

# HOUSE OF LORDS

Secondary Legislation Scrutiny Committee

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24th Report of Session 2012-13

## **Public Bodies Order:**

**Draft Public Bodies (The Office of Fair Trading  
Transfer of Consumer Advice Scheme Function and  
Modification of Enforcement Functions) Order 2013**

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## **Statutory Instruments:**

**Draft Universal Credit Regulations 2013**

and 5 associated instruments

**Draft Local Authorities (Conduct of  
Referendums) (Council Tax Increases)  
(England) (Amendment)  
Regulations 2013**

Includes Information Paragraphs on 3 Instruments

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Ordered to be printed 22 January 2013 and published 24 January 2013

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Published by the Authority of the House of Lords

*London:* The Stationery Office Limited

£price

HL Paper 107

*Secondary Legislation Scrutiny Committee (formerly Merits of Statutory Instruments Committee)*

The Committee has the following terms of reference:

- (1) The Committee shall, with the exception of those instruments in paragraphs (3) and (4), scrutinise—
  - (a) every instrument (whether or not a statutory instrument), or draft of an instrument, which is laid before each House of Parliament and upon which proceedings may be, or might have been, taken in either House of Parliament under an Act of Parliament;
  - (b) every proposal which is in the form of a draft of such an instrument and is laid before each House of Parliament under an Act of Parliament,
 with a view to determining whether or not the special attention of the House should be drawn to it on any of the grounds specified in paragraph (2).
- (2) The grounds on which an instrument, draft or proposal may be drawn to the special attention of the House are—
  - (a) that it is politically or legally important or gives rise to issues of public policy likely to be of interest to the House;
  - (b) that it may be inappropriate in view of changed circumstances since the enactment of the parent Act;
  - (c) that it may inappropriately implement European Union legislation;
  - (d) that it may imperfectly achieve its policy objectives.
- (3) The exceptions are—
  - (a) remedial orders, and draft remedial orders, under section 10 of the Human Rights Act 1998;
  - (b) draft orders under sections 14 and 18 of the Legislative and Regulatory Reform Act 2006, and subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001;
  - (c) Measures under the Church of England Assembly (Powers) Act 1919 and instruments made, and drafts of instruments to be made, under them.
- (4) The Committee shall report on draft orders and documents laid before Parliament under section 11(1) of the Public Bodies Act 2011 in accordance with the procedures set out in sections 11(5) and (6). The Committee may also consider and report on any material changes in a draft order laid under section 11(8) of the Act.
- (5) The Committee shall also consider such other general matters relating to the effective scrutiny of secondary legislation and arising from the performance of its functions under paragraphs (1) to (4) as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

*Members*

Lord Bichard	Lord Methuen
Baroness Eaton	Rt Hon. Baroness Morris of Yardley
Lord Eames	Lord Norton of Louth
Rt Hon. Lord Goodlad ( <i>Chairman</i> )	Lord Plant of Highfield
Baroness Hamwee	Rt Hon. Lord Scott of Foscote
Lord Hart of Chilton	

*Registered interests*

Information about interests of Committee Members can be found in Appendix 3.

*Publications*

The Committee's Reports are published on the internet at [www.parliament.uk/seclegpublications](http://www.parliament.uk/seclegpublications)

*Information and Contacts*

If you have a query about the Committee or its work, including concerns or opinions on any new item of secondary legislation, please contact the Clerk of the Secondary Legislation Scrutiny Committee, Legislation Office, House of Lords, London SW1A 0PW; telephone 020-7219 8821; fax 020-7219 2571; email [seclegscrutiny@parliament.uk](mailto:seclegscrutiny@parliament.uk).

*Statutory instruments*

The National Archives publishes statutory instruments on the internet at <http://www.legislation.gov.uk/>, together with a plain English explanatory memorandum.

# Twenty-Fourth Report

## PUBLIC BODIES ORDER

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### **A. Draft Public Bodies (The Office of Fair Trading Transfer of Consumer Advice Scheme Function and Modification of Enforcement Functions) Order 2013**

#### *Introduction*

1. The draft Public Bodies (The Office of Fair Trading Transfer of Consumer Advice Scheme Function and Modification of Enforcement Functions) Order 2013 has been laid by the Department for Business, Innovation and Skills (BIS), and is proposed to be made under sections 5(1), 6(1) and (2) and 35(2) of the Public Bodies Act 2011 (“the 2011 Act”). The draft Order has been laid with an Explanatory Document (ED) and impact assessment (IA).

#### *Overview of the proposals*

2. The draft Order would finalise the transfer of the consumer advice scheme function from the Office of Fair Trading (OFT) to Citizens Advice and to Citizens Advice Scotland (“the Citizens Advice Services”), and make modifications to some OFT enforcement functions. The changes are part of a series of measures being taken following reviews in 2011 of the consumer and competition bodies.
3. The OFT has a power to operate a consumer advice scheme under the Enterprise Act 2002 (“the 2002 Act”).<sup>1</sup> The scheme, previously known as Consumer Direct, provides a telephone advice line service to consumers. In April 2012, responsibility for operating this service passed to the Citizens Advice Services on an administrative basis. BIS states that a statutory transfer is needed to make provision for the funding of parts of the scheme and to make consequential provision for information-sharing.
4. The OFT is designated as an enforcer in a range of consumer protection legislation; in some cases it shares a duty to enforce with other enforcers. BIS states that the intention is that, in future, local Trading Standards authorities will take the lead in enforcing the vast majority of consumer protection legislation; changes to legislation are needed so that the OFT will have a power, rather than a duty to enforce.

#### *Role of the Committee*

5. The Committee’s role, as set out in its Terms of Reference, is to “report on draft orders and documents laid before Parliament under section 11(1) of the 2011 Act in accordance with the procedures set out in sections 11(5) and (6)”. A key aspect of this role is the Committee’s power to trigger the enhanced affirmative procedure which would require the Government to have regard to any recommendations made by the Committee during a 60-

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<sup>1</sup> Section 8(1) of the 2002 Act

day period from the date of laying. The Committee may also consider taking oral or written evidence in order to aid its consideration of the orders.

### *Consultation*

6. BIS carried out consultation over a period of 14 weeks to 27 September 2011. The consultation covered a range of proposals, including the transfer of OFT's estate agency functions and the transfer of Consumer Focus functions (to be proposed in a further Public Bodies Order in 2013). BIS received 184 formal responses from a variety of organisations including Local Authority Trading Standards Services (LATSS), trade bodies, consumer organisations, businesses and individuals. The majority, including both enforcers and representatives of consumers and business, supported the proposal to move the consumer advice service to the Citizens Advice Services; and respondents from all backgrounds expressed support for transferring OFT's consumer enforcement functions to Trading Standards with some consumer enforcement powers being retained by the new Competition and Markets Authority.<sup>2</sup>

### *Tests in the Public Bodies Act 2011: assessment of the proposals*

7. A Minister may only make an order under sections 1 to 5 of the 2011 Act if he considers that the order serves the purpose of improving the exercise of public functions, having regard to (a) efficiency, (b) effectiveness, (c) economy, and (d) securing appropriate accountability to Ministers (section 8 of the 2011 Act). Section 8(2) of the 2011 Act specifies two conditions, namely: that an Order does not remove any necessary protection, and that it does not prevent any person from continuing to exercise any right or freedom which that person might reasonably expect to continue to exercise. The 2011 Act also sets out requirements for an Explanatory Document for a PBO. These include the requirements at section 11 (2) that the ED must "(a) introduce and give reasons for the order, (b) explain why the Minister considers that (i) the order serves the purpose in section 8(1), and (ii) the conditions in section 8(2)(a) and (b) are satisfied..."
8. At paragraphs 7.13 to 7.18, the ED deals with considerations of efficiency and effectiveness, stating that the "proposed changes across the whole of the institutional landscape will reduce [consumer] confusion and duplication and create easily accessible and nationally consistent advice to consumers". At paragraphs 7.19 and 7.20, the ED addresses the issue of accountability; and at paragraph 7.21, the ED states that the Minister considers that the conditions in section 8(2) of the PBA 2011 are satisfied.
9. However, the ED is silent on the consideration of economy. On 15 January 2013, the Minister for Employment Relations and Consumer Affairs wrote to us to provide "assurance that the economy criteria were carefully considered", even though analysis relating to the economy test was not included in the ED. While this may well be the case, the assurance does not mean that the defect in the ED attributable to the omission of this information has been expunged. We publish the Minister's letter in Appendix 1.

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<sup>2</sup> The Government intend to replace the OFT and the Competition Commission with the Competition and Markets Authority.

*Conclusion*

10. We see no reason to dissent from the view that the draft Order serves the purpose of improving the exercise of public functions as set out in the 2011 Act in line with the considerations contained in it. If the Explanatory Document had been compliant with the requirements of the 2011 Act, we might well have been content to clear it within the 40-day affirmative procedure.
11. **We find, however, that the Explanatory Document does not comply with those requirements, as explained above. We therefore recommend that the draft Order should be subject to the 60-day enhanced affirmative procedure set out in section 11(6) of the Public Bodies Act 2011.**

## INSTRUMENTS DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

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The Committee has considered the following instruments and has determined that the special attention of the House should be drawn to them on the grounds specified.

