

Advice Agency Future Funding

Meeting:	Cabinet
Date:	19.03.24
Cabinet portfolio:	Health and Wellbeing
Directorate:	Corporate

1.0 Purpose of the report

- 1.1 To consider the future grant funding arrangements for Chesterfield Citizens Advice Bureau, Derbyshire Law Centre, Derbyshire Unemployed Workers Centre and Links CVS.

2.0 Recommendations

- 2.1 That the core advice agency grants to Chesterfield Citizens Advice Bureau, Derbyshire Law Centre, Derbyshire Unemployed Workers Centre and Links CVS cease from the financial year 2026/27.
- 2.2 That a two year funding settlement is allocated to Chesterfield Citizens Advice Bureau with £72,165 allocated for 2024/25 and £48,110 for 2025/26.
- 2.3 That a two year funding settlement is allocated to Derbyshire Law Centre with £20,849 allocated for 2024/25 and £20,828 for 2025/26.
- 2.4 That a two year funding settlement is allocated to Derbyshire Unemployed Workers Centre with £23,809 allocated for 2024/25 and £15,872 for 2025/26.
- 2.5 That a two year funding settlement is allocated to Links CVS with £8,001 allocated for 2024/25 and £8,001 for 2025/26.
- 2.6 That Chesterfield Borough Council will consider future funding opportunities and partnership projects should suitable external funding streams become available or a significant uplift in central government funding be confirmed.

3.0 Reasons for recommendations

- 3.1 To respond to the challenging financial position of the Council and enable delivery of the approved Budget Strategy Implementation Plan.

- 3.2 To facilitate a managed phasing out of funding, which will enable the advice agencies to develop and deliver transition plans which could include service transformation and alternative funding models.

4.0 Report details

4.1 Financial challenge and budget implementation plan

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.

- 4.2 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. Financial forecasts considered by Cabinet outlined the scale and nature of the financial challenges facing the Council. A budget shortfall of £4 million was identified for 2024/25, with further increases in the following financial years.
- 4.3 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 Medium Term Financial Plan.
- 4.4 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.
- 4.5 The Budget Strategy Implementation Plan approved by Cabinet on 14 November 2023, included a detailed approach to addressing the budget gap. One of the proposals within the plan is to phase out the discretionary grants to voluntary sector advice agencies.
- 4.6 An overview of each advice agency is available at Appendix 1.

4.7 Current funding

Grants to the advice agencies are not a mandatory or a core Council service, they are entirely discretionary. Some authorities have never had these types of grant arrangements in place and others have reduced or ceased provision in recent years due to funding pressures.

- 4.8 The table below shows the 2023/24 funding provided via the advice agency grant provision. The grants are paid out in equal quarterly or half yearly instalments.

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

4.9 Initial funding proposal

The current funding agreement runs out on 31.03.24 and we could choose to end the contract on three months' notice. However, we have sought to avoid this type of guillotine position and are seeking to establish a reasonable transition period which is both affordable to the Council and enables some adjustment time for the advice agencies.

- 4.10 The original funding proposal developed for consideration included a two year funding settlement with a 50% reduction per annum from the 2023/24 funding level. This would be paid out in quarterly instalments. The table below shows the proposal funding levels.

Advice agency	2023/24 (base year)	2024/25	2025/26	2026/27
Citizens Advice Bureau	£120,375	£60,188	£60,187	£0
Derbyshire Law Centre	£41,697	£20,849	£20,848	£0
Derbyshire Unemployed Workers Centre	£39,681	£19,841	£19,840	£0
Links CVS	£16,002	£8,001	£8,001	£0
Total grant awarded	£217,755	£108,879	£108,876	£0

4.11 Consultation

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.

- 4.12 Prior to the Budget Strategy Implementation Plan being considered by Cabinet on 14.11.23, senior officers met with the 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. It was confirmed at the meeting the any other funding streams for specific projects e.g. UK Shared Prosperity Fund projects or the Housing Disrepair Claims project funding are unaffected.
- 4.13 Following the approval of the Budget Strategy Implementation Plan at Cabinet on 14.11.23, an open Budget Conversation was launched, running between 20.11.23 and 15.12.23. Advice agencies were encouraged to take part in the conversation and also to encourage their service users to take part. The Budget conversation responses relating to advice agencies are available at Appendix 2, alongside officer considerations. Many of the comments echoed the concerns raised by the advice agencies within the formal consultation process and have been taken into account when refining the funding proposal.
- 4.14 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
 - Encouraged 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
- 4.15 Further meetings, telephone calls and e-mails helped to shape the final proposal, advice agency overviews and inform the equality impact assessment. Appendix 3 outlines the consultation activity, key issues raised and the lead officer response.
- 4.16 Advice agencies were also encouraged to submit formal written consultation responses, either individually or as a group. Citizens Advice Bureau, Derbyshire Law Centre and Derbyshire Unemployed Workers Centre made formal written submissions. In agreement with the advice agencies, we have included the full submissions as Appendix 4 – Citizens Advice Bureau, Appendix 5 – Derbyshire Law Centre and Appendix 6 – Derbyshire Unemployed Workers Centre and Appendix 7 – Links CVS. The issues raised within the formal submission include the areas covered at the meetings and

officer responses outlined in Appendix 3 and they were also used to inform the Equality Impact Assessment at Appendix 8. Cabinet members are however encouraged to read and consider the full responses as these submissions illustrate the impact of the funding proposal in the words of the advice agency themselves rather than through officer summaries.

