

## For publication

### **Phasing out voluntary sector advice agency grants**

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Meeting:	Scrutiny Select Committee – Economic Growth and Communities
Date:	18 January 2024
Cabinet portfolio:	Health and Wellbeing
Report by:	Service Director Corporate

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<b>Purpose of reviewing the topic</b>	The phasing out of voluntary sector advice agency grants is one of the proposals within the Council’s Budget Strategy Implementation Plan. Consultation with the advice agencies affected is currently taking place.
<b>What are the objectives of the review?</b>	To consider the approach to consultation, evidence gathering and phasing to help inform the decision making process.
<b>Progress to date</b>	<ul style="list-style-type: none"><li>• Budget Strategy agreed by Council in July 2023</li><li>• Budget Strategy implementation plan developed and approved by Cabinet in November 2023</li><li>• Budget conversation November – December 2023</li><li>• Consultation with advice agencies launched November 2023</li></ul>

## **1.0 Background**

- 1.1 Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis, and a sustained period of exceptionally high inflation, have all impacted on the Council’s financial position.
- 1.2 In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council developed its approach to balancing the 2024/25 budget and to achieving the same over the period of the MTFP.

- 1.3 The Council's Budget Strategy was approved by Council in July 2023. The accompanying report detailed the need to drive out savings of at least £2.5m at pace, within a framework that was prudent, responsible, and sustainable, and optimised to secure savings in the short- and medium-term to reduce and remove reliance on reserves, stabilising the Council's financial position and establishing affordability of Council services.
- 1.4 Following the Budget Strategy approval, a detailed approach to addressing the £2.5m budget gap was developed and approved by Cabinet in November 2023. One of the proposals within the plan is to phase out the discretionary grants to voluntary sector advice agencies.
- 1.5 The table below shows the current annual funding provided via the advice agency grants provision. The grants are paid out on a quarterly basis and are not adjusted for inflation etc.

Citizens Advice Bureau	£120,375.00
Derbyshire Law Centre	£41,697.00
Derbyshire Unemployed Workers Centre	£39,681.00
Links CVS	£16,002.00
<b>Total grant awarded</b>	<b>£217,755.00</b>

## 2.0 Advice agency consultation

- 2.1 The grants to the advice agencies are entirely discretionary, however Best Value Statutory Guidance (2011) states that if an authority is intending to reduce or end funding to community and voluntary sector organisations, then certain provisions apply. This includes a 12 week consultation period and a minimum three month notice period. This is the same period committed to within the Derbyshire community and voluntary sector compact and within our contractual arrangements with the advice agencies.
- 2.2 Prior to the Budget Strategy Implementation Plan being considered on 14.11.23, senior officers met with the affected advice agencies to explain the Council's challenging financial position and that the phasing out of the advice agency grants was one of the proposals being considered. We confirmed that any other funding streams for specific projects for example UK Shared Prosperity Fund projects or Housing Disrepair Claims funding are unaffected. These proposals relate purely to the un-ringfenced annual grants detailed in the table at 1.7. We also notified elected members who sit on the advice agency boards via the outside bodies scheme. These members will be kept up to date with progress as we move through the consultation process and towards decision making.
- 2.3 Following the approval of the Budget Strategy Implementation Plan at Cabinet on 14.11.23, an open Budget Conservation was launched,

running between 20.11.23 and 15.12.23. We encouraged the advice agencies to take part in the conversation and to encourage their service users to also take part. The formal 12 week consultation with advice agencies was launched on 27.11.23 and will run until 19.02.24.

- 2.4 The first stage of the consultation included the Portfolio Holder – Health and Wellbeing and senior officers meeting with each advice agency individually to explain our initial proposal, explore the potential impact on service users and the organisation and consider alternative proposals such as different phasing arrangements. At the initial meeting we considered and confirmed:
- Consultation timescales 27.11.23 – 19.02.24
  - Next stage consultation activities – individual agency meetings, multi-agency meetings, individual agency formal submissions and multi-agency formal submissions
  - Encouraging engagement of the agency and service users in the wider Budget Conversation
  - Confirmed decision making route and date – Cabinet 19.03.24
  - Discussed evidence already gathered and any further evidence that would be useful
  - Offered the opportunity for further meetings and the ability to consider alternative proposals
- 2.5 We also confirmed that we are seeking to avoid a guillotine position, which would remove the funding with just the minimum three notice period being applied. Authorities which move into a Section 114 notice position fulfil contractual commitments but cannot enter into new agreements requiring a cost and also have to reduce / stop non-essential spend. The current advice agency contracts end on 31.03.24. We are seeking to establish a transition period which is affordable to the Council but enables some adjustment time for the advice agencies.
- 2.6 The transition period could be different depending on agency needs but the arrangements discussed with the agencies so far include:
- Tapered transition payment over two years payments with a sliding scale to enable a gradual transition
  - Transition payment made in equal quarterly payments over a two year period
  - Transition payment allocated as a lump sum
  - Spreading the transition payment over a longer period of time – three / four years
- 2.7 During the consultation period we are also gathering a range of information which will help inform decision making. This includes:
- Constitution and company / charitable status
  - Confirmation of geographical area covered
  - Financial statements for the last five financial years. This includes information on sources of funding including local authorities grants
  - Reserves policy and current reserves level
  - Staffing and volunteering data

- Services offered
- Case / customer data including geographical spilt and any protected characteristics considerations

### **3.0 Barriers/obstacles**

3.1 As noted in paragraph 2.7 we have identified a range of data that is important for our evidence base and will help to inform decision making. Prior to the consultation starting we identified a number of data gaps and have been working with the advice agencies to gather this evidence.

### **4.0 Suggested scrutiny activity**

4.1 The consultation with advice agencies does not close until 19.02.24. Comments and suggestions are welcomed on the consultation approach so far, this will help inform future consultation activity. Members may also have suggestions around additional evidence to consider as part of the decision making process or additional options around phasing approaches.

#### **Document information**

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<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
<b>Appendices to the report</b>	
None	