### B. Draft Universal Credit Regulations

**Draft Universal Credit (Transitional Provisions) Regulations 2013**

**Draft Jobseeker's Allowance Regulations 2013**

**Draft Employment and Support Allowance Regulations 2013**

**Draft Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013**

**Draft Social Security (Payments on Account of Benefit) Regulations 2013**

*Date laid: 10 December*

*Parliamentary Procedure: affirmative*

#### *General Introduction*

12. The **draft Universal Credit Regulations 2013** introduce the new working age benefit, "Universal Credit", provided for by the Welfare Reform Act 2012. The Act followed the 2010 White Paper, '*Universal Credit: welfare that works*', which set out the Government's proposals for reforming welfare in order to improve work incentives, simplify the benefits system and tackle administrative complexity with the aim of reducing administrative overheads and the prevalence of fraud. Two further instruments, the **draft Jobseeker's Allowance Regulations 2013** and the **draft Employment and Support Allowance Regulations 2013** make consequential amendments so that both benefits will only become payable based on a person's National Insurance contribution record and no longer through the alternative route of means testing. The **draft Universal Credit (Transitional Provisions) Regulations 2013** provide that the introduction of Universal Credit and the changes to Jobseeker's Allowance and Employment and Support Allowance from 29 April 2013 are limited, initially, to certain geographical areas and to a limited range of claimants. These four sets of Regulations share a combined Explanatory Memorandum (EM).<sup>3</sup>
13. The Department for Work and Pensions (DWP) has also laid the **draft Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013**, which further support the administration of the benefits detailed above.

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<sup>3</sup> Attached to the EM for information only are near final drafts of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 and the Rent Officers (Universal Credit Functions) Order 2013 which are key to the administration of the above benefits. They are both subject to negative resolution procedures and cannot be formally laid until after these affirmatives have been agreed.

14. Finally, the **draft Social Security (Payments on Account of Benefit) Regulations 2013** make provision for two new types of payment on account of benefit:
- Advances of benefit for Universal Credit and legacy benefit claimants<sup>4</sup>, which will replace Interim Payments and Social Fund Crisis Loan alignment payments; and
  - Budgeting Advances which will replace Social Fund Budgeting Loans for Universal Credit claimants.
15. Parliamentary time to debate the affirmative Regulations has yet to be allocated, although it is anticipated that this will occur in mid-February 2013. Once these Regulations are made, the supporting negative regulations (including those referred to in footnote 2) will be laid, together with a Commencement Order and Consequential Amendment Regulations—with a view to all Regulations coming into force in April 2013.
16. The current Regulations are accompanied by an Impact Assessment on Universal Credit, and a report on the draft Universal Credit Regulations by the Social Security Advisory Committee<sup>5</sup>, a statutory consultee.
17. The House may also wish to be aware of an in-depth report by the Commons' Work and Pensions Select Committee *Universal Credit implementation: meeting the needs of vulnerable claimants* published on 22 November 2012.<sup>6</sup> **DWP has informed us of its intention to respond to that report before the debates on these affirmative Regulations take place.**
18. The Committee has received a number of representations from interest groups, namely CRISIS, the Disability Benefits Consortium, Gingerbread, Mencap and the RNIB. These are published on our website<sup>7</sup> for information. Although they focus on different aspects they share a concern about how the new system will operate in practice, what the guidance will say and how their respective interest groups will be affected by the changes proposed.
- All these instruments are all drawn to the special attention of the House on the ground that they give rise to issues of public policy likely to be of interest to the House.**

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<sup>4</sup> The legacy benefits in this context are Jobseeker's Allowance, Employment and Support Allowance, Income Support, Pension Credit, State Pension, Carer's Allowance, Maternity Allowance, Bereavement Allowance/Benefit and Industrial Injuries Disablement Benefit.

<sup>5</sup> See Official Documents website: [The draft Universal Credit Regulations 2013; the Benefit Cap \(Housing Benefit\) Regulations 2012 \(SI 2012/2994\); the draft Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance \(Claims and Payments\) Regulations 2013](#); report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions, published 10 December 2012.

<sup>6</sup> Universal Credit implementation: meeting the needs of vulnerable claimants 3rd report session 2012-13 (HC Paper 576) published on 22 November.

<sup>7</sup> [www.parliament.uk/seclegpublications](http://www.parliament.uk/seclegpublications)

## Draft Universal Credit Regulations 2013

### Draft Universal Credit (Transitional Provisions) Regulations 2013

19. Universal Credit is a new benefit for people of working age which will be introduced over a four-year period from 2013 to 2017. It will replace existing means-tested benefits and tax credits (including income-based Jobseekers Allowance and Employment and Support Allowance; Income Support; Child Tax Credits; Working Tax Credits; and Housing Benefit). It is the Government's key reform to simplify the benefits system which is confusing to the claimant and has cost the taxpayer more than £5.5 billion every year in money wrongly paid out through fraud and error.
20. The Government state that the current benefit system has become a significant barrier to work as a result of its inherent structural weaknesses because the swift withdrawal of benefits when taking a job, or working a few extra hours a week, can convince people that work does not pay. Annex 2 to the Impact Assessment illustrates this "cliff edge". These Regulations introduce a single means-tested benefit for people both in and out of work. DWP states that a key aim of Universal Credit is to make clear to people that they will be better off in work by means of a "taper rate" that will work in a similar way to the personal tax allowance: people's earnings up to a certain level will be ignored when calculating how much Universal Credit a person should receive. There will be different work allowances for different types of household:
- single people and couples without children;
  - lone parents with one or more children;
  - couples with one or more children; and
  - disabled single people or couples.

The single taper or benefit withdrawal rate is set at 65% and will be applied to earnings net of tax, National Insurance and pension contributions, meaning that claimants will be able to keep 35 pence in every pound earned.

21. Claims to Universal Credit whether made by a single claimant or jointly by couples will be subject to a maximum award for the household. Deductions from the maximum award will then be made in respect of any earnings or other relevant income. People with capital assets in excess of £16,000 will not be entitled to Universal Credit. (EM 7.28-30)

#### *"Digital by default"*

22. DWP states that claims to Universal Credit will mainly be made on-line, though there will be telephone and face to face services for the minority of people who are unable to manage their claims on-line. In their response to the SSAC report DWP argued that 92% of jobs advertised require applicants to have basic IT skills and 25% of employers advertise vacancies on-line only so that the emphasis on digital applications enhances claimants' employability.
23. The RNIB has commented that the intention to have a target of 80% of transactions online is ambitious when Office of National Statistics show that 31% of people who have the lowest incomes—the people most likely to be



claiming Universal Credit—do not have access to a computer or may not be able to use one. Advice centres also queried their ability to assist claimants if all information is held on line.

24. Accordingly we asked DWP for further clarification about what other paths of application would be available, for example how would the illiterate apply? They responded:

“Universal Credit is a service that will put claimants in control of accessing and managing their benefit. To achieve this, the main route to access Universal Credit will be through digital channels. The Department has made it clear, however, that not all other channels of access will be removed. Supporting channels such as telephony and high street access will be available and are designed to support Universal Credit online usage and keep claimants using the Universal Credit online service.

Claimants will continue to be supported in dealing with the Department even if they are unable to access services online. The Department will offer claimants the option to claim over the phone or in person, which will include the provision of assisted or one-to-one support for those who need it.

**Face to face support will be available to claimants locally and a taskforce has been established with Her Majesty’s Revenue and Customs and Local Authorities to look at how this will be delivered. An announcement will be made at the end of January about how this will be delivered.”**

#### *Fraud*

25. The Committee was also concerned that digital claims might widen the scope for fraud, so we asked how DWP will be checking to ensure that people are not making multiple claims using different e-mail addresses. They responded:

“Universal Credit claims are made based on the customer’s details and National Insurance Number, not their email address. The details of customers wishing to make a claim will link to system records in the same way as any current legacy benefits do now and so duplicate claims can be identified in the early days.

Identity Providers will check claimant identity to defined Her Majesty’s Government standards, designed through the Cabinet Office led Government Digital Service Identity Assurance Programme. Identity Providers will provide customers with credentials, which can be used across multi-channels. Supported services include One Time Codes sent by SMS and voice mail; and customer questions using existing information or memorable information. This will include using a Universal Credit PIN number supplied to the customer at the new claims stage.”

