Press release: Pension billions could be unlocked to boost economic growth and savers' returns

Members of occupational defined contribution (DC) pension schemes may be missing out on potential benefits of long-term investments in ventures such as small firms, housing, green energy and sustainable development, according to the Minister for Pensions.

Assets in occupational DC schemes have almost tripled to £60 billion since the start of 2011 and have been boosted by the introduction of automatic enrolment into workplace pensions.

Guy Opperman – speaking at the Trade Union Congress 'Fit for the future' pensions conference – revealed changes are being explored that would give more than 10 million members of certain pension schemes access to more diverse, innovative investments.

The government is consulting on the reforms to occupational DC pensions – a type of pension where future benefits depend heavily on earnings from investments.

Larger DC pension schemes – for example, those with 5,000 or more members – could be required to publish their policies and report every year on how much they allocate to the types of investment the government is keen to encourage.

Guy Opperman, Minister for Pensions and Financial Inclusion, said:

> Pension schemes could consider opportunities for more innovative, long-term investment offering members the potential for better returns – and the UK economy billions of pounds of funding that can boost jobs, productivity and growth.
>
> We can do more to attract new investment into important sectors of the economy which would boost employment and help to build stronger, more sustainable communities. At the same time, this approach would give savers more pride in their pensions while delivering good returns.

Ministers are also seeking views on proposals which would encourage smaller DC schemes to merge and measures to allow performance fees within the existing charge cap.

Follow DWP on:

Press release: Making the best use of small contractors

The Coal Authority 'went local' for works at the remote Allerdean Mill mine water treatment scheme in the Scottish borders after it was found that the location wasn't covered by any existing procurement framework – and no larger contractors made a bid for the work when it was put out to tender.

Simon Hall, Construction Safety, Health and Environment Advisor at the Coal Authority, said: "Small contractors should never be underestimated, and we aim to maximise their use.

"In this case, it showed that with all the necessary due diligence in place, SMEs – small to medium sized enterprises with 10 or less employees – are both a valuable resource to our organisation and a benefit to local economies.

"A local contractor, with one full time employee and 3 partners, was invited to participate in the tender, which initially attracted some interest from 7 different contractors either expressing an interest or attending the site to view the requirement.

"However, the local contractor was the only one that submitted a bid, with feedback from the others revealing that a combination of the size of the project, its location and the timescale stopped them bidding for the work."

After due diligence was completed, the bid was deemed to be commercially acceptable and the contractor was visited by a member of the Coal Authority's health and safety team.

The work was carried out to alleviate flooding of land surrounding the Allerdean Mills pumping station, located near Berwick-upon-Tweed. During periods of heavy rainfall the flows from the land drain overwhelmed the pump capacity resulting in adjacent land drains backing up and subsequent flooding upstream.

The aim of the project was to locate and disconnect the land drains from the pumping station's wet well and divert the surface water flows to the nearby Allerdean Burn. Other minor works were also carried out as part of the project, including installation of drainage at the entrance to the site and the replacement of the access track fence.

The work, which was completed last year, has seen the installation of large diameter twin-walled pipes, manhole chambers and a pre-cast headwall. Together these divert surface water flows from the adjacent farmland into the brook, by-passing the wet-well at the pumping station. This is preventing flooding of the access track to the scheme as well as land owned by 2 landowners.

New dry stone walling was also built to match the existing walling, using skilled local tradesmen.

Since the removal of the surface water, flows from the pumping station's wet well has seen on average, a monthly decrease in pumping electricity costs of 37% in comparison to the previous year.

"The successful completion of this project has shown that it is possible to be both flexible and compliant when it comes to the procurement regulations we have to work within," said Simon.

"And that with guidance SMEs can be a valuable resource to the Coal Authority, and we aim to maximise their use when possible in the future."

Press release: UK Government to support safe maritime trade and economic growth across Overseas Territories

The UK Hydrographic Office (UKHO) have today launched a five-day capacity building seminar to help UK Overseas Territories support safe maritime trade.

The seminar, delivered as part of the government's Overseas Territories Seabed Mapping Programme, will focus on international regulations, with sessions on maritime safety information training, best practice governance and maritime law. This guidance, given by experts at both the UKHO and MCA, will help each of the 10 participating territories to comply with international obligations and share their own maritime safety information with ships operating in their waters.