4.17 Final funding proposal following consultation

The initial funding proposal has been adjusted as a result of the consultation and takes into account the funding phasing preferences of the different advice agencies.

Advice agency	2023/24 (base year)	2024/25	2025/26	2026/27
Citizens Advice Bureau	£120,375	£72,165	£48,110	£0
Derbyshire Law Centre	£41,697	£20,849	£20,848	£0
Derbyshire Unemployed Workers Centre	£39,681	£23,809	£15,872	£0
Links CVS	£16,002	£8,001	£8,001	£0
Total grant awarded	£217,755	£124,824	£92,831	£0

5.0 **Alternative options**

5.1 Continue to fund at the current level

This option would be in direct conflict to the Budget Strategy Implementation Plan agreed by Cabinet on 14.11.23 and would significantly reduce our ability to develop a balanced budget for 2024/25 and beyond. The 2024/25 savings forecast would need to be found in-year and savings plans made for future years. The size of the gap for the general fund would be £58,483 in 2024/25, £78,642 in 2025/26 and £137,123 from 2026/27 onwards.

5.2 Cease funding with the contractual 3 months notice

The preference is to facilitate a managed and steady withdrawal of funding over a two year transition period. This will enable to the advice agencies to consider service transformation options and develop alternative funding strategies.

6.0 **Implications for consideration – Financial and value for money**

6.1 The financial saving to the Council are shown below:

2024/25

Agency	2023/24 funding	2024/25 funding	Total saving	General Fund (63%)	Housing Revenue Account (37%)
Citizens Advice Bureau	120,275	72,165	48,110	30,309	17,801
Derbyshire Law Centre	41,697	20,849	20,848	13,134	7,714
Derbyshire Unemployed Workers Centre	39,681	23,809	15,872	9,999	5,872
Links CVS	16,002	8,001	8,001	5,041	2,960
Total	217,655	124,824	92,831	58,483	34,347

2025/26

Agency	2023/24 funding	2025/26 funding	Total saving	General Fund (63%)	Housing Revenue Account (37%)
Citizens Advice Bureau	120,275	48,110	72,169	45,464	26,709
Derbyshire Law Centre	41,697	20,848	20,849	13,134	7,714
Derbyshire Unemployed Workers Centre	39,681	15,872	23,809	15,000	8,809
Links CVS	16,002	8,001	8,001	5,041	2,960
Total	217,655	92,831	124,828	78,642	46,186

2026/27

Phase out completed. 2026/27 saving £217,655. General Fund = £137,123. Housing Revenues Account = £80,532. Recurring.

7.0 Implications for consideration – Legal

7.1 During this review Best Value Statutory guidance has been followed including the requirement for consultation and a three month minimum notice period for changes to funding to community and voluntary sector organisations.

8.0 Implications for consideration – Human resources

8.1 There are no Human Resource implications for Chesterfield Borough Council.

9.0 Implications for consideration – Council plan

9.1 The Council Plan includes the priority: Building a more resilient Council with an aim of deliver the Council’s medium term financial strategy to ensure we have sufficient funds to provide our core services and priorities as well as resilience to withstand emerging challenges. The Budget Implementation Strategy approved by Full council in July 2023 and the Budget Strategy Implementation Plan approved by Cabinet in November 2023 aim to deliver on this priority.

10.0 Implications for consideration – Climate change

10.1 The Climate Change impact assessment looks solely at Climate Change rather than other environmental impacts, and social, economic, wellbeing measures which are considered under other considerations. We do not consider there to be any specific climate change impacts for this funding decision.

11.0 Implications for consideration – Equality and diversity

11.1 A Full Equality Impact Assessment is attached at Appendix 8. A reduction or ceasing of funding to the advice agencies is likely to have a negative impact on two groups with protected characteristics – older people and people with disabilities. A managed and steady withdrawal of funding over a two year period will enable the advice agencies to consider and deliver service transformation and develop alternative funding plans.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Closure of advice agencies	H	M	Managed phased withdrawal of funding rather than the contractual 3 month notice period. Where other project based CBC funding streams are in place, these remain unaffected.	H	L
Reputational damage to Chesterfield Borough Council	M	H	Managed phased withdrawal of funding rather than the contractual 3 month notice period. Needs to be balanced against the challenging financial position and	M	M

			the need to maintain a focus on priorities and core services.		
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Decision information

Key decision number	1228
Wards affected	All

Document information

Report author
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Background documents
These are unpublished works which have been relied on to a material extent when the report was prepared.
None
Appendices to the report
Appendix 1 – Advice agencies overview
Appendix 2 – Budget conversation responses
Appendix 3 – Consultation activity summary
Appendix 4 – Citizens Advice formal consultation submission
Appendix 5 – Derbyshire Law Centre formal consultation submission
Appendix 6 – Derbyshire Unemployed Workers Centre formal consultation submission
Appendix 7 – Links CVS formal consultation submission
Appendix 8 – Equality Impact Assessment