

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
Cabinet 19 July 2017

REPORT TITLE **Options for future delivery of Debt Advice Services in the Borough 2017-2020**

Submitted by: **Executive Management Team**

Portfolio: **Policy, People & Partnerships**

Ward(s) affected: **All**

Purpose of the Report

To advise Cabinet of the current situation with regard to review of continuing the delivery of a General Debt Advice Service in the borough and the potential impact of funding changes.

To seek approval for future delivery.

Recommendations

- (a) That members approve the proposal as set out in this report and authorise officers to engage, and develop a specification to deliver the commissioning of a Financial Well-Being & Debt Advice Service in the borough to support activities to prevent an increase in debt whilst maintaining a service for the most vulnerable.**
- (b) That members support future changes to debt advice provision and alignment of partnership services by officers, to support a proactive and accessible approach by providers.**
- (c) To authorise the Chief Executive in consultation with the Portfolio Holder for Policy, People & Partnerships to finalise the Financial Well-Being & Debt Advice Service and commission the preferred service provider.**

Reasons

Due to the withdrawal of funding by Staffordshire County Council after 2 March 2017, the Borough Council's Cabinet took a decision on 22 March 2017 to offer a six month interim funding to the Council's current incumbent service providers to ensure a continued service provision in the Borough, which will now end 30 September 2017.

After consideration, officers consider a Financial Well-Being & Debt Advice Service is still necessary, and a future service needs to ensure delivery of outcomes that clearly deliver benefits against the key priorities of the Council, and enhances partnership working, but most importantly offers an essential, effective and good quality service for users. A further consideration is a potential reduction in available funding for the future internally and the impact of funding reductions externally on future service delivery.

1. Background

1.1 In 2017, a position statement was produced which provided information on how delivery of Debt Advice services in the Borough were being impacted upon by the County Council's decision to withdraw funding from 2 March 2017. The borough had previously co-funded Debt, Benefit and Consumer Advice service with the County Council to be delivered by Staffordshire & Stoke-on-Trent Bureaux from the Wells Street bureau and the Kidsgrove Customer Service Centre, and AgeUK delivering from Merrial Street under a collaborative contract with the county council.

1.2 With the decision by the County Council to withdraw funding, the Borough Council considered several options which included ceasing to fund the local service when the county contract ended. However, Cabinet approval was sought and agreed in March 2017 for funding to be provided as an interim measure for the provision of General Debt Advice Services from Staffordshire & Stoke-on-Trent Bureaux and AgeUK for the period 1 April to 30 September 2017, with the amount of funding agreed at £47,850 and £7,150 respectively for the period, £55,000 in total.

2. Current delivery of General Debt Advice Services in the borough (April to September 2017)

2.1 The CAB bureau is currently delivering a face to face advice service of 21 hours per week , and a telephone advice service (Monday-Friday) will be organised as part of the national Citizens Adviceline. The agreement requires assistance to 450 people per quarter.

2.2 The AgeUK delivery from Merrial Street is providing 16.5 hours of service per week, supporting 205 `unique` clients a quarter face-to-face.

2.3 The Borough Council also currently supports a Specialist Debt Advice service for those threatened with Homelessness to the value of £12,000 per year.

2.4 Total annual funding from the Borough's Third Sector Commissioning Fund budget for these services in 2017-18 is £122,000. Cabinet agreed at its March meeting to fund the service for the first 6 months of the year at a cost of no greater than £55-60,000.

3. Issues to consider –Changing Environment

3.1 Impacts of Welfare Reform

Universal Credit was introduced in April 2015 and commenced roll out over a period of time and is due to be fully implemented by 2021. Universal Credit is one of the biggest changes made to the welfare system in recent times and is aimed at making work pay so that people are better off in work than claiming benefits. Some of the most significant changes may be seen by those in working households moving from tax credits to Universal Credit.