26. Similarly we asked how DWP would be checking to ensure that claims are not being made fraudulently by means of identity theft. They responded:

“To help protect on-line transactions from the risk of identity hijack and claim manipulation the Department will operate a Transaction Monitoring function as part of a Security Operations Centre. This is a

capability that monitors customers' activities in the Department's online services in real time and captures technical and behavioural details including, but not limited to, the following:

- Cyber Fraud and Cyber Security Management
- Online Transaction Monitoring and Management
- Protective Monitoring
- Threat, Risk and Vulnerability Monitoring and Response
- Security Intelligence and Event Management
- Advanced Threat and Anomaly Detection, Analysis and Management

Fraud Risk scores will provide a regularly updated view of the risk of incorrectness associated with new and existing benefit claims and individuals and entities connected to benefit claims. This will also help to identify any anomalies associated with identity fraud or manipulation. The Department expects scores to be refreshed every twenty-four hours as new data is ingested and risk models are executed. Scores will be calculated using fraud risk score models which will evolve over time but are expected initially to utilise:

- Social Network Analysis algorithms
- DWP developed predictive models
- DWP Business rules
- Statistical modelling”

#### *Monthly award*

27. At present, existing income-related benefits are assessed weekly and paid weekly, fortnightly or four-weekly. Universal Credit will be assessed and paid monthly. DWP states that this is intended to help claimants to budget on a monthly basis and to smooth their transition back into work as around 75% of firms pay wages on a monthly basis. If a claimant's circumstances change while receiving Universal Credit reported changes will be treated as if they occurred at the start of the relevant assessment period rather than being calculated on a pro rata basis. CRISIS and the SSAC report note the intention but are keen to know what additional support there will be to help the vulnerable manage their finances. **The House may wish to seek information on the progress for the provision of such support.**
28. DWP anticipates that the monthly approach, together with the collection of earnings details via the new Real Time Information (RTI) system being implemented by Her Majesty's Revenue and Customs to administer PAYE taxation, will help ensure that benefit assessments are accurate and reflect the current needs of the household. (EM paragraph 7.9) The Commons Work and Pensions Committee noted that tax, accountancy and business organisations had raised a range of specific concerns about the RTI programme, and the Commons Committee did not receive satisfactory responses from DWP and HMRC about these issues. **The House may wish to seek clarification from the Minister on the current position.**

*The Claimant Commitment*

29. To qualify for Universal Credit, all claimants will be required to agree to a Claimant Commitment, tailored to the individual claimant. It will record the activities they are required to undertake, including, where appropriate, what they are expected to do to find or prepare for work. If a claimant refuses to accept their Claimant Commitment then they will not be entitled to Universal Credit. As Universal Credit is a household benefit, if either eligible adult in a couple refuses to accept their Claimant Commitment, the claim for the other eligible adult will also end. (EM paragraphs 7.10-14) The SSAC queried the fairness of this, suggesting the compliant member of the household could be paid separately; however the Government rejected the proposal on the grounds that it undermined one of the fundamental principles of claimant responsibility. **The House may care to examine this proposition in more detail.**
30. We asked how this would work if one member is disabled and in need of care, and another adult stays at home or chooses to work part time to care for them. DWP explained:

“All Universal Credit Claimants will be required to accept a Claimant Commitment in order to satisfy one of the basic conditions of entitlement. In the case of joint claims, both claimants will be required to accept an individual Claimant Commitment, which will set out any work related requirements for each of them. The Claimant Commitment does not just cover work-related expectations, it also reflects other responsibilities, such as the need to report relevant changes of circumstances.

A claimant’s conditionality group and any work related expectations will be determined by their capabilities and individual circumstances - both for disabled people and for their carers.

So, in the example suggested - the disabled member of the household would have any labour-market responsibilities set, in light of the outcome of their Work Capability Assessment and individual needs. The carer in the household would either be in the no Work Related Requirements group (if they are the main carer for 35 hours per week for the severely disabled person) or if they care for fewer hours, this will be taken into account when determining their work-related expectations.”

*Lone parents*

31. Gingerbread however expresses some concern about how flexible the Claimant Commitment will be in practice. Their evidence states that only one of the 12 flexibilities for lone parents set out in the previous legislation has been brought forward into the Universal Credit regulations. An appendix to their letter lists the particular provisions concerned, but they note that there is no equivalent in the new legislation if the claimant leaves or refuses a job because of a lack of available and affordable childcare or limits their work search requirements where their child has been excluded from school or during the school holidays. Similarly Gingerbread states that under Universal Credit the ability for single parents to restrict the number of hours they work is only available if they can demonstrate that there are jobs at those hours available locally. Gingerbread understands that provisions may be included

in the forthcoming guidance but that is not yet published and the change represents a significant dilution of the legal status of the lone parent flexibilities.

*Childcare Costs Element*

32. Within Universal Credit, support for childcare is provided in the form of an additional childcare element available to all lone parents and couples where both members are in work (with certain exceptions). It is not dependent on a claimant working a specific number of hours. Where a child is in registered childcare, families will be able to recover 70% of actual childcare costs in Universal Credit up to a limit set in the Regulations. (EM 7.19-20)

*Capability for Work*

33. Universal Credit will simplify the existing disability-related premiums and additions into two elements: the limited capability for work element and the limited capability for work and work-related activity element, assessed through the Work Capability Assessment which is already used in Employment and Support Allowance. This applies to claimants who are either in or out of work. Before these elements are payable, there will normally be a three month period during which the claimant will provide medical evidence and will be required to participate in a Work Capability Assessment. This does not apply where the claimant is terminally ill or has already has a determination of limited capability for work in relation to an award of Employment and Support Allowance. (EM paragraphs 7.22-3)
34. Mencap notes that under regulation 88 the conditionality threshold can be less than the standard 35 hours “where the claimant has a physical or mental impairment”. They are seeking clarification about the basis on which this judgment will be made and also whether the 35 hour requirement extends beyond the “all work-related requirements group”.
35. The letter from the Disability Benefits Consortium expresses concern that some disabled people will find themselves less well off in work because of the interaction of Universal Credit and the Personal Independence Payment, and others will be worse off because of the loss of the Severe Disability Premium (SDP) currently worth £58 per week and claimed by 230,000 people. We asked how this would be handled in the future; DWP explained:

“The Severe Disability Premium, introduced in 1988, gives additional support to disabled adults who receive the middle rate or higher rate of the care component of Disability Living Allowance and live on their own, or are lone parents with children in the household, and no one is paid Carer’s Allowance for providing care for them. There are also some circumstances where disabled adults who live with their partner may be eligible for the Severe Disability Premium. The additional support provided by the Severe Disability Premium helps to cover the additional costs of both living alone with a disability and having no carer.

One key objective of Universal Credit is to have a simpler system. Universal Credit is not intended to replicate every aspect of disability provision in the current system which has 7 different disability payments, each with its own rules. This is confusing and prone to error. Disabled people may need more support because they live alone; however, in the majority of instances it is more appropriate for them to

access support through social care provision or individual budgets than through the benefit system.

In Universal Credit the right levels of support for disabled people can be provided through two limited capability for work elements. The higher of these two elements is worth considerably more than that current comparative rate paid to Employment and Support Allowance claimants. This will result in higher benefit rates for the more severely disabled people in the support group who do not currently qualify for all possible premiums.

With any simplification there will be claimants who may have lower entitlement under the new system than the old. For claimants whose Universal Credit award would be less than their current entitlements (which might include the Severe Disability Premium) ‘transitional protection’ will be provided. This will ensure that people will not receive less as a result of their move to Universal Credit, where circumstances have remained the same.”

36. The Commons Committee commented in its report that it had not received sufficient evidence to satisfy itself that the Government will achieve its stated aim of ensuring that Universal Credit would provide more generous support for disabled people than it does for people in similar circumstances who are not disabled. (Commons Report: Paragraph 115) Like them we note Minister’s assertions that the total expenditure on disabled people as a whole will not be reduced but it will be redistributed, and although there is some transitional protection this will erode over time. **The House may wish to enquire further on this point.**

#### *Housing Costs*

37. Under Universal Credit support for housing costs for social sector tenants will be based on their actual housing costs less any under-occupancy deduction. For private sector tenants, support will be the lower of actual costs or the Local Housing Allowance. For owner-occupiers, support will reflect a flat rate of interest applied to loans up to a set limit but if the claimant or partner does any paid work, support for their owner-occupier costs will cease. (EM paragraphs 7.17-18) The SSAC felt that this “zero earnings rule” for mortgage support might be a disincentive to work, as part time work can often provide a stepping stone back into the labour market. The DWP argues that the effect of the earnings taper will mean that few will lose out because of this. (SSAC report paragraphs 55-58)
38. Under Universal Credit, payments to cover the costs of rent will go to the claimant, rather than direct to the landlord. This is a major change to the benefit regime for tenants in the social housing sector and for some in the private rented sector, while many tenants will cope with this change the Commons Committee expressed concern that some vulnerable claimants will be unable to manage making regular rent payments and may fall into arrears. (Commons Report: Paragraph 83) They recommended that more time should be allowed for the evaluation of the pilots which the Government are currently running on direct payments to tenants, followed by a phased implementation of direct payments, after appropriate safety net arrangements for vulnerable people have been developed and tested. **The House should satisfy itself that the promised arrangements to identify these people**

**and assist them will do so at an early stage, before they fall into debt and hardship.**

*The Benefit Cap*

39. The Benefit Cap will be implemented initially by Local Authorities, as provided for in the Benefit Cap (Housing Benefit) Regulations 2012 (SI 2012/2994), for households who claim Universal Credit or at the point their claim is transferred to Universal Credit. The cap in Universal Credit will mirror that being introduced through Housing Benefit with the main differences being:
- The cap will be applied on a monthly basis and set at £2167 for lone parents and couples and £1517 for single people. These are the monthly equivalents of the £500 and £350 a week caps being established through Housing Benefit.
  - The exemption for being in-work will be no longer based on entitlement to Working Tax Credit but be dependent instead on a household meeting an earnings threshold of, on introduction, £430 a month. This amount is based on 16 hours work at the National Minimum Wage. (EM paragraphs 7.36-7)

*Additional bedrooms for a disabled child or an overnight carer*

40. As is routine, the Minister for Welfare Reform has made a statement in the EM saying that these Regulations are compliant with the European Convention on Human Rights. Unusually, this statement is qualified due to an outstanding issue in relation to paragraphs 10, 25 and 36 of Schedule 4 to the Universal Credit Regulations 2013 as a result of the judgment of the Court of Appeal in the case of *Burnip* which DWP is taking to appeal in the Supreme Court. The case focuses on entitlement to extra bedrooms for carers or for a child whose disability means that it cannot share a room. The full details are set out in Annex C to the EM. The Disability Benefits Consortium offers a number of illustrations of how this provision may adversely affect families and seek a means to exempt such rooms from the limits and the under-occupancy cap.

