

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S**  
**REPORT TO CABINET**

**15 January 2020**

**Report Title:** Commissioning of Debt, Benefit and Advice Services in the Borough 2020-2022

**Submitted by:** Executive Management Team

**Portfolios:** Finance and Efficiency

**Ward(s) affected:** All

**Purpose of the Report**

This report sets out the options available for the provision of a Debt, Benefit and Advice service for April 2020 onwards when the current commissioned extended contract expires. The commissioning of the service supports activities in the Borough to prevent an increase in debt for residents whilst maintaining a service for the most vulnerable.

**Recommendation**

- (a) That Members agree to the retender of a Debt, Benefit and Advice service for 2 years with an option to extend for a further 12 months subject to satisfactory performance and availability of funding.**
- (b) That Members approve the allocation of funding and proposal as set out in this report and authorise officers and the Chief Executive, in consultation with the Portfolio Holder for Finance and Efficiency to develop and finalise a specification, undertake the tendering process, and if required to complete any post tender negotiations and award the contract to the successful contractor.**
- (c) That Members support the requirement of the successful contractor to work with the Council to develop the service delivery in future years of the contract.**

**Reasons**

For many years the Borough Council has commissioned a Debt, Benefit and Advice support service with Third Sector Commissioning funding, and the current commission, approved by Cabinet in July 2017, will end March 2020.

Officers consider a Generalist Debt Advice 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.

In line with the Council regulations, contracts over the value of £50,000 should be competitively procured through written tenders.

## **1. Background**

1.1 The Borough Council has for many years commissioned a Debt, Benefit and Advice support service for its residents, with funding from the Third Sector Commissioning budget, with the last approval from Cabinet in July 2017.

1.2 At the last commission, Citizens Advice Staffordshire North & Stoke on Trent (CASNS) were awarded the contract to deliver a Financial Wellbeing & Debt Advice Service for the initial period 1 October 2017- 31 March 2019, with the amount of funding agreed at £145,000, and a further £70,000 for a one year extension 1 April 2019 – 31 March 2020. A total of £215,000 was allocated for delivery over a 30 month period.

1.3 The Financial Wellbeing & Debt Advice service is currently delivered from the Wells Street office of CASNS in Newcastle and in addition, several outreach centres such as Kidsgrove Customer Service Centre, various libraries, Job Centres and other venues within the borough.

1.4 In the last 6 months (April-September 2019), the current provider has worked with 878 clients and a total number of 1,691 issues dealt with, and 100 clients were provided with specialist debt services to support more complexed needs. The total amount of indebtedness presented with in this period was £797,494.

1.5 The contract extension for April 2019-March 2020 was £70,000 and the commissioned service provides:-

- Online access to general self-help advice, and contact by telephone, face to face, and provision of specialist support and casework
- Social Security benefits and tax credits -especially support with Employment and Support Allowance (ESA) and Personal Independence Payments (PIP) claims, refusals and appeals
- Debt –with access to Specialist Advice and casework where required and subsequent debt resolution if necessary
- Employment rights – range of information and advice on discrimination, dismissal, redundancy, and minimum wage
- Relationships & family – issues around separation, divorce and children.
- General advice for tax, health and community care, consumer issues and education
- Housing advice, prevention of homelessness, support with hearings and evictions, advice on disrepair, how to access accommodation, tenancy rights, rights to rehousing, including Specialist Housing Advice when required.
- Access to the Pension Wise service
- Referrals to a wide range of services and partners including Newcastle Housing Advice and other statutory agencies.

## **2. Issues**

2.1 The current service costs £70,000 per annum and the cost of the contract is met within the Third Sector Commissioning fund provided by the Council. This contract

will expire on 31 March 2020. Over the period of the contract, the service has developed, and CANSS has and continues to provide a service very much in demand.

2.2 Provision of Third Sector Commissioning Funding is included in the draft Budget for 2020-21 which will be presented for Cabinet in January 2020.

2.3 Over the period April 2020-Mar 2022, the allocation of funding to commission a Debt, Benefit and Advice is proposed as follows (this will be subject to annual review as part of the budget setting process):

Debt advice support	Apr 2020 –Mar 2021 (1 <sup>st</sup> year)	£70,000
	Apr 2021 –Mar 2022 (2 <sup>nd</sup> year)	£70,000
	Apr 2022 –Mar 2023 (Optional 12 month extension)	£70,000
	Total (36 months)	£210,000

The proposed funding for a possible 3 years is the same as that provided for delivery in 2019-20 -£70,000, but reduced on provision in previous years, for example 2018-19 -£90,000.

