

Summary of key policy and funding announcements

1. Changes to Benefits

A number of changes have already been announced to the benefits systems and further changes are proposed by the Government over the next 4 years to reduce the total welfare bill by £18 billion.

► 21st Century Welfare

The Secretary of State for Work and Pensions, set out the plans to change the benefits system in the paper 21st Century Welfare, published on 30 July 2010.

The proposed changes aim to encourage people to move into work as they would not lose benefit until their earnings reached a certain level. Over this level benefits would gradually reduce as their earnings increased. It is not proposed to link support to the hours worked so that people will be able to progress their careers.

The proposals for a simpler benefits system could:

- Bring together parts of the current benefits and Tax Credit systems
- Simplify the financial help available to people both in and out of work, and
- Allow extra support for things like housing, children and disability.

A modern automatic payment system is proposed to allow a fast and flexible response to changes of circumstance. This would enable people to get the right level of support even if they take on temporary work.

The simplified system aims to reduce mistakes and fraud, and will mean that customers need to spend less time filling out forms when a job ends. It aims to provide an affordable welfare system for the future.

► Welfare Reform White Paper

This was published on 11 November 2010 detailing the proposals to introduce the new Universal Credit System. The new Credit will provide a basic amount with additions for those with children and other caring responsibilities, people with disabilities and those with housing needs. It will be available for people both in and out-of-work and will replace existing support including: Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowances. The plan is to migrate recipients from the current benefits and tax credits systems onto the Universal Credit starting in 2013 and finishing in the next Parliament.

To achieve the Government's commitment to 'make work pay', the new Universal Credit will see support being withdrawn gradually as people return to work and increase their working hours, meaning that they get to keep more of their earnings for themselves and their families regardless of how many hours they work.

There will be a new system of conditionality backed by tougher sanctions for those who do not comply. Claimants will be split into 4 different groups depending on how close they are to getting back to work which will determine the tailored support they will receive:-

- No conditionality – disabled people or those with a health condition that prevents them from working, lone parents or lead carer with a child under age one;

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- Keeping in touch with the labour market – lone parent or lead carer with a young child aged over one but under five;
- Work preparation – disabled people or those with a health condition which prevents them from working at the current time;
- Full conditionality – jobseekers

Mandatory Work Activity will be introduced for some jobseekers where advisers will have the power to refer customers to a Mandatory Work Activity project. Every participant will be expected to spend at least 30 hours a week, for up to 4 weeks, on their Work Activity placement and will be required to continue to look for work.

► Changes already introduced

These include:-

- lone parents to move onto JSA when youngest child over five
- housing benefit reforms – on 2 December the Government confirmed that the £250 to £400-a-week ceiling, that was due to come into effect in April 2011, would not apply to existing tenants until January 2012 to allow tenants time to adjust to any reduction in housing benefit entitlement; a cap on benefit will peg support to the bottom third of rents in each district was also brought forward from October 2011 to April 2011; temporary discretionary powers were also announced for local authorities to make housing benefit payments to private landlords in return for reducing their rents; and from April 2013 claimants in receipt of JSA for more than 12 will have a 10% reduction in their housing benefit and in 2011 time-limiting Employment Allowance Support to 1 year, with claims beyond 1 year subject to means-testing.
- removing Child Benefit from higher-rate tax payers
- changes to the Working Tax Credit include the freezing of the both the basic element and the 30-hour credit for 3 years, couples with children have to work 24 hrs between them before they can claim, with at least one parent having to work at least 16 hrs, a reduction in the amount of childcare costs that can be covered by the childcare element, from 80% to 70% from April 2011.

► Work Capability Assessments

Employment and Support Allowance (ESA) was introduced in October 2008. For claimants making a new claim for financial support on the grounds of illness or incapacity this now replaces three other incapacity benefits - Incapacity Benefit, Income Support by virtue of a disability and Severe Disablement Allowance. ESA is intended for people who have limited capability for work (work related activity group), and those who are unable to work (support group).

The Work Capability Assessment (WCA) determines whether the claimant falls into one of these groups, or is fit for work. Those who are found to be fit for work may be eligible for Jobseeker's Allowance, which is the benefit paid to those who are actively seeking work.

It is planned that all current IB claimants will undergo a WCA over the next 3 years. The national rollout commences in spring 2011.

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Section 10 of the Welfare Reform Act 2007 commits the Secretary of State to lay an independent report before Parliament each year for the first 5 years of operation. The Secretary of State appointed Professor Malcolm Harrington to undertake the first of these independent reviews which was published on 23 November 2010.

The review examined the fairness and effectiveness of the WCA and resulted in a series of recommendations to the Government. The main recommendations focus on empowering and investing in Jobcentre Plus Decision Makers, Jobcentre Plus taking control of the process and supporting individuals through it, Atos employing “champions” at each Medical Examination Centre, establishing a programme of work for the second review.

The Government welcomed the findings and recommendations of the review, endorsing and accepting the recommendations. The Government response includes details of how and when it will implement the recommendations.

2. Skills and Training Provision**► Freedoms & Flexibilities for Colleges & Training Organisations**

On 17 June 2010, Minister, John Hayes, announced how the Skills Funding Agency will implement a range of freedoms and flexibilities for colleges and training organisations for the academic year 2010/11. The transfer of £150m from Train to Gain to Apprenticeships was also announced.

► Skills for Sustainable Growth.