Under Universal Credit, local authorities have a key role in identifying, leading, facilitating and commissioning partnerships to:

- *Improve the quality of service and outcomes to the individuals and families and has a better chance of success in the long term to equip people to be independent and self-supporting,*
- *Reduces duplication, inefficiency, conflicting interventions that negate each other, overheads and public sector costs*

It is anticipated that there may be an increase in the number of people who find they have reduced income due to the changes in Housing Benefit. A likely impact of Welfare Reform for the council is a potential reduction in caseloads for internal staff in the Revenues and Benefits section over the coming years as the Welfare Reforms continue to take effect. However, there will also be a resulting increase in people presenting to the Revenues and Benefit section at the Council and other agencies which provide financial advice.

3.2 External impacts on commissioned projects

Third sector organisations continue to face reductions in funding opportunities generally and there is a recognised need for agencies to deliver services more efficiently and to look towards sustainability wherever possible by finding new funding streams. Ideas that have been promoted recently are an increase in collaborative working, the potential for forming consortia and a requirement to 'challenge the norm' in order to access funding streams previously not available, this may lead to back office efficiencies and shared resources, or by the delivery of services in new and different ways.

3.3 Increase in online usage and self-help applications

Under the previous co-funded Debt, Benefit and Consumer Advice service, three telephone contact centres were operated to deliver the service. With the introduction of the new service (post April 2014) the service providers were surprised how quickly clients adapted to the new telephone service and the use of online facilities once signposted. These changes did not show a reduction in service uptake. In addition, several users (including older people) are now using online services and smart phones daily, and in so doing allow resources to be freed to support the people who are more vulnerable and need face-to-face service provision.

3.4 Financial Implications

Third Sector Commissioning funding is allocated for advice services currently to the value of £110,000 per year for debt advice.

3.5 Working in Castle House

With the move of the council and partners to Castle House, the council has an opportunity to further promote partnership working with the potential for partners to be co-located and to work co-operatively to support the changes and drive efficiencies. Officers will continue to liaise and work with current and new partner organisations to encourage interest and ensure optimum delivery locally.

3.6 South Staffordshire Activities

South Staffordshire District Council was one of the pilot authorities working alongside the Department of Works & Pensions (DWP) where it was realised that with the introduction of Universal Credit, people would need additional support, for example help with budgeting, IT and support with getting into work. Through partnership, resources were pooled with partners such as CAB, the housing association (ex-council stock), work clubs, Barclays Bank, the credit unions and voluntary organisations such as the South Staffordshire Community and Voluntary Action (SSCVA). This was implemented in 2014. A pilot ran for 12 months and was then continued with funding from the District Council and the European Social Fund (ESF). South Staffordshire District Council's Revenues and Benefits section ran a triage service giving benefit advice and budgeting support, and making referrals to the other partners.

After recent success in a bid for funding from the Big Lottery and the European Social Fund a consortium of partners in South Staffordshire have set up the Building Better Opportunities programme which commenced in January 2017.

4. Possible options considered

- (i) **Cease funding from October 2017** - Funding from the Borough Council for the delivery of debt advice services to residents is withdrawn after September 2017. This which would mean the current providers would be reliant on funding from other sources.

This option would provide a limited service in-house available from Revenues & Benefits and a saving of more than £200,000 for the council for the period October 2017 to March 2020. However the most vulnerable residents of the Borough may suffer as a consequence and the effect for local providers may be that they are unable to continue to deliver a service, unless they are able to obtain funding from elsewhere. This option was rejected by Cabinet when the existing contract was extended in March 2017.

- (ii) **Integrated Model** - The service is integrated by providing an in-house service developed with the current providers at the council offices, utilising the new Castle House to support a partnership approach with other agencies too. This could be achieved by bringing the currently delivered services in-house and would ensure the service benefits from the trained and experienced staff.

This option would allow for a planned exit strategy from the current provision and migration to the new service. However as TUPE would be likely to apply, there would be staffing and training costs to add. At this time there are no savings apparent from this option.