### **3. Impacts of Welfare Reform**

3.1 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 continues to be rolled out further. Currently, the Department Works and Pensions DWP funds 'the Help to Claim' service which provides initial support for new claimants of Universal Credit with Citizen Advice nationally until March 2020. However, there are subsequent issues arising for claimants with appeals and changes to their claims where more support is necessary. This help is not included in the DWP funded service but is included in the Council's commissioned service with CANSS.

3.2 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. An 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.

3.3 Local authorities have a key role to play in identifying, leading, facilitating and commissioning partnerships. Joint/Partnership working to support claimants, has the potential 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.

3.4 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.

3.5 The Council will continue to 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.

#### **4. Proposal**

4.1 The proposal is to commission a Generalist Debt, Benefit and Advice service to be delivered in the Borough for an initial period April 2020 - March 2022, with an option to extend until March 2023 for an indicative budget of £210,000 (subject to annual review, service delivery performance, developments of alternative debt advice provision and available funding).

4.2 Due to factors such as the increase in self-help, online usage and the development of effective referral mechanisms, the proposed service would promote client access to self-help online support but also offer a telephone service for advice. A key factor for the service is early intervention and promotion of financial awareness in order to reach clients at an earlier stage to prevent escalation of issues. Engagement with organisations and agencies to deliver budget awareness sessions to inform a wider audience would also be encouraged, as would an agile approach to include delivery of outreach sessions to ensure face to face support is available to meet the needs of the most vulnerable clients.

4.3 The following is an indicative timetable that officers need to allow sufficient time for the procurement of the service:

Activity	Date
Final tender documentation/Cabinet decision for advertising	15/01/2020
Tender out for advertisement	17/01/2020
Closing date for tender submissions	14/02/2020
Evaluation of tenders	17-20/02/2020
Contract award	03/03/2020
Pre-contract meeting and contract agreement	Early March 2020
Award and commence service delivery with successful provider	01/04/2020

4.4 Ongoing work will be undertaken with local partners to ensure a partnership approach to delivery of debt advice services in the Borough which reflects local and national developments.

4.5 Quarterly monitoring and review of service delivery with the successful provider will be included and detailed in the signed contract, and continued delivery subject to annual review of performance and available funding.

## **5. Reasons for Proposed Solution**

5.1 The reasons are as outlined in section 2 above and 5.1 (iii) below for the retender of a Debt, Benefit and Advice service. At this time, officers consider this to be the most effective and appropriate option, able to meet the demand as evidenced, and ensure it benefits the residents of Newcastle Borough.

## **6. Options considered**

6.1 The Council considered a range of options to deliver a Debt, Benefit and Advice service as follows:-

- (i) **Cease funding from April 2020** – Funding from the Council for the delivery of Debt Advice services to residents is withdrawn after March 2020. **This option would provide a limited service in-house available from Revenues & Benefits and a saving of more than £140,000 for the council for the period April 2020 -March 2022. 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. An additional impact would be on the local economy if resident debt increases as a consequence.**
- (ii) **Evolutionary Model** – Develop the Borough Council's offer in-house and refer to partner services. This approach allows changes to the service delivery to be 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.**
- (iii) **Commission a Debt, Benefit and Advice Service 2020-2022-** Continue to support and work with local providers to develop a specification for delivery of a Debt, Benefit and Advice Service in the Borough. If the council continues to commission the project for the next 24 months with an option to extend for a further 12 months (March 2023), albeit with reduced funding if necessary, it is possible to deliver a service aimed at 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 and continue to work with partners to support any changes.  
**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, including provision for the most vulnerable.**

## **7. Legal and Statutory Implications**

7.1 The current arrangement was for the period to 31 March 2020 with no further options to extend and there are no statutory requirements.

7.2 Procurement will comply with the Council's Financial Regulations and Standing orders and also adhere to OJEU procurement legislation.

**8. Equality Impact Assessment**

8.1 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**

9.1 The budget for the proposed service for April 2020-March 2022 is included as part of the Third Sector Commissioning funding from the Borough for 2020-21 (Budget report to Cabinet Jan 2020). Future budgets will be subject to the annual budget setting process.

**9. Major Risks**

If commissioning of the proposed service 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 and on the local economy. Added to this is the resulting impact on officers and partners, and a need to signpost to other agencies.

**10. Sustainability and Climate Change Implications**

There are no sustainability and climate change implications.

**11. Key Decision Information**

This is a key decision as the service affects all wards and the actual spend over the contract period will exceed £50,000 and authority is required to seal a formal contract.

**12. Earlier Cabinet/Committee Resolutions**

A Generalist Debt Service was last retendered in July 2017

**13. List of Appendices**

There are no appendices.

**14. Background Papers**

There are no background papers