

Somerset West and Taunton

Taunton Deane and West Somerset Councils
working together

Somerset West and Taunton Council

Shadow Scrutiny – 14th January 2019

Proposed Financial Support for Citizens Advice Services (2019/20)

This matter is the responsibility of Shadow Executive Councillor Jane Warmington

Report Author: Mark Leeman, Strategy Specialist

1 Executive Summary / Purpose of the Report

- 1.1 Citizens Advice Taunton (CAT) and West Somerset Advice Bureaux (WSAB) provide support to vulnerable individuals and families, providing advice on matters relating to debt, benefits, housing and employment (among others). This support comprises direct provision of one-off advice, signposting customers to other relevant agencies, and casework for more complex cases.
- 1.2 Taunton Deane Borough Council (TDBC) and West Somerset Council (WSC) have always recognised the important role played by each Citizens Advice (CA) service. Many CA customers would turn to us if these advices service did not exist, placing considerable additional demand on our services. In recognition of this, we (along with other agencies) have traditionally provided core grant funding (in addition to specific project funding).
- 1.3 During September 2018, Somerset County Council decided to cut their core grant funding to all Somerset CA services. They also cut administrative support funding / assessment fees to the Local Assistance Scheme (LAS - this is a SCC funded scheme that is currently delivered by the CA services). Combined, these cuts have had a dramatic negative impact on the viability of CAT and WSAB.
- 1.4 CAT and WSAB understand that these cuts are problems for their organisations to respond to. They are currently working with each other, and with other Somerset CA services, to transform their service delivery, looking at potentially combining back-office systems, formal collaborative working, and exploring merger (of some, if not all Somerset CAs).
- 1.5 CAT and WSAB need assistance with this process of transformation. Additional funding is required to create the management capacity to enable this work to happen. A small amount of additional funding is also required to enable the delivery

(administration) of the LAS during 2019/20. It is in the interests of SW&T to assist this process. It should be noted that both CAT and WSAB are also exploring other sources of funding to assist with their longer term financial viability.

2 Recommendations

2.1 Shadow Scrutiny are asked to agree and support the following recommendations

- A one-off financial package of support, totalling no more than £45k, to be made available during 2019/20, to support a citizens advice 'transformation' programme and the delivery of the Local Assistance Scheme
- That the detail of the expected outputs and outcomes from the 'transformation' programme be discussed and agreed between CAT/WSAB and the relevant portfolio holder /Strategy Specialist
- That SW&T continue to work proactively with CAT and WSAB to explore suitable accommodation options / support
- That SW&T retain our current level of funding (to support CAT and WSAB core services) through the duration of the current Funding Agreement

3 Risk Assessment (if appropriate)

3.1 The cuts introduced by SCC have had a destabilising effect on the financial sustainability of CAT and WSAB. The future viability of the CA core service / current level of core service provision is at risk. Any loss of the CA core services, or a reduction in the level of core service provided, is a risk to SW&T, as this will result in increased customer demand for our services. Both CAT and WSAB have now been forced in to a radical programme of transformation (along with the other three Somerset CAs).

Risk Matrix

Description	Likelihood	Impact	Overall
Reduced capacity of CAs, including potential closure owing to financial unsustainability. This could lead to: <ul style="list-style-type: none"> • Unmet demand • Increased hardship • Greater levels of demand on our (SW&T) services, together with additional demand on other public and voluntary sector services 	5	5	25
<i>Our mitigations for this is the proposed package of support as set out in the report</i>	3	5	15

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)

	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

Core funding (and other project funding) of CA services and the recent SCC cuts

4.1 TDBC and WSC provide core grant funding (via Funding Agreements) and other project funding to the CA services. Core funding is used by the CAs to support their core service of providing free, confidential and independent advice, including:

- Benefits, debt and money
- Housing
- Employment
- Legal
- Health
- Consumer

TDBC and WSC financial support to CA services (2018/19)		
Advice Service	Core Grant	Project funding
CAT	£88,300 (£11,300 from Housing Revenue Account)	£57k (debt advice in localities & council reception area, plus admin of Social Exclusion Panel)
WSAB	£30,750	£51k over 2 years via Hinkley Point C mitigation funding – money and debt advice for those in the private rented housing sector

- 4.2 Public Health also provide core grant funding and so do (until 31st March 2019) Somerset County Council via Adult Social Care.
- 4.3 Somerset County Council recently (12/9/18) made a decision to cut their funding support to CA services across the County. There are two elements to these cuts:
- 100% cut to core grant:
 - 100% cut to Local Assistance Scheme (LAS) administration grant, and 50% cut to the assessment fee. There is also a 10% cut to the LAS client fund (for purchases)

Note: The LAS is a discretionary fund. It provides financial assistance to individuals and families undergoing a short-term crisis or emergency. The scheme is available to people who can demonstrate a low income, an existing short-term financial crisis, and that other sources of support have been explored and are available. The fund can be used to purchase white goods, furniture, carpets, help with rent payments, essential clothing, food, transport costs for attending interviews, helping with utility bills etc. The LAS is often a means to support clients with other necessary advice.