*Sanctions<sup>8</sup>*

41. DWP states that research shows that compliance with requirements for, for example, active job search increases the chances that claimants find work quickly than they would otherwise, so there is a sanctions regime to encourage compliance. DWP states that the requirements placed on claimants will be reasonable, taking into account their capability and circumstances, such as health conditions, disability and caring responsibilities. The Universal Credit sanctions regime will feature four levels of sanction according to the claimant's conditionality group and type of compliance failure:
- Higher-level sanctions may be imposed on claimants subject to all work-related requirements for failure to meet the most important requirements

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<sup>8</sup> See also draft Social Security (Loss of Benefit) (Amendment) Regulations 2013 mentioned on page 27 of this report.

for that conditionality group. This is where a claimant, for no good reason, fails to undertake Mandatory Work Activity; apply for a particular vacancy; take up an offer of paid work; or, by reason of misconduct or voluntarily, loses paid work or pay. Higher-level sanctions will be for a fixed period:

- 91 days for a first failure (14 days for 16/17 year olds);
  - 182 days for a second failure committed within 365 days of the previous failure (28 days for 16/17 year olds); and
  - 1095 days (3 years) for a third or subsequent failure committed within 365 days of a previous failure that resulted in a 182 or 1095 day sanction.
- Medium-level sanctions may be imposed on claimants subject to all work-related requirements who for no good reason fail to meet other important labour market requirements for that conditionality group: to take all reasonable work search action; and to be able and willing to take up work immediately (or more paid work or better paid work). These sanctions will be for a fixed period of
    - 28 days (7 days for 16/17 year olds) for a first failure
    - 91 days (14 days for 16/17 year olds) for a second and subsequent failure within 365 days of the previous failure.
  - Low-level sanctions may be imposed on claimants in the work preparation conditionality group, as well as those subject to all work-related requirements. Failures at this sanction level include not complying with a work focused interview requirement and failures to comply with a work search requirement to take a particular action or to comply with a requirement to, for example, come for an interview or provide information. Low-level sanctions are open-ended and continue until a compliance condition is met or an alternative agreed with an adviser. Once the compliance condition is met, for claimants over 18 there will be an additional fixed period of
    - 7 days for a first failure,
    - 14 days for a second failure at the same level within 365 days of a first, and
    - 28 days for a third or subsequent failure within 365 days of a previous failure which resulted in a 14 or 28 day sanction.
  - Lowest-level sanctions will apply to claimants subject to work-focused interview requirements only. They will be open-ended until the claimant meets the compliance condition.
42. Claimants subject to higher, medium and low-level sanctions will be sanctioned an amount equivalent to 100% (or 50% if a joint claimant) of their standard allowance amount for Universal Credit. Claimants subject to lowest level sanctions and 16/17 year olds will be sanctioned an amount equivalent to 40% (or 20% if a joint claimant) of their standard allowance. Claimants subject to a sanction can apply for hardship payments but these payments will be recoverable from future non-sanctioned benefit payments. A hardship payment is paid at a daily rate of 60% of the sanction reduction

and a claimant must re-apply for a hardship payment each assessment period. (EM paragraphs 7.38-50)

43. The sanction regime has been aligned across Universal Credit, Employment and Support Allowance and Jobseeker's Allowance. DWP says that this will allow claimants to move more easily between the different benefits and to understand the conditionality and sanctions provisions that apply to them across the aligned regimes.

#### The Universal Credit (Transitional Provisions) Regulations 2013

44. Universal Credit will be introduced on a 'Pathfinder' basis from 29 April 2013 to a limited geographical area (the post codes will be set out in the Commencement Order) and to a limited range of claimants. DWP states that is intended to facilitate an evaluation of the Universal Credit processes and information technology before it is rolled out nationally from October 2013. The changes to Jobseeker's Allowance and Employment and Support Allowance will be introduced in parallel. The Transitional Regulations set out specific criteria for the people to be included in the Pathfinder exercise. Claimants must be:

- British Citizens who are habitually resident in the United Kingdom;
- aged between 18 years and 60 years and 6 months;
- resident in the Pathfinder locations (but not owner-occupiers or in temporary accommodation);
- single; and
- available for work or in work with low earnings (but not have earnings from self-employment).

Claimants must not:

- be receiving existing benefits;
- have capital above £6,000; or
- have children.

Where an award of Universal Credit is made to a claimant who was previously entitled to an existing benefit or tax credits, transitional provisions will apply including that any current sanctions and fraud penalties or recoverable overpayments will be taken into account.

45. The Benefit Cap will not apply to awards of Universal Credit during the Pathfinder. (EM paragraphs 7.64-76)
46. The Pathfinder sample is very much simplified—single people with no children, no self employment, no clashing benefits—so we asked DWP for an explanation of how will that will provide enough data to ensure the smooth introduction of Universal Credit for vulnerable groups, which is the area of most concern to commentators. DWP replied:

“The Department will use the Pathfinder to start to deliver key processes to demonstrate that the system can operate in a safe live environment with time for learning and improvement, before starting to



extend the service and bring in more complex cases. So this phase will test out:

- New organisational processes and interfaces;
- End to end design and customer journey;
- Appropriateness of claimant materials;
- Appropriateness of staff materials and learning products;
- Taking a claim;
- Verifying evidence;
- Making accurate payments;
- Setting up the labour market regime; and
- Handling transitions into work.

Meeting these objectives will help to provide confidence for October 2013 and the start of the national roll-out process. All lessons learned will inform and influence this next stage of roll-out. In addition, a specialist team will be put in place to make those changes which live running identifies and ensure the necessary adjustments are made to better deliver services in the Pathfinder and beyond.

During the Pathfinder the Department expects to take around 1,000 claims per month and many changes of circumstances (over the phone). Some of these will be complex - for example adding a disabled child to a claim or moving into self-employment. However this approach will ensure numbers of complex cases are manageable, which will help stabilise delivery further.”

47. We also asked whether the evaluation report for the initial trial would be made public before the operation of Universal Credit is rolled out nationally. DWP said:

“The Pathfinder evaluation will focus on implementation, process & delivery to make sure that processes are robust. It will comprise part of a continuous programme of analysis, providing evidence and information to inform National rollout. **A detailed timetable for reporting will be developed in due course.**”

#### *Timetable*

48. A number of bodies have said that the timetable is ambitious and too dependent on the IT system, and the link to the HMRC’s new Real Time Information (RTI) system working correctly from the start. So we asked DWP to set out the overall timetable and why they are confident that it can be achieved:

“The Pathfinder is designed to test the robustness of the IT systems and the phased approach to implementation will minimise delivery risks.

The Real Time Information (RTI) system is on track and going well. Her Majesty’s Revenue and Customs is on track to expand the RTI pilot further imminently and expect to have around 6 million individuals records reported in real time by March 2013. And the vast majority of employers will begin sending PAYE returns in real time in April 2013

Her Majesty's Revenue and Customs have put the IT 'link' in place – ready for the Department for Work and Pensions to use in April 2013. System testing of this link has been undertaken. This will be further tested with real data during Phase One / Pathfinder. Therefore fully testing the IT with low numbers before moving on to test capacity and running in later phases with gradually increasing numbers.

Her Majesty's Revenue and Customs are working with Department for Work and Pensions to ensure that there will be sufficient RTI employers in the Phase One / Pathfinder area to test the new processes.”

49. DWP is confident that, because implementation will be phased over four years, there will be plenty of time to get the system right and refine processes in the light of experience. That may be true but allowing less than six months between the start of the pilot and the start of the national roll-out, when there are so many new elements to the system of service delivery and support, seems over-optimistic to most observers. There is considerable support for DWP's initiative in principle because the previous benefits system had become so arcane, but the detail of the new system may affect its functionality, and concern is high because of the potential consequences to claimants if payments are wrongly assessed or delayed because of systems failure. **The House may therefore wish to explore the projected timetable in more depth during the course of the debate.**

#### *Guidance*

50. These instruments are the product of an exercise to rewrite around 1,000 pages of existing regulations. In relation to the Universal Credit Regulations, the approach has been, wherever possible, to replace detailed provisions with general principles supported by guidance which DWP believe should reduce the need for frequent amendment of the regulations.
51. As with Personal Independence Payment Regulations, we consider it crucial to the understanding of how the system will operate that the guidance is available before the House is asked to debate it. DWP has told us that the Decision Makers' Guidance will only be published towards the end of February, however they added that the Department shared draft guidance in relation to key areas of Universal Credit with key stakeholders and the Social Security Advisory Committee in December and is now refining it based on the feedback received. **DWP states that they intend to share the next version of the draft guidance with MPs and Peers in advance of debates. We applaud this intention but hope that DWP will ensure that sufficient time is allowed for members to absorb fully the content prior to the debate.**
52. Because the recent decision of the courts in the case of *Alvi* turned on what part of Immigration Rules was in legislation and what was in guidance, we asked DWP whether they were confident that they have got the balance right in respect of the Universal Credit system. They responded:

“The Department is confident that there is a correct balance. In the *Alvi* case the issue arose that codes of practice were not subject to parliamentary scrutiny and purported to be “guidance”, while they were in fact determinative of the applicant's rights. The guidance in relation to Universal Credit will not be of that nature. Rather it will primarily assist decision makers in the interpretation of the legislation and in the

exercise of discretion in individual cases. Guidance will be subservient to legislation and, where a claimant disputes a decision, their appeal will be determined by the appeal tribunal in accordance with the legislation.