Following consultation the Government published its strategy on 16 November setting out its vision for skills and the key elements of a strategy for delivering it. These include

- increasing the number of adult apprenticeships
- fully funding training for young adults aged from 19 up to 24 undertaking their first full level 2 (GCSE equivalent) or first level 3 qualification when they do not already have one.
- fully funding basic skills courses for individuals who left school without basic reading, writing and mathematics.
- Helping people who are on active job-seeking benefits to secure work through labour-market relevant training
- Introducing Government-backed loans from 2013-14 for learners aged 24 and over undertaking level 3 or higher qualifications.
- Replacing Train to Gain with an SME focused offer to help small employers train low-skilled staff.
- Initiating a demand-led growth and innovation fund of up to £50 million of government investment a year, to support employer-led initiatives within sectors and
- a streamlining of the organisational landscape and simplified systems and processes that promote greater alignment across pre and post 19 provision.

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► A Simplified Further Education and Skills Funding System Methodology

This sits alongside the above document and examines ways in which the funding system and methodology for post-19 further education and skills can be simplified to ensure greater transparency for learners and employers and reduce burdens on Further Education colleges and training organisations aiding them to deliver high quality further education and skills training.

► Leeds City Region Employment and Skills Board

Leeds City Region secretariat hosted by Leeds City Council has supported the establishment of the Leeds City Region Pathfinder and the establishment of the employer led Employment and Skills Board. The Board has produced an Employment and Skills strategy and is progressing work on action plans to deliver on priority areas.

The ESB's vision is for effective employer and public investment in skills that will drive growth, innovation and enterprise in the Leeds City Region. The Employment and Skills Strategy, Intelligence Driving Growth, developed by the ESB has 5 strategic aims:-

- Improve skills and boost employment in selected key sectors;
- Increase employer and individual skills investment across the City Region;
- Enable those out of work to compete in the labour market by ensuring that they have the necessary skills;
- Promote better information for learners, employers, colleges, universities and training providers to make more informed decisions; and
- Create an aspirational and innovative enterprise culture.

The Minister for Business, Innovation and Skills has indicated that ESB skills and employment ambitions should be progressed through the new policy structures of Local Enterprise Partnerships (LEPs). Leeds City Region Leaders agreed over the summer to put forward a proposal, building upon its existing partnership arrangements with additional private sector representation, including the Employment & Skills Board. A submission was made to Government on 6 September which included the ESB's priorities.

► Review of 14-19 vocational education

Education Secretary Michael Gove has announced a major independent review of vocational education for 14- to 19-year-olds, to be led by Professor Alison Wolf, of King's College London. Prof Wolf will look at the organisation of vocational education and its responsiveness to a changing labour market, and will consider ways to increase incentives for young people to participate and will submit a final report in spring 2011.

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3. Employability Programmes

► Advice and Guidance

Plans to set up a new all-age careers service have been announced by Skills Minister, John Hayes. BIS have provided details of the new service, planned to commence from September 2011, which will provide “prioritised face-to-face guidance” commissioned by schools (not local authorities as currently), although schools would still be able to commission services from existing Connexions partnerships via councils if they chose to do so (i.e., rather than use the new careers service).

► DWP Work Programme

The key features of the proposed new single Work Programme are:-

- Simplified provision delivering integrated employment-related support services to address complex and overlapping barriers to work
- Providing personalised help with greater freedoms for delivery contractors to determine appropriate provision
- Stronger incentives to focus on work with the harder to help
- Contractor funding outcome based and may be dependent on financial savings realised as a direct result of enabling people to obtain sustainable employment

The Work Programme will be delivered through a commercial vehicle - the **Work Programme Framework** - an umbrella commercial arrangement which sets out some terms of agreement on future contracts. The Framework is intended as the default vehicle for sourcing all DWP employment related support services. The Work Programme contracts themselves will be let in 11 regional lots, with 3-8 organisations contracted to each lot. Individual contract values will vary, but in the main are likely to be between £10-50 million per year.

The Work Programme will be an integrated package of support providing personalised help for people who find themselves out of work based on need rather than benefit claimed. Procurement of prime contractors to deliver the new Work Programme is underway based on a black box approach to allow local flexibility in delivery with payments based on outcomes. A pricing model and the segmentation of mandated customers has yet to be announced but could have implications for Council led delivery to achieve best use of public resources.

4. Enterprise Support

► New Enterprise Allowance

On 5 October the Secretary of State announced that the Government will give extra help to unemployed people who want to start their own business through the New Enterprise Allowance. Initially the Allowance will be available in those areas which face the greatest unemployment challenge. The Allowance will be available to

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Jobseeker Allowance (JSA) customers who have been claiming JSA for more than 6 months.

Customers will get access to a business mentor who will provide guidance and support as they develop their business idea and through the early stages of trading. Once a customer can demonstrate they have a viable business proposition they will be able to claim financial support which will consist of a weekly allowance payable at the same level as their JSA payments for 3 months, and then at half that rate for a further 3 months. Those requiring start-up capital may be able access a loan up to £1,000 to help with their costs. The total package of support could be worth around £2,000 to each unemployed person who wants to start their own business. It is intended to phase in elements of the Allowance from January 2011, before rolling out the full offer from April 2011.

5. Data Sharing

▶ **Guidance**

DWP has just published a further guide on data sharing. This aims to help local authorities decide whether they can re-use customer data, obtained for the purpose of administering social security benefits, to help improve delivery of other services and benefits. It is aimed at Housing and Council Tax Benefit teams but should be useful to other parts of the local authority.

The above guidance is intended to be a companion piece to the DWP Worklessness data sharing guide published earlier this year:

▶ **Small geography data**

The DWP/CLG data sharing pilot that Leeds City Council participated in also requested benefits data at Lower Super Output Area level, i.e., the smallest areas for which statistical data can be supplied. The case was made to enable service planning and commissioning that is more effectively targeted. These data are now published for the first time and are to be updated quarterly.