For CAT and WSAB, the extent of these cuts are as follows:

SCC cuts to CA services		
Advice Service	Core Grant	LAS
CAT	£54,908	£33,400
WSAB	£25,627	£33,400

The details of the above decisions can be found here:

<http://democracy.somerset.gov.uk/documents/s7980/Appendix%20C2a.02.pdf>

The impact of the SCC cuts on CA services

- 4.4 Both organisations have lost approx. one third of their grant funding, much of which is used to maintain the core service offer. CAT and WSAB have advised that the immediate impacts of these cuts (without mitigation) are as follows (summarised):

CAT: “The entire management team would be at risk of redundancy whilst we identified a new leaner structure; it would put us on a course where the Reserves would be wiped out in less than 2 years; to balance the books we would have to consider opening as little as 2-3 times per week, and having only 1f/t paid officer to oversee that 2-3 day per week service and the ~30 volunteers involved”

WSA: “At risk notices issued to the staff team, staff put on notice of short time working from January, no longer have a balanced budget, additional pressure on reserves, envisage reducing to a 3 day week from April (without new funding)”

4.5 Both organisations are proactively seeking additional funding. However, it is likely that replacement funding will be project funding. All funding from foundations comes with strings attached, and both CAs will have to concentrate on delivering the projects that are funded. Project funding is always for a set period and succession planning does not always lead to follow on funding for established services. To have too great a reliance on project funding can destabilise an organisation. It can place the sustainability of the organisation at risk in the longer term unless donations or other unrestricted funding can be secured. A high percentage of project funding also places the organisation in a position that it may not be able to meet its aims i.e. to provide services to all residents with advice needs. Projects frequently require funding to be targeted on specific groups. The aim of the CAs is to provide free of charge independent advice to all people who live or work in the area.

Both organisations now face considerable pressure to redesign services in order to maintain a basic level of core service provision.

CA services - Mitigation measures and transformation proposals

i. Short term

4.6 Both CAs are currently looking at short-term measures that will help to mitigate the impact of the loss of core funding for the financial year 2019/20. This currently includes the following:

CAT

- trying to sub-let some spare office space
- bidding for new work (and have already had some success in securing various project related grants)
- generating more fundraising income e.g. have joined Taunton Chamber of Commerce and are preparing a corporate fundraising strategy; and will also be applying intensely to trusts funds

WSAB

- Fundraising work – launched an appeal and are working on local fundraising.
- Forming a joint volunteer adviser training scheme between Citizens Advice in Taunton, South Somerset and West Somerset

ii. Medium / long term

4.7 All five CAs (countywide) recognise that the loss of core funding to their respective advice services is sufficiently serious to jeopardise the medium term viability of the services and possibly the organisations.

4.8 The CAs recognise that this is a problem that they own, and must address. As district councils (across the County) we are collaborating / coordinating our support, and are willing to help where we can. We have challenged the CAs to consider greater collaboration in order to improve operational efficiencies. The CAs are actively working on this. However, there are important contextual matters that need to be considered.

4.9 For example, each advice charity currently operates as an independent not for profit charitable organisation governed by a local Board of Trustees. Each Board is responsible in law for acting in the best long term interests of their respective charity and in accordance with its Charitable Objectives. Any formal collaborative venture

must be undertaken in accordance with Charity, Company and other law and must include due diligence in relation to Trustees' duties of Care, Prudence and Trust.