The basic function of the guidance under the new regime will not differ from that under the existing regime. However, the opportunity has been taken in some areas to avoid complexity and inflexibility in the regulations by relying on discretion or general statements of principle where previously matters have been set out in detail. For example:

- whether there is good reason for ceasing paid work or failing to comply with a work-related requirement will be determined in each case in accordance principles in guidance;
- the new definition of a “service user” (referring to those participating in consultation about provision of various services) omits a lengthy list of statutory provisions and instead refers to bodies with a statutory duty to provide services in the field of health, social care and housing (see regulation 53 of the Universal Credit Regulations 2013 and compare with regulation 2 of the Income Support (General) Regulations 1987);
- the list of various compensation schemes under which payments are disregarded in the calculation of benefit is replaced by a reference to schemes approved the Secretary of State (see regulation 76 of the Universal Credit Regulations 2013 and compare with the Income Support Regulations where the MacFarlane trust, Eileen trust and other schemes are each mentioned at least a dozen times).”

#### *Impact Assessment*

53. The Impact Assessment claims that Universal Credit will result in a significant reduction of £200million per annum in both administrative expenditure and in fraud. DWP says that they base this on the following assumptions:

#### “Administrative Expenditure:

- The implementation of Universal credit will see the creation of a single benefit for working age claimants both in and out of work, and replace a number of separate benefits currently being administered through three parts of Government.
- Universal Credit is a more simplified benefit and will be “digital by default”. By steady state the Department expects a large proportion of claimants to be claiming Universal Credit “on-line”.
- In addition, there is planned to be greater automation of processes to support the calculation/entitlement to Universal Credit.
- These factors taken together result in net efficiencies on administration costs, compared to the baseline costs which exist pre the start of Universal Credit.

#### Fraud:

- The impacts on fraud and error have been modelled through careful consideration of how the design of Universal Credit differs, both in terms of policy and in terms of delivery, from the system it replaces. Universal Credit is expected to result in a net saving from reduced

fraud and error. The savings accrue over time from the designing out of known sources of fraud and error in the current benefit and tax credit system through simplification and changes to claimants' reporting requirements.

- There are a variety of ways in which fraud and error is being designed out, and each of those sources of savings has its own set of assumptions. For example, the merging of in-work tax credits and out-of-work benefits means that overpayments that currently occur when in-work claimants are wrongly paid out-of-work benefits will be reduced, whilst the provision of monthly updates about earnings and childcare will help reduce the errors, which currently occur as a result of using out-dated information.
  - As Universal Credit will link to Real Time PAYE Information, entitlement can be accurately calculated each month. This means that payments will become sensitive to income fluctuations, unlike the current tax credit system which has a disregard for income changes.”
54. Transitional costs are accounted separately: the Department has been allocated £2bn for the implementation of Universal Credit over the SR10 period up to and including 2014-15. The current estimate of transitional costs over this period is around £1.9bn, covering costs of IT changes, implementation, migration and net costs of operating Universal Credit and existing legacy benefits.

*Impact on charities*

55. The Committee was surprised to read in the EM that the Department considers that the change will have no impact on the charity sector, since applicants for social security benefits generally tend to rely on assistance from voluntary organisations for advice on what changes to benefits will mean for them. DWP explained:

“The introduction of Universal Credit, itself, provides no Regulatory burden on third sector organisations. However, the Department is aware that claimants will seek advice from voluntary sector organisations and recognise the valuable support charities provide. That is why throughout the design and development of Universal Credit the Department has worked with stakeholder organisations, including charities, to ensure their expertise is utilised.

The Department is also working with Her Majesty's Revenue and Customs and Local Authority representatives to produce a framework of localised support to help claimants in the transition to Universal Credit and throughout the life of the claim. **A statement will be made at the end of January, which will include how the Department proposes to work with the voluntary sector at a local level, what types of services should be provided and how those services may be commissioned and funded.** [emphasis added]

**Draft Jobseeker's Allowance Regulations 2013****Draft Employment and Support Allowance Regulations 2013***Jobseeker's Allowance*

56. Jobseeker's Allowance (JSA) is payable to people who are out of work and seeking employment. Under the current Jobseeker's Allowance Regulations 1996 (SI 1996/207), it can be paid either as a contribution based or a means-tested benefit. The 2013 Regulations will work alongside Universal Credit and JSA will only be awarded on the basis of sufficient National Insurance contributions. Claimants who are out of work, seeking employment and who want an income-based benefit will claim Universal Credit. Where both benefits are in payment the work-related requirements set out in the Universal Credit Regulations will apply. Where JSA only is in payment the work-related requirements and sanctions in this instrument will apply: they are similar to those in Universal Credit, but reflect the greater abilities of people who claim Jobseeker's Allowance, for example, there are no "lowest level" sanctions.
57. Under these regulations JSA claimants will be expected to be available for full time work immediately (depending upon their commitments and capabilities) and to demonstrate that they are normally spending 35 hours per week attempting to find work. These requirements can be adjusted in a wide range of circumstances, for example, if the claimant is a carer or disabled or has recently been a victim of domestic violence. (EM paragraphs 7.51-57)

*Employment and Support Allowance*

58. Employment and Support Allowance (ESA) is payable to those who claim benefit on the basis that they have, or are treated as having, a health condition or disability which affects their ability to work. As explained above for JSA, the new version of ESA will only be paid on the basis of the individual's National Insurance contributions. The new Regulations provide new claimant responsibilities and use only the low and lowest level sanctions from the Universal Credit model, again reflecting the different circumstances of people who claim ESA.
59. There are some differences between the requirements for ESA and for those claiming Universal Credit under similar circumstances, for example, ESA claimants can be required to prepare for work and attend work-focused interviews, but are not required to look for work or be available for work whereas in Universal Credit, within limits, claimants may be required to look for or to be available for work that they are capable of performing. (EM paragraphs 7.58-63)

**Draft Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013<sup>9</sup>**

60. These Regulations make provision for the administration of Universal Credit, Personal Independence Payment, and contribution-based JSA and ESA, in particular regarding the making of decisions and the rights of appeal. The DWP states that it considered amending the existing 1999 Decisions and Appeals Regulations, but decided that as they had become so complicated over time, and the Universal Credit and Personal Independence Payment are brand new benefits, they would take the opportunity to set out the Appeals system afresh. Many tried and tested elements of the existing system have been carried forward, but DWP has taken the opportunity to restructure and modernise the drafting and, where it is considered appropriate, to align the rules across the benefits to which the new Regulations apply. The DWP's intent is that the legislation should be more accessible to users so that claimants and others can better understand their rights and the rules that govern benefit administration.
61. A key change for all benefits is being made consequent on section 102 of the 2012 Act which means that claimants must first apply for a disputed decision to be reconsidered by a *decision maker* (i.e. revised) before they can appeal a decision – known as “mandatory reconsideration”. This follows the Department's principle that issues should be resolved, and errors should be identified and corrected, at the earliest possible opportunity. If the decision maker does reconsider and revise (i.e. change) the decision, the person will have the right of appeal against the new outcome decision.
62. To reflect the Department's intention to get matters right as early as possible letters of award for Personal Independence Payment will have a much fuller explanation of the decision made than there was for Disability Living Allowance. **The Committee welcomes greater transparency in the system but notes that much will also depend on the clarity of the guidance and the consistency of decision-making by officials.** We are aware, from our report on Personal Independence Payments that DWP intend to monitor the first 400 cases that go to appeal and feed the outcome back into the training and guidance that they provide.<sup>10</sup>

**Draft Social Security (Payments on Account of Benefit) Regulations 2013**

63. The draft Social Security (Payments on Account of Benefit) Regulations 2013 make provision for two new types of payment on account of benefit:
- Advances of benefit for Universal Credit, which will replace Interim Payments and Social Fund Crisis Loan alignment payments; and
  - Budgeting Advances which will replace Social Fund Budgeting Loans for Universal Credit claimants.

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<sup>9</sup> The Explanatory Memorandum accompanying these Regulations also includes by way of an annex a near final draft of the Social Security (Overpayments and Recovery) Regulations 2013, which are subject to negative resolution procedures.