- (iii) **Evolutionary Model** – Develop the Borough Council's offer in-house and refer to partner services. This approach is similar to the work undertaken over the last few years at South Staffordshire District Council where changes to the service delivery have been developed over a period of time. The services necessary to provide an efficient delivery could be identified with clear referral processes agreed between relevant partners which would ensure effective delivery.

This option would allow for a planned exit strategy, however it would necessitate resourcing and funding by the council including possible TUPE costs. Alternatively the funding could be sought from elsewhere to provide savings to the council's budget in future years. Due to restricted funding sources it may be difficult to realise and to deliver this option in the current climate, and may be in counter to recent proposals by local agencies.

- (iv) **Competitive Tendering Taking into Account Partnership Working** - Continue to support and work with the local providers to develop and deliver local debt advice services by commissioning of a Financial Well-being & Debt Advice Service. The Staffordshire North & Stoke-on-Trent Citizens Advice Bureaux (SNSCAB) is proposing to deliver a Transforming Financial Exclusion project which involves working with partners including the Borough Council and other agencies to offer a holistic service. External third party support for their planned development is currently being sought. If the council continues to commission a debt advice project for the next 18 months with an option to extend for a further 12 months (March 2020), it is possible to deliver a service aimed to support the most vulnerable in the Borough and ensure optimum delivery and enhancement of local developments. At the same time the Council can seek to develop in-house advice services in line with the Transforming Financial Exclusion proposal development.

This is the recommended option that officers believe would address the issues highlighted and ensures that any available funding optimises value for money for the council and maximises benefits for service users.

5. Recommendation

The proposal is to commission a Financial Well-being & Debt Advice Service to be delivered in the Borough for an initial period October 2017 to March 2019, with an option to extend until March 2020 (subject to annual review, service delivery performance, developments of alternative debt advice provision and available funding). The intention is for the commissioned service to work with local partners to ensure a partnership approach to delivery of debt advice services in the Borough which reflects ongoing local developments.

Due to factors such as the increase in self-help, online usage and the development of effective referral mechanisms, the proposed commission would have an emphasis on a service which promotes client access to self-help online support. It would also provide earlier intervention to reach clients at a timely stage to prevent escalation of issues. Engagement with organisations and agencies to deliver budget awareness sessions would also be encouraged, with an agile process envisaged to also include a service to the most vulnerable clients with a limited number of home visits.

If the recommendation is approved the planned actions would be:

- Provide a commission/procurement timetable for delivery of a Financial Well-being & Debt Advice Service
- Award and commence service delivery with successful provider(s) by 1 October 2017.

In order to facilitate this officers have already commenced work to prepare a service outline and specification for the procurement process.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

The delivery of the service is linked to, and positively contributes to the corporate priority of a 'Borough of Opportunity', by directly delivering significant benefit for residents and the local economy.

7. Legal and Statutory Implications

The current arrangement was for the period to 30 September 2017 with no options to extend and there are no statutory requirements.

8. Equality Impact Implications

The loss of funding could impact on protected groups which have been identified in the Equalities and Risk Assessments undertaken in the service review (which are available on request). The new service design would reflect their needs.

9. Financial and Resource Implications

The budget for the proposed service for October 2017 to March 2018 is included as part of the Third Sector Commissioning funding from the Borough for 2017-18. Future budgets will be subject to the annual budget setting process.

10. Major Risks

If funding is not approved, there will be no contracted service, which will impact locally on residents, some who are vulnerable, facing difficulties dealing with debt, financial and benefit problems. Added to this is the resulting impact on officers and partners, and a need to signpost to other agencies.

11. List of Appendices

None.

12. Background Papers

Working papers held by officers responsible for undertaking engagement with providers.

13. Earlier Cabinet/Committee Resolutions

Report seeking approval for the current funding and review for future service delivery presented to Cabinet 22 March 2017.