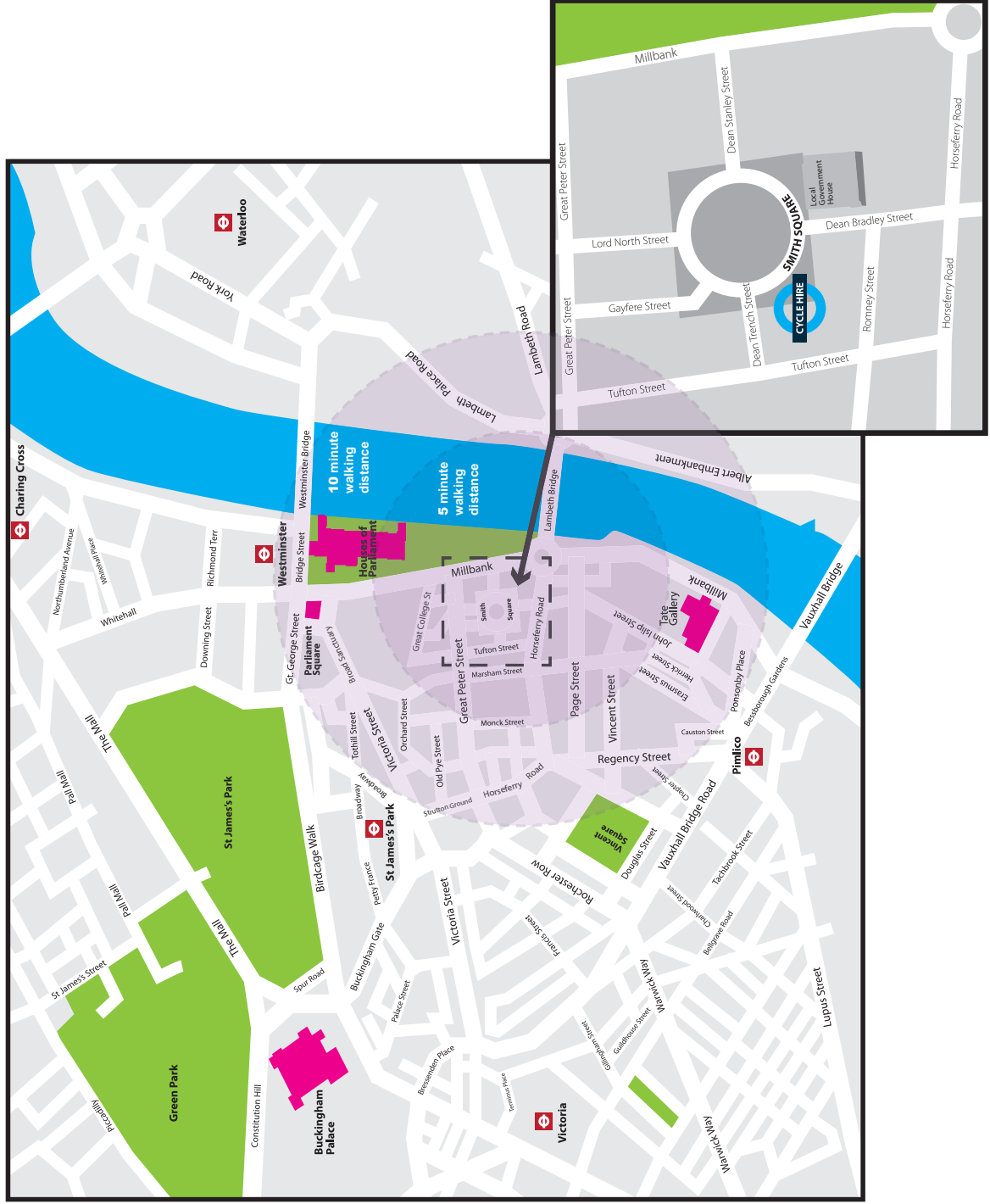
Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

507 Waterloo - Victoria

C10 Canada Water - Pimlico - Victoria

88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common



Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park
Horseferry Road/Arneway Street. Visit the website at www.westminster.gov.uk/parking