For these ships, this information, including up-to-date bathymetry (seabed mapping data), navigational warnings and observations, is essential to safe navigation. And with the global ocean economy expected to double from $1.5 trillion in 2010 to $3 trillion in 2030, it's vital that these Overseas Territories develop their capability to not only support maritime safety, but create opportunities to increase seaborne trade and tourism. This is particularly important for the many Overseas Territories where these sources of income make up a significant part of their GDP.

Advice and support given through the seminar will also complement additional work carried out by the UKHO in collecting marine geospatial data – including bathymetry, tidal and a range of seabed features– in each territory's ocean environment. The data, which has been collected through 11 surveys in 6 territories, will not only support navigation through the creation of charts but give authorities the information they need to support disaster planning and resilience, coastal infrastructure and environmental protection.

This activity, including both the seminar and surveying, has been carried out under the UK the Conflict, Stability and Security Fund Programme funded by the UK Government.

Commenting on the seminar, Kerrie Howard, Hydrographic Programme Manager, UKHO, said:

> This hydrographic seminar provides a unique opportunity to assemble an array of delegates from across the world, with a shared vision for using marine geospatial data to unlock safety, prosperity and sustainability.
>
> Work that has been undertaken as part of the Overseas Territories Seabed Mapping Programme to date has shown the benefits of marine geospatial data. The next step, in terms of implementation, will see tangible returns on hydrographic investment. In the short and medium term, we expect new charts to be created with a higher level of detail than ever before, ensuring safety for mariners and providing businesses within OTs to begin planning for increased import/exports and even infrastructure development and coastal protection.
>
> In the long term, however, what this work will foster – spurred by this week's session – is a shared culture of hydrographic excellence across the Overseas Territories, unlocking a marine geospatial-led future that maximises the potential of these territories' blue economies.

Those in attendance at the seminar will include representatives from Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, South Georgia and South Sandwich Islands, St Helena and Turks and Caicos Islands.

Press release: Schools Minister calls on academies to justify 'excessive'

pay

Twenty eight academy trusts have been ordered to justify salaries over £100,000, as the Government continues its drive to ensure pay in schools matches individual responsibilities and the standard of education on offer.

Academies Minister Lord Agnew has written to 28 chairs of trustees today (Tuesday 05 February) as part of the Government's commitment to curb 'excessive' salaries based on the size, standards, and financial health of trusts. The academies have been asked to provide more details on the pay of executives who earn more than £150,000 – and those earning £100,000 if two or more people in a school earn a six-figure salary.

Lord Agnew's request forms part of the Government's requirement for academy trusts to publish high salaries in their accounts, providing a far higher level of public scrutiny than local authority schools, who are not required to prepare individual statutory accounts.

In the letter, which has been sent to fewer than 1% of academy trusts nationwide, Lord Agnew calls on the chairs to work with the Government on the "divisive issue" of high pay, asking them to justify salaries and reassure ministers that that they are not "diverting financial resources that could be more effectively deployed on the front line of education".

This is the latest step taken by the Department for Education to bear down on academy trusts that pay excessive salaries and ensure they are more accountable for the money they spend, bringing them in line with the overwhelming majority of academy trusts – fewer than 4% of trusts pay two or more salaries between £100k-£150k.

It follows the news that more than 50% of pupils in state-funded schools in England are now studying in an academy or free school, and new research which shows that, in the majority of cases, standards have risen more quickly in sponsored academies than similar council-run schools.

Parliamentary Under Secretary of State for the Schools System Lord Agnew, said:

> Academies are raising standards in schools across the country – replacing underperforming council-run schools in some of the most disadvantaged areas and helping young people to raise their aspirations through a better standard of education.
>
> The best academies place freedom in the hands of school leaders but with that autonomy comes greater accountability and transparency, which is exactly why I am insistent that the salaries of their executives are justifiable. And just because we are advocates of the academies programme, doesn't mean we won't call a trust out where we believe they are not acting responsibly.