<sup>10</sup> 23rd report of this session (HL Paper 101)

64. Advances of benefit for Universal Credit and legacy benefit claimants will, although not so termed on the face of the Regulations, be known administratively as “Universal Credit Advances” and “Short Term Benefit Advances”. Advances of Benefit are designed to help claimants who are in financial need in the period when their benefit is being initially determined or adjusted due to a change in circumstances, the sum would then be recovered when payment commences.
65. An earlier draft of these Regulations was presented to the House of Lords during the Committee stage of the Welfare Reform Act 2012. As part of the simplification process the Government is also abolishing the current systems of loans available under the Discretionary Social Fund and the provisions that allow for Interim Payments of benefits. DWP intends these changes to help claimants to manage within their budget and reduce their dependence on loans.
66. Budgeting Advances aim to help low income families defray intermittent expenses, such as the need to buy essential items like furniture or household equipment, or expenses related to, for example, maternity or starting work. Regulation 12 specifies that the claimant must have been receiving Universal Credit or a relevant income-related benefit for a continuous period of at least six months prior to making the application (except where the expense necessarily relates to obtaining or retaining employment). The six month period mirrors the current criteria for obtaining a Budgeting Loan.
67. To ensure that Budgeting Advances are available only to those on the lowest incomes (just as access to existing Budgeting Loans is restricted to those receiving income-related benefits for people working less than 16 hours a week), regulation 13 sets out a maximum earnings threshold during the six month period prior to making the application for eligibility for a Budgeting Advance. This will be £2,600 for single claimants and £3,600 for couples. The Advance will be for a minimum of £100 and, to prevent long-term debt, claimants will need to have repaid an outstanding Budgeting Advance before a further Budgeting Advance is awarded. Decision Makers’ guidance will set out a maximum recovery period of 12 months to minimise the length of time the claimant will be in debt.

#### *Other Financial Support*

68. These changes link with wider welfare reforms: the Discretionary Social Fund is being abolished and Local Authorities and Devolved Administrations are to be given responsibility for providing support in a crisis (and some other circumstances). In its 17th Report the Committee commented on two instruments<sup>11</sup> to implement that proposal and noted that the Commons Work and Pension Committee was concerned that the decision to localise council tax support under a proliferation of local schemes, rather than including it within Universal Credit, would work against the Government’s objective of the simplification of the benefits system.
69. Similarly paragraph 212 of the Commons DWP Committee report expresses their concern about the localisation of the Discretionary Social Fund. It says that giving local authorities responsibility for a new system of discretionary

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<sup>11</sup> Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885), Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2012/2886) in our [17th Report](#) of this session (HL Paper 82)

welfare assistance without central guidance on how to determine eligibility, and in the absence of ring-fenced funding, will result in uncertainty and inconsistency in the way the support is administered. As a result they fear it may lead to real hardship for benefit claimants who have nowhere else to turn in crisis situations.

*Conclusion*

70. Given the volume of the legislation, and that this is only the first phase, the Committee's usual degree of analysis is not possible. Our report is therefore an overview but nonetheless seeks to highlight issues in all the key areas to facilitate the forthcoming debates. As well as the information provided with the six affirmative instruments mentioned here, the DWP has undertaken to supply the following additional information that will aid the House's understanding of how the Universal Credit system will work in practice:
- Response to Commons' DWP Committee report – before the debates (paragraph 17)
  - An announcement on how face to face advice is to be delivered – end of January (paragraph 24)
  - A detailed timetable for reporting the progress of implementation and pathfinders will be developed - in due course (paragraph 47)
  - Draft Guidance to be published - before the debates (paragraph 51)
  - A statement on how the Department proposes to work with the voluntary sector at a local level, what types of services should be provided and the funding arrangements - at the end of January (paragraph 55)
71. It is clear that consultees broadly endorse the thrust of simplification and comment favourably on the consultation process so far, but are rightly concerned that in so large a scheme the specific wording or interpretation of minor provisions may have a significant impact on thousands of claimants.
72. While understanding the financial and administrative advantages of making applications “digital by default” there is genuine concern that the most vulnerable claimants will not have the facilities or the knowledge to make on-line applications. The proposal that, if either eligible adult in a couple refuses to accept their Claimant Commitment, the payment for the other eligible adult will also end could also have far-reaching effects. Similarly the most vulnerable may struggle to adapt to monthly payments and having to manage a budget so that they can pay the rent themselves. **The House should satisfy itself that the promised arrangements to identify these people and assist them will do so at an early stage, before they fall into debt and hardship.**
73. There is also widespread concern that the planned timetable, allowing less than six months for the pilot stage, is over-optimistic. While we hope that the Government will be able to demonstrate that all the planned systems will work well straight away, past experience of major IT projects does not encourage this view. The potential consequences to vulnerable claimants if payments are wrongly assessed or delayed because of systems failure underpin these concerns. **The House may therefore wish to press the DWP on the proposed timetable and what contingency plans they have.**



**C. Draft Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) (Amendment) Regulations 2013**

*Date laid: 2 January*

*Parliamentary Procedure: negative*

*Summary: This draft instrument amends Regulations made in 2012 so as to alter the wording of the question to be asked in a referendum in relation to council tax increases set by authorities in England, and determined to be “excessive” in accordance with provisions in the Local Government Finance Act 1992. It follows an undertaking given in Grand Committee consideration of the 2012 Regulations that the Government would work with the Electoral Commission to agree revised wording for the referendum question.*

**We draw this instrument to the special attention of the House on the ground that it gives rise to issues of public policy likely to be of interest to the House.**

74. The Department for Communities and Local Government (DCLG) has laid these draft Regulations, to come into force on the day after they are made. It has also provided an accompanying Explanatory Memorandum (EM).
75. On 14 February 2012, in Grand Committee,<sup>12</sup> the House considered the draft Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 (“the 2012 Regulations”), which set out the rules for the conduct of referendums in relation to council tax increases set by authorities in England, which had been determined as “excessive” in accordance with provisions in the Local Government Finance Act 1992.<sup>13</sup> In particular, the 2012 Regulations prescribed the wording of the question to be asked in the referendum.
76. The Electoral Commission had expressed concerns about the wording of this question. Baroness Hanham, Parliamentary Under-Secretary of State (PUSS) for DCLG, acknowledged that her Department had not reached agreement with the Commission on the precise form of words to be used. However, she stressed the need for the Regulations to be in place in case authorities chose to set an “excessive” increase for 2012-13. The Regulations were made on 17 February 2012 (as SI 2012/444).
77. The latest draft Regulations have been laid by DCLG to amend the 2012 Regulations so as to alter the wording of the question to be asked in a referendum. In the Explanatory Memorandum (EM) to these Regulations, DCLG refers to Baroness Hanham’s undertaking in Grand Committee that the Government would work with the Electoral Commission to agree revised wording for the question. DCLG states that no council tax referendums were held in the financial year 2012-13, and that therefore no referendums have been held using the wording of the question set out in the 2012 Regulations.
78. In the EM, DCLG explains that, in July 2012, the Department consulted the Electoral Commission on a proposed revised wording; and that, on balance, the Commission is satisfied that the revised wording is likely to be intelligible

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<sup>12</sup> HL Hansard, 14 Feb 2012 : Column GC53

<sup>13</sup> The provisions, notably section 52ZB, were inserted into the Local Government Finance Act 1992 by section 72 and Schedule 5 to the Localism Act 2011.

for voters. DCLG provides web-links to copies of the correspondence (a letter of 17 July 2012 from Bob Neill MP, then PUSS; and a reply of 31 July 2012 from Peter Wardle, Chief Executive of the Commission).<sup>14</sup>

79. We note from this correspondence that, while Mr Wardle does indeed agree that the revised wording is likely to be intelligible, he raises other concerns which, as stated in the EM, go to the complexity of the issue at hand in a council tax referendum and the need to ensure that fair and timely explanatory information is provided to voters who take part in any referendum. Mr Wardle comments in particular in his letter that the Commission's research with voters at the May 2012 polls "identified low levels of awareness and understanding about the referendums in 10 areas on whether to introduce an elected mayor".<sup>15</sup> He refers to "low levels of knowledge and understanding of the council tax setting process", and suggests that it would be useful "to evaluate the impact of local public awareness activities to support participation in any council tax referendums which might take place in future years".
80. In the EM, DCLG states in relation to these concerns only that the Government remain satisfied that the information provisions within the 2012 Regulations ensure that such information is provided. We asked the Department to provide further information about the way in which the Government have responded to the wider issues raised by the Commission. We enclose that further information in Appendix 2.

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<sup>14</sup> See: [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0004/151717/NeillB-to-WatsonJ-2012-07-17-Council-Tax-Referendum-Question.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0004/151717/NeillB-to-WatsonJ-2012-07-17-Council-Tax-Referendum-Question.pdf) and [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0003/151716/WardleP-to-NeillB-2012-07-26-Revised-council-tax-referendum-question-comments.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0003/151716/WardleP-to-NeillB-2012-07-26-Revised-council-tax-referendum-question-comments.pdf)

<sup>15</sup> In July 2012, the Commission published a report on the "Local elections and referendums in England 2012". This included a finding (at paragraph 1.12) that "a third (34%) of people living in areas where mayoral referendums were held said that they knew a great deal/a fair amount on what the referendum was about ('a great deal', 7%; or 'a fair amount', 27%). Thirty-five per cent said that they did not know very much and a further 31% said they knew nothing at all." See:

[http://www.google.co.uk/url?sa=t&rct=j&q=electoral%20commission%20uk%20turn%20out%20at%20mayoral%20elections&source=web&cd=1&sqi=2&ved=0CDIQFjAA&url=http%3A%2F%2Fwww.electoralcommission.org.uk%2F\\_data%2Fassets%2Fpdf\\_file%2F0004%2F149422%2F2012-English-locals-election-report-web.pdf&ei=Czi0UNrYHuqq0QXXpIGgAg&usq=AFOjCNFILu5Sj4d-7AS8HdN2xislO52kKA](http://www.google.co.uk/url?sa=t&rct=j&q=electoral%20commission%20uk%20turn%20out%20at%20mayoral%20elections&source=web&cd=1&sqi=2&ved=0CDIQFjAA&url=http%3A%2F%2Fwww.electoralcommission.org.uk%2F_data%2Fassets%2Fpdf_file%2F0004%2F149422%2F2012-English-locals-election-report-web.pdf&ei=Czi0UNrYHuqq0QXXpIGgAg&usq=AFOjCNFILu5Sj4d-7AS8HdN2xislO52kKA)

## OTHER INSTRUMENTS OF INTEREST

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### ***Draft Environmental Permitting (England and Wales) (Amendment) Regulations 2013***

81. In our 21st Report (HL Paper 99), we published information about these draft Regulations, as laid by the Department for Environment, Food and Rural Affairs (Defra) on 11 December 2012. On 8 January 2013, Defra withdrew the draft Regulations laid in December, and laid this replacement draft instrument. The changes made are essentially presentational.