- 4.10 Furthermore, 4 of the 5 advice charities are members of National Citizens Advice. West Somerset Advice is currently in the process of applying for membership which will be awarded if the necessary standards of practice and financial sustainability criteria are met in full. It is anticipated that a decision will be made before the end of the current financial year.
- 4.11 There are a number of options that the CAs can pursue:
- Formal collaborative working: This may include outsourcing functions, sharing resources, co-locating or joint projects. This will require a legal agreement between the parties
 - Group structure: A formal association of separate organisations whereby group members retain independent status and act as a collective to deliver a range of services formalised by a contract or Funding Agreement. The group will produce consolidated accounts
 - Merger: Two or more separate charities coming together to form one organisation, either a new charity is formed or one charity assumes control of the others
- 4.12 The CAs have a number of operational systems in common, including Casebook client relationship management system; advisor training materials and competency assessments; Quality of Advice External Audit (undertaken by the National Citizens Advice); and Adviceline telephone infrastructure. These common operating systems help to ensure a consistent standard of service delivery across the county, and are regarded as distinct advantages when considering collaborative working.
- 4.13 However, there are constraints to collaborative working, such as
- Two of the 5 CAs have volunteer bookkeeping and finance management arrangements (so no savings can be made here for the two CAs concerned)
 - Volunteer and staff training is currently managed through various arrangements
 - The advice delivery model in each of the five CAs varies
 - A move to remote supervision (should that be feasible / desirable) would require re-training and a sufficient lead in time
- 4.14 The 5 CAs will now seek authorisation from their Boards to undertake a joint review of advice service delivery and to re-engineer systems and processes in order to pave the way for transition to a uniform, minimum, service specification for general advice for the County. This is a fundamental necessity that will support greater collaboration.
- 4.15 In order to support this work, the 5 CAs have submitted a request to each district council to provide a short term grant to bridge the loss of SCC core funding for the first three months of the 2019/20 financial year. This investment will buy management capacity, in order to research, plan and implement any uniformity that can be achieved in the medium term. Once complete the constraints and barriers to greater collaboration would be addressed and transition to an improved universal service would be possible within a relatively short timescale (suggested to be 1 or 2 years, depending on other contractual obligations).

4.16 Work on elements of this 'transformation' are already underway. E.g. Taunton and South Somerset have formal partnership agreements for 2019/20 onwards for their Finance function, and are sharing an advice post for a service they both deliver identically, and are talking about further such plans. Furthermore, all 5 CAs are meeting this month to synchronise systems to improve time efficiency which is hoped will either lead to reduced staff costs or increased opening hours / client numbers. Finally, CAT and WSA have convened a working party to scope out a collaborative plan also involving another CA

iii. Local Assistance Scheme

4.17 As mentioned at paragraph 4.3, the County Council have cut the administration costs and the assessment fee for the LAS. However, the client fund remains for 2019/20, and a figure of £107,460 has been agreed, to be apportioned among the five district CAs. The County Council have recently agreed a scheme as follows:

The Scheme

"The "facilitation" element of our funding – £32,400 – will be divided equally between the Bureaux (£6,480 per Bureau). If this element is underspent, the expectation would be for the Bureaux to work collaboratively for the benefit of Somerset residents in deciding how that money is spent.

The "delivery" element of our funding ("purchases pot") will be £75,000 and this will be divided as follows: £10,000 per Bureau plus the remaining £25,000 divided between the Bureaux by agreement between them – to be made as soon as possible and ideally in early January. There will be an expectation that all of the £75,000 will be spent on the actual support for clients." (SCC)

4.18 The CAs (countywide) have agreed to deliver the scheme. However, there is a request to all 5 Somerset district councils that we match-fund the 'facilitation' (administration) element in order that the CAs have the resources to deliver the scheme i.e. each district is requested to provide £6,480 for 2019/20.

Proposed SW&T package of support

i. Accommodation

4.19 The CAs are currently located at the following venues

- CAT: St Mary's House, Magdalene Street, Taunton
- WSAB: Market House Lane, Minehead

4.20 CAT are currently paying rent for their offices at Magdalene Street. WSAB own their property, although they have aspirations to move to more suitable premises

(note: both CA services also provide outreach at other localities)

4.21 TDBC/WSC are currently in dialogue with both CAs in order to try and help reduce property associated costs, and provide more a suitable venue (for WSAB).

4.22 TDBC has recently secured a Government Grant to invest in a rough sleeper service. This service will be delivered from the town centre. CAT offices provide an ideal venue

for the delivery of elements of this service. Accordingly, we can appropriately and legitimately support their rental costs through using a small element of the Government grant. However, this will be for one year only. Any future rental support will be dependent on other grant funding. CAT will need to consider all accommodation options going forward, and we shall be willing to help with those conversations.