> The overwhelming majority of academies are behaving responsibly and by publicly challenging the minority of trusts that are not complying with this request, we will ensure that every pound of public money is spent as effectively as possible to continue improving the standard of education in our schools.

Today's letter follows a successful drive to ensure pay is justifiable and proportionate in England's schools. To date, Eileen Milner, CEO of the Education and Skills Funding Agency (ESFA) has written to the chair of trustees at 213 academy trusts, 45 of which have reduced salaries.

Last week – to mark the milestone of 50% of children in state-funded schools in England now being taught in an academy or free school – Education Secretary Damian Hinds called for more schools to consider the freedom and opportunities offered by becoming an academy, urging them to join more than 8,300 schools in the country that have become an academy or opened as a free school, with hundreds of schools making the positive choice to convert to become an academy in the last 12 months alone.

Press release: James Brokenshire confirms funding package for local authorities in 2019 to 2020

Councils in England are to benefit from increased funding for core services including additional support for the most vulnerable in society, Communities Secretary Rt Hon James Brokenshire MP confirmed today (5 February 2019).

Local authorities' core spending power will rise in 2019 to 2020 by £1.3 billion, taking councils' funding to £46.4 billion.

This year's local government finance settlement includes extra funding for local services with a strong focus on greater support for adult and children's social care. The settlement also supports and rewards economic growth and sets out reforms for a sustainable path for the future funding model for local government.

The real terms funding increase for 2019 to 2020 is in recognition of the pressures local authorities are facing to deliver the services residents need, whilst protecting taxpayers from excessive increases in bills.

The 2019 to 2020 settlement marks the end of a 4-year deal – accepted by 97% of councils – which provided local authorities with access to £200 billion in the 5 years to 2020.

Communities Secretary Rt Hon James Brokenshire MP said:

> This year's settlement paves the way for a fairer, more self-sufficient and resilient future for local government. That is why local authorities will have more control over the money they raise and a real terms increase in their core spending power.
>
> The settlement also recognises the pressures councils face in meeting growing demand for services and rewards their impressive efforts to drive efficiencies and rebuild our economy.

Provisional plans for the local government finance settlement for 2019 to 2020 were published in December followed by a period of extensive consultation with the sector. Representations from around 170 organisations and individuals were carefully considered before finalising the settlement.

The final local government finance settlement for England, 2019 to 2020, will be debated in the House of Commons with a vote by all MPs on Tuesday 5 February.

This year's Spending Review will determine funding for local authorities from 2020 onwards.

What the financial settlement includes:

Additional support for social care

The government committed £650 million more for social care for 2019 to 2020 in the Autumn Budget. This includes £240 million towards easing winter pressures on adult social care, with local authorities able to use the remaining £410 million on adult or children's social care, and, where necessary, to relieve demand on the NHS.

This additional funding, alongside the adult social care precept and the improved Better Care Fund, means the government will have given councils access to £10 billion in dedicated funding which can be used for adult social care in the 3-year period from 2017-18 to 2019-20. For 2019 to 2020, local authorities will have access to £4.3 billion in dedicated resources for adult social care, including £1.8 billion in improved Better Care Fund Grant.

The Budget also confirmed £84 million is available, over 5 years, to drive improvements in social work practice and decision-making in children's social care. The additional funding is part of the government's measures to address pressures in services helping society's most vulnerable.

Business rates pilots

To test out aspects of proposed business rates retention reforms in a wide range of areas across the country, the selection of 15 areas as 75% retention pilots for the 2019 to 2020 financial year has been announced.

Communities Secretary Rt Hon James Brokenshire MP has confirmed London will be piloting 75% rates retention in 2019 to 2020.

And as previously confirmed, pilots originally launched in 2017 in devolution deal areas will continue on the existing basis in 2019 to 2020.

The pilots will inform the government's proposed reforms ahead of a renewed business rates retention system being introduced in 2020 to 2021.

Business rates levy account surplus to be redistributed to councils

Local authorities play a key role in supporting economic growth.

The current business rates retention scheme is performing well, with local authorities estimating in 2018 to 2019 they will keep around £2.4 billion in business rates growth, on top of settlement funding.

As a result of increased growth in business rates income, the government has announced it plans to distribute £180 million of the business rates retention levy surplus to all local authorities and proposes to share it on the basis of need.

