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| To: | City Executive Board |
| Date: | 19 January 2017 |
| Report of: | Executive Director for Organisational Development & Corporate Services |
| Title of Report: | Commissioned Advice Strategy from 2018 |

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| Summary and recommendations | | |
| Purpose of report: | | To propose that a new model for funding advice services in Oxford is investigated in time to replace the current programme which ends on 31 March 2018 |
| Key decision: | | Yes |
| Executive Board Member: | | Cllr Susan Brown, Customer & Corporate Services |
| Corporate Priority: | | An efficient and effective council, strong and active communities |
| Policy Framework: | | Financial Inclusion Strategy. |
| Recommendations: That the City Executive Board resolves to: | | |
|  | 1. Agree that work is undertaken early in 2017 to evaluate the current provision of advice services in Oxford, and to compare this with different models of provision in other parts of the country. 2. **Agree** to commission an independent evaluation of services which proposes a new funding model which ensures that the outcomes of the Council’s Financial Inclusion Strategy are delivered. | |
|  | 1. Agree that all funding models should be considered in investigating the new approach, including competitive tendering, and retaining the current model. | |

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| Appendices | |
| Appendix 1 | Risk Register |
| Appendix 2 | Equalities Impact Assessment |
| Appendix 3 | National Audit Office Principles of Good Commissioning |

# Introduction and background

1. The City Council currently provides £518,379 of grant funding through its Advice and Money Management commissioning theme. This represents over a third of the Council’s grant funding to community and voluntary organisations, as shown in Table 1 below. The grants programme is co-ordinated and monitored by the Communities and Neighbourhoods team in consultation with lead commissioning officers and their portfolio holders.

**Table 1**

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| **Funding Area** | **2016/17 Budget (£)** |
| Advice & Money Management commissioning theme | 518,379 |
| Homelessness commissioning theme | 442,279 |
| Inclusive arts and culture commissioning theme | 235,262 |
| Community Safety commissioning theme | 61,082 |
| Community & voluntary sector infrastructure commissioning  theme | 43,736 |
| Inclusive leisure & play for disabled children and young people  commissioning theme | 15,000 |
| Open Bidding | 110,000 |
| Small grants programme | 5,232 |
| **Total** | **1,430,970** |

1. Although the Advice & Money Management funding is described as a commissioning theme, it actually represents grant funding. It currently provides core funding to four organisations who provide advice on a range of issues, but predominantly in relation to debt and benefit entitlement. The funding allocation for 2016/17 is shown in Table 2 below.
2. The current Advice & Money Management programme runs for three years in order to provide certainty to funded organisations. A priority area is agreed each year for which additional monitoring is undertaken. In the first year the priority area was debt, and this year it is households in low paid work. The current programme, which finishes at the end of 2017/18, aligned its outcomes with the objectives of the Council’s Financial Inclusion Strategy, as this is the only funding source to achieve many of the Strategy’s aims. In accordance with the Oxfordshire Compact, the Council needs to advise current providers of its broad intentions from 2018 onwards, as early as possible.
3. The demand for grants from the City Council continues to grow as other sources of funding are reduced reflecting the general tightening in public sector funding. The reduction in funding by the County Council of advice centres in Oxford is shown in