4.23 WSAB consider their current site/property to be unsuitable. They would like to sell this site and use the proceeds to invest in other more suitable accommodation. WSAB are currently exploring a site at Alcombe (Stephenson Road, Minehead) which is owned by WSC. Dialogue is currently ongoing between WSC and WSAB regarding an appropriate rental / other charges

ii. One-off funding

4.24 It is recommended that (for 2019/20) we provide a one-off package of support as follows:

- We help the CAs with their transformation proposals, by providing the finances to buy some management capacity (note: the outputs and outcomes from this work are to be agreed between CAT/WSAB and SW&T before any release of funding)
- We match fund the LAS administration grant

SW&T funding proposal	WSAB	CAT	Total
LAS match funding	6480	6480	12960
Joint working transformation plan			
3 month roll on	6402	13727	20129
Back fill manager time-deputy 1 day pw	4820	4820	9640
Sub total	11222	18547	29769
Total funding request	17702	25027	42729

iii. Funding Agreements

4.25 SW&T (currently TDBC and WSC) has a five year Funding Agreement (formerly called a Service Level Agreement) with each of CAT and WSAB. These commenced during 2017, and have approximately three years to go. We are committed to this five year deal, and it is our intention to main the current level of annual core grant payment (refer to the table at paragraph 4.1). Indeed, in an ideal world, we would be seeking to enhance our support to the CAs

4.26 It is worth noting that the administration and monitoring of these Funding Agreements is undertaken by the Somerset Community Foundation (SCF). This saves staff time and provides an opportunity for the SCF to identify additional funding. The responsibility for the Funding Agreement continues to rest with SW&T,

5 Links to Corporate Aims / Priorities

5.1 This proposal relates to our Corporate Aims as follows:

Taunton Deane: Key Theme 1 (People): Objective 3: Work with others to support the wellbeing of an older population and our most vulnerable residents

West Somerset: Key Theme 1 (Or Communities): Helping our communities remain sustainable and vibrant is vital in keeping West Somerset a great place in which to live and work (objective C specifically relates to the wellbeing of older people, an important client group of the local CAs)

6 Finance / Resource Implications

- 6.1 If the proposals for financial assistance to CAB as set out in this report are approved, the additional revenue cost for Somerset West and Taunton is expected to be no more than £45,000 during 2019/20. As this has not been currently budgeted for, this additional funding for CAB will be included within the budget estimates for 2019/20.

7 Legal Implications (if any)

- 7.1 Potential agreement required between SW&T, CAT and the property owner at St Mary's House (Magdalene St) regarding provision of rough sleeper service / housing service from the property.

8 Environmental Impact Implications (if any)

- 8.1 None

9 Safeguarding and/or Community Safety Implications (if any)

- 9.1 The proposal will help support existing services and so help to reduce the risk of safeguarding issues and promote the welfare of children and adults at risk

10 Equality and Diversity Implications (if any)

- 10.1 The decision of SCC to cut their funding to the CAs was subject to a full EIA. The individual CAs have their own Equality and Diversity policies that inform their service delivery. These policies are an essential requirement of our on-going funding to the CAs through our Funding Agreements.
- 10.2 Our financial support will help the CAs to transform their service delivery with a view to delivering a financially sustainable operating model. It will also maintain the delivery of the LAS for another year. As such, these proposals will enable vulnerable customers to continue to access essential advice and services. Many of these customers will be young, elderly, from different cultural backgrounds, from disadvantaged communities etc. Accordingly, as this proposal will maintain existing services to those with Protected Characteristics, there is no necessity for a formal EIA.
- 10.3 However, a decision by this Authority to provide financial support the CAs transformation programme must be predicated on the CAs undertaking a full EIA of their emerging proposals.

11 Social Value Implications (if any)

- 11.1 The financial proposals support both an existing service (LAS) and the transformation of how CAs will operate in the future. Delivering enhanced social value will be a matter for full consideration when we come to review the content of the Funding Agreement.

12 Partnership Implications (if any)

12.1 The financial proposals will strengthen our partnership arrangements with the local CAs, as we shall be able to assist and support their transformation programme (including how we work together, to support each other). This will also naturally involve dialogue around enhanced local partnership arrangements with other partners.

13 Health and Wellbeing Implications (if any)

13.1 The proposal will help support existing services and so help to ensure that families are thriving and resilient. These proposals will also support individual / family independence and so place less reliance on public services

14 Asset Management Implications (if any)

14.1 Yes. Please refer to paragraphs 4.19 to 4.23

15 Data Protection Implications (if any)

15.1 None

16 Consultation Implications (if any)

16.1 None

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – No**

(any decision to implement these proposals is expected to be taken by relevant Shadow Executive portfolio holder)

- **Full Council – No** (delete as appropriate)

Reporting Frequency: **Once only**

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