Future of business rates retention

The government is aiming to increase the level of business rates retention from the current 50% to 75% from 2020 in a way which is fiscally neutral. It is also intending to implement reforms to the business rates retention system to ensure local councils have the levers and incentives they need to grow their local economies.

A consultation, launched in December, is seeking views until the 21 February on the proposed reforms. It seeks views on how the business rates system can be reformed to continue to provide a strong incentive for local authorities to grow their business rates bases. It proposes a change in how the system is administered to mitigate the volatility business rates appeals have on local authorities' income and to help reduce complexity in the system.

Review of relative needs and resources

Having consulted last year on a review of local authorities' relative needs and resources, the next stage of consultation ahead of the review's planned implementation in 2020 was announced at the provisional settlement in December and will run to 21 February.

This continues the government's work to address concerns about the fairness of current funding distributions by determining a robust and effective funding formula.

Maintenance of Council Tax referendums thresholds, aside from further flexibility offered on the police precept level.

The threshold at which a local referendum is triggered for rises in Council Tax will stay at 3%.

Further flexibility is also available for certain local authorities, such as those with responsibility for adult social care services. Referendum limits for police and crime commissioners will be set at £24, for a band D property, to address changing demands on police forces.

Northamptonshire county council will have an additional 2% Council Tax flexibility, to assist with the improvements to council governance and services after their serious issues.

The level of Council Tax will be a matter for the authority’s cabinet and full council.

During the provisional settlement consultation, some local authorities called for referendum limits to be removed.

However, the government is committed to protecting local taxpayers from excessive Council Tax increases, in line with the government’s manifesto. The Council Tax referendum provisions ensure that local residents have the final say over any large increase.

Negative Revenue Support Grant (RSG)

Negative RSG is a direct consequence of the distribution methodology adopted for the 2016 to 2017 settlement, whereby for less grant dependent authorities the required reduction in core funding exceeds their available RSG.

Having listened to representations from local authorities since the provisional settlement, government has announced it intends to directly eliminate the £152.9 million of Negative Revenue Support Grant in 2019 to 2020 through the use of foregone business rates. This will prevent any local authority from being subject to a downward adjustment to their business rates tariffs and top-ups which could act as a disincentive for growth.

New Homes Bonus

The consultation after December illustrated local authorities want certainty on the future of the New Homes Bonus after next year. The government remains fully committed to incentivising housing growth and will consult widely with local authorities on how best to reward housing delivery effectively after 2019 to 2020.

An additional £18 million in funding will be provided for the New Homes Bonus, and the baseline for growth, below which new allocations of the Bonus are not paid, will stay the same at 0.4%.

This housing growth baseline provides a further incentive to local authorities to welcome housing growth and build more homes to relieve housing need. This strikes the right balance between supporting local authorities and ensuring they work to give more people the opportunity to have a place to call home.

Rural support

Communities Secretary Rt Hon James Brokenshire MP has responded to a number of councils' concerns over rural services funding by announcing the level of Rural Services Delivery Grant in 2019 to 2020 will increase by £16 million to £81 million, in line with the levels of grant funding provided in 2018 to 2019. This recognises the extra costs of providing services in rural communities.

Fire funding for pensions

Around £97 million of funding has been announced to cover fire pensions liabilities. This responds to concerns raised by the sector over increased pensions liabilities for Fire and Rescue Authorities.

Further information

This relates to England only.

The provisional settlement gives councils a 2.8% cash-terms increase, and a 1% real-terms increase in core spending power in the 2019 to 2020 financial year – up from £45.1 billion in this financial year to £46.4 billion.

The areas selected for business rates pilots are:

- Berkshire
- Buckinghamshire
- East Sussex
- Hertfordshire
- Lancashire
- Leicester and Leicestershire
- Norfolk
- Northamptonshire
- North and West Yorkshire
- North of Tyne
- Solent Authorities
- Somerset
- Staffordshire and Stoke-on-Trent
- West Sussex
- Worcestershire

Following negotiations with London authorities, the Greater London Authority, the City of London and all London boroughs will also be forming a 75%

business rates pilot pool. Existing pilots in devolution deal areas will continue.