### ***Draft Social Security (Loss of Benefit) (Amendment) Regulations 2013***

82. These Regulations amend the Social Security (Loss of Benefit) Regulations 2001 (S.I.2001/4022) in consequence of changes introduced by the Welfare Reform Act 2012 firstly to align with the sanction system introduced by Universal Credit and secondly to implement tougher punishments for benefit fraud offences. Fraud committed by benefit claimants costs the Exchequer £1.1 billion each year and DWP research indicated that stronger deterrents were needed. Regulation 6 sets out the benefit or identity fraud offences for which a new 3-year loss of benefit penalty will apply after a single offence:

- the criminal court finds that there is overpayment of £50,000 or more;
- the person receives a sentence of at least one year's imprisonment (including a suspended sentence); or
- the criminal court finds the benefit fraud has occurred over a period of two years or more.

83. These Regulations set out how Universal Credit payments<sup>16</sup> will be reduced in the event of a loss of benefit. The amount of the reduction will be an amount equal to 100% (or 50% if the offender is a joint claimant) of the Universal Credit standard monthly allowance. The Regulations also make changes to the reduction amounts and hardship payment arrangements for Employment and Support Allowance and some other minor technical changes.

### ***Charitable Incorporated Organisations (General) Regulations 2012 (SI 2012/3012)***

84. These Regulations make provision for the day to day running of Charitable Incorporated Organisations (CIO), a new type of legal framework for charities that has some of the advantages of company status, for example limiting the legal liability of trustees. However the Committee was concerned by two aspects. First, regulation 20(4) which mirrors the Companies Act 2006 provision that a document is to be treated as duly executed by a CIO if it purports to be signed in accordance with regulation 20(2) but which does not replicate the Companies Act requirement the signature be witnessed. The Committee was concerned that the provision would also protect a negligent purchaser if an error was made and do so at the Charity's expense.

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<sup>16</sup> see also the report on the Universal Credit Regulations 2013 on page 6 of this report.

Cabinet Office assures us that, to the best of its knowledge, abuse of the provision is very rare.

85. Second, under regulation 31 a trustee can be 16 years old. Although that mirrors the provisions under the Companies Act, the Committee was concerned that in companies the officers are appointed by the shareholders, who presumably will have considered the suitability of the individual in making the appointment. Cabinet Office assures us that the assets of a CIO are held by the charity itself, and are to be applied for the purposes of the charity. The trustees owe fiduciary duties to the charity, and any trustee who uses the charity's assets for his own personal gain would be in breach of those duties and could be sued for recovery of the assets. This is the case even where the trustee is under 18 years old, as long as they are of an age at which they are capable of distinguishing between right and wrong.

## **INSTRUMENTS NOT DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE**

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The Committee has considered the instruments set out below and has determined that the special attention of the House need not be drawn to them.

### **Draft Instruments subject to affirmative approval**

Companies Act 2006 (Amendment of Part 25) Regulations 2013

Crime (International Co-operation) Act 2003 (Designation of Participating Countries) (England, Wales and Northern Ireland) Order 2013

Criminal Justice Act 2003 (Conditional Cautions: Code of Practice) Order 2013

Environmental Permitting (England and Wales) (Amendment) Regulations 2013

Local Government Finance Act 2012 (Consequential Amendments) Order 2013

Misuse of Drugs Act 1971 (Amendment) Order 2013

Non-Domestic Rating (Levy and Safety Net) Regulations 2013

Non-Domestic Rating (Rates Retention) Regulations 2013

Scotland Act 2012 (Consequential Provisions) Order 2013

Social Security (Loss of Benefit) (Amendment) Regulations 2013

### **Instruments subject to annulment**

SI 2012/3012 Charitable Incorporated Organisations (General) Regulations 2012

SI 2012/3063 Civil Partnership (Registration Abroad and Certificates) (Amendment) Order 2012

SI 2012/3072 Health Service Commissioner for England (Special Health Authorities) Order 2012

SI 2012/3073 Scottish Administration (Offices) Order 2012

SI 2012/3171 General Pharmaceutical Council (Amendment of Miscellaneous Provisions) Rules Order of Council 2012

SI 2013/5 Tonnage Tax (Training Requirement) (Amendment) Regulations 2013

SI 2013/7 Scotland Act 2012 (Transitional and Consequential Provisions) Order 2013

SI 2013/8 National Savings Bank (Amendment) Regulations 2013

SI 2013/10 Energy Performance of Buildings (England and Wales) etc. (Amendment) Regulations 2013

## **APPENDIX 1: DRAFT PUBLIC BODIES (THE OFFICE OF FAIR TRADING TRANSFER OF CONSUMER ADVICE SCHEME FUNCTION AND MODIFICATION OF ENFORCEMENT FUNCTIONS) ORDER 2013**

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### **Letter from Jo Swinson MP, Minister for Employment Relations and Consumer Affairs, to Lord Goodlad and Adrian Bailey MP**

I am writing to you in your capacity as Chairs of the House of Lords Secondary Legislation Scrutiny Committee and the BIS Select Committee to set out further details required under section 8 of the Public Bodies Act 2011.

As you know, section 8 establishes the statutory tests the Minister must meet before making an order. An order can only be made if the Minister considers that the order serves the purpose of improving the exercise of public functions, having regard to efficiency; effectiveness; economy and securing appropriate accountability to Ministers. The impact of this order will primarily deliver increased efficiency and effectiveness while maintaining Ministerial accountability through strong grant arrangements with the bodies taking on these functions. These factors, taken collectively, meant that I concluded for the reasons set out in the Explanatory Document that the order would satisfy the requirement of improving the exercise of public functions. Officials took the decision not to provide detailed analysis around the economy test in the Explanatory Document as these changes are not predicated on economic savings but on a need to deliver increased efficiency and improved service levels in the most economic way. I therefore apologise that this has required the committees to seek further clarity on what I believe is a very compelling case for change. I understand that members of the committees have explicitly asked for the economy considerations to more fully articulated and I hope that this letter will satisfy this request.

The Impact Assessments which accompanied the order contain details of the expected economic costs and benefits of these changes. Separate Impact Assessments were produced for the distinct policy proposals.

#### *Transfer of consumer information, advice and education functions*

This impact assessment considers the changes to the provision of consumer information, advice and education. These reforms involve the repeal of OFT's function to acquire from and provide information to the public. The current OFT budget for these functions would transfer to BIS who would ask the Citizens Advice service to undertake similar functions and would increase their grant accordingly. The reforms also involve amendment of arrangements set out in legislation for using levy funding from the energy and postal companies to reimburse the costs of providing information and advice to consumers of services in those sectors.

Option 1 was chosen in light of consultation responses and details of anticipated costs and benefits were set out on page 13 of the IA. I reproduce them below for your convenience.

**Option 1: Transfer all consumer information, advice and education to Citizens Advice**

**Costs**

- One off cost of Consumer Direct set up £15m
- One off costs pension transfer £1m (transfer payment)
- Ongoing costs additional employer contributions £220k per year (transfer payment)

**Benefits**

- Additional consumers resolving issues £2.5m per year
- Harness more consumer information in one place (unquantified)
- Wider benefits to competition, innovation and growth from empowered consumers (unquantified)

**NPV**

- +£6.3m (+£3.5m if transfer costs are included)
- We also estimate a low NPV case where there are no additional benefits to consumers (-£14.5m)

The most significant costs relate to establishing the new Consumer Service to replace Consumer Direct, which anticipated re-tendering the telephone support line (£15m). Other costs relate to the transfer of staff from the Office of Fair Trading to the Citizens Advice service, principally the payment of bulk transfer costs of pensions and the ongoing increase in superannuation costs.

This proposal will deliver significant benefits:

- It will strengthen frontline consumer protection by forging a stronger link between the activities of the Citizens Advice service and provision of information, advice and education. The Citizens Advice brand is much better known to consumers than Consumer Direct. And the Citizens Advice Service expect to increase the volume of calls over time compared to Consumer Direct.
- It will reduce the complexity of the consumer landscape.
- It will create opportunities for substantial synergies in data and IT infrastructure.
- This option was strongly supported by most respondents to the consultation. There was widespread agreement that the current landscape of information and advice was confusing for the consumer and should be simplified. Most respondents also agreed with the Government's plans to transfer OFT's role, including the Consumer Direct service and the Consumer Focus Extra Help unit to the Citizens Advice service.

These benefits are developed in more detail on pages 11 and 12 of the IA.

*Transfer of consumer enforcement powers*

This Impact Assessment considers the costs and benefits of clarifying the roles and responsibilities of enforcement agencies in the Consumer Landscape. Responsibility for enforcing the bulk of consumer law in the UK is shared between

the Office of Fair Trading (OFT) and Local Authority Trading Standards Services (LATSS). Local enforcement is undertaken by LATSS, with the OFT generally taking on large or complex enforcement cases with a strong national dimension.

These proposals are designed to enable the development of mechanisms (from existing budgets) within Trading Standards to provide the leadership and coordination of enforcement activity against national and cross-boundary threats. It will also provide for a greater joined-up approach between Trading Standards organisations and the OFT.

Option 3 was chosen in light of consultation responses. A summary of the costs and benefits associated with this can be found on page 17 of the IA, but I reproduce it here for ease of reference:

**Option 3 Hybrid (Rebalancing of responsibilities between OFT and LATSS)**

**Costs:**

- One off: OFT Staff Redundancy (£1.74m), transfer of 3 staff pension top up (£240k).
- Ongoing: Costs of TSPB and SEP secretariat and Chair (£385k per year), cost of additional employer contribution for 3 transfer staff (£34k per year)

**Benefits:**

- Improved leadership and co-ordination of LATSS enforcement
- Better co-ordination between LATSS and OFT/CMA

**NPV**

- -£3.2m. While this option involves significant transfer costs it has a great chance of success as it combines both CMA and Trading Standards expertise. It carries the least risk as it has the buy-in of both OFT and LATSS.

The costs of this proposal arise from the transfer of staff and anticipated redundancies and the establishment of the new coordinating group (now known as the National Trading Standards Board). We expect the proposal to deliver considerable benefits:

- Improved leadership and coordination of Trading Standards (TS) enforcement. A much stronger national leadership and co-ordination function will develop within TS, which will support Trading Standards officers as they take on larger national and regional cases. It is difficult to make firm estimates of the financial impact of this proposals but the Office of Fair Trading has estimated that the average consumer benefits associated with its national enforcement activity for the period 2007-10 is £42m. This would suggest that even a small increase in national enforcement activity could yield significant consumer benefits.
- Better co-ordination of enforcement between between TS and OFT/CMA managed by the Strategic, Intelligence, Prevention and Enforcement Partnership, established in April 2012. The partnership will be achieved using each body's existing resources and will not be additional.



These benefits are discussed in more detail on pages 16 to 17 of the Impact Assessment.

#### Transfer of consumer advocacy responsibilities

A third impact assessment sets out the costs and benefits of transferring the responsibility and powers to carry out consumer advocacy functions from Consumer Focus to the Citizens Advice service. These changes will be delivered in a second order under the Public Bodies Act 2011. We expect this to be laid before Parliament after the Summer Recess this year.

This IA and associated consultation document and response have been presented to the committee to give a more complete picture of the overall changes envisaged in the Government's approach to the consumer landscape reforms.

#### *Economy*

The Impact Assessments highlight the estimated costs and benefits of these proposals. I hope that this letter provides assurance that the economy criteria were carefully considered in balance with efficiency; effectiveness; and Ministerial accountability in developing these proposals. I believe that the costs estimated provide good value for money in light of the benefits identified, and allow me to conclude that they will categorically serve the purpose of improving the exercise of public functions, in line with Section 8 of the Public Bodies Act 2011.

My officials stand ready to provide further details on this or any further issues as you continue your work to scrutinise this order.

**Jo Swinson MP**

**15 January 2013**

## APPENDIX 2: DRAFT LOCAL AUTHORITIES (CONDUCT OF REFERENDUMS) (COUNCIL TAX INCREASES) (ENGLAND) (AMENDMENT) REGULATIONS 2013

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### Additional information from the Department for Communities and Local Government

#### *Introduction*

This note provides further information about the Government's response to the wider issues raised by the Election Commission when consulted about the changes to the Council Tax referendum question which would be made by the Draft Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) (Amendment) Regulations 2013.

#### *Background*

In its letter of 31 July 2012, the Commission indicated that it was satisfied with the wording proposed by the Parliamentary Under-Secretary of State in his letter of 17 July 2012. In doing so, the Commission raised wider issues in relation to likely voter awareness of the nature and impact of council tax referendums, and the publicity they might receive. The Electoral Commission also indicated that it would be useful to evaluate the impact of local awareness-raising activities in support of any council tax referendums that might be held in future.

#### *Raising Voter Awareness and Understanding*

Voter awareness and understanding is a matter which the Electoral Commission has raised in relation to a number of polls that the Coalition Government has put in place since 2010, including Mayoral Referendums and the election of Police and Crime Commissioners.

Ultimately it is the Electoral Commission itself, rather than the Government which has the primary role in raising public awareness of a poll. For example, during the 2012 Police and Crime Commissioner elections and in the 2011 referendum on the voting system for UK Parliamentary Elections, advertising and literature promoting the polls was provided by the Commission. Mailing arrangements for General Elections or European Parliamentary elections provide for candidates to have one mailing to each elector or household delivered at public expense, but otherwise the Government does not fund or run activities to promote polls.

However, this activity, and Government's relationship with the Commission is informed by the operation of a number of ongoing working groups, in which DCLG (as sponsor of council tax referendums) is represented.

The Elections Policy and Coordination Group meets around every six weeks to discuss electoral policy and to plan and prepare for upcoming and future polls. This includes consideration of issues in relation to voter awareness of polls. The Group comprises representatives from those UK Government Departments which are responsible for putting legislation in place for specific polls, the devolved Administrations, the Electoral Commission, Association of Electoral Administrators and Returning Officer representatives from each of the local government regions.

The Elections, Referendums and Registration Working Group is run under the auspices of the Electoral Commission. It acts as the point of liaison and communication between the Electoral Commission and senior Returning Officers and Electoral Registration Officers together with representatives of electoral administrators and UK Government departments

The minutes of both groups are publicly available.

<http://www.cabinetoffice.gov.uk/resource-library/minutes-cabinet-office-elections-policy-co-ordination-group>

<http://www.electoralcommission.org.uk/elections/elections-and-referendums-working-groups>

Following Royal Assent to the Localism Act 2011, 2013-14 will be the second year in which local authorities could have to hold a council tax referendum if they set an excessive increase. No referendums were held in 2012-13 and so there has been no opportunity to evaluate understanding and awareness of a referendum. However, the Government is open to the idea of such an evaluation and will seek a discussion with the Electoral Commission about its possible scope as part of its ongoing dialogue.

The Government has carefully considered the Electoral Commission's views. It remains content that the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 will ensure that sufficient information is provided to voters participating in a council tax referendum, and does not propose to reopen the regulations as a whole. The information which the Regulations require authorities to publish includes notice of the poll, polling cards and information about the impact of the referendum on individual bills in different council tax bands.

The Regulations also provide for an authority to issue a statement about the reasons for its excessive council tax increase and the implications of losing the referendum. Although issuing such a statement is optional, the Government anticipates that any authority triggering a referendum will want to make it. The Government also believes that the proposed revision to the referendum question agreed with the Electoral Commission will increase voter understanding of the issue at hand in the referendum.

Referendums could be triggered by any of the 421 local authorities and parishes for which the Secretary of State chooses to set referendum principles. The referendum principles ('trigger') are set on an annual basis. It is impossible to predict in advance which authorities might trigger a referendum. As a consequence, a general awareness-raising campaign would not be the most efficient use of limited resources.

Once a referendum is triggered (typically in March) it must be organised quickly and generally held by the first Thursday in May. Consequently, it would be extremely difficult for Government to sponsor any specific form of specific awareness-raising in particular places. However, were a referendum to be triggered, the Government would seek a discussion with the Commission about any additional activity that could be usefully undertaken.

In view of all this, the Government believes that it is most appropriate to maintain a dialogue with the Electoral Commission through the established working groups, and to consider an evaluation of voter experience if and when a referendum is actually triggered. Meanwhile, the Government maintains a watching brief of the

operation of the council tax referendum legislation as a whole and is committed to discussing future developments with the Commission

**DCLG**

**15 January 2013**

### APPENDIX 3: INTERESTS AND ATTENDANCE

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Committee Members' registered interests may be examined in the online Register of Lords' Interests at [www.publications.parliament.uk/pa/ld/ldreg.htm](http://www.publications.parliament.uk/pa/ld/ldreg.htm). The Register may also be inspected in the Parliamentary Archives.

For the business taken at the meeting on 22 January 2013 Members declared the following Interests:

***Draft Public Bodies (The Office of Fair Trading Transfer of Consumer Advice Scheme Function and Modification of Enforcement Functions) Order 2013***

Lord Bichard, as husband of the Chief Executive of Citizens Advice.

Lord Bichard and Baroness Eaton, as Vice Presidents of the Local Government Association.

Baroness Hamwee, as Joint President of London Councils.

***Charitable Incorporated Organisations (General) Regulations 2012 (SI 2012/3012)***

All members, in connection with their involvement in a range of charities, including as Trustees.

***Attendance:***

The meeting was attended by Lord Bichard, Baroness Eaton, Lord Goodlad, Baroness Hamwee, Lord Hart of Chilton, Lord Methuen, Lord Plant of Highfield, Lord Norton of Louth and Lord Scott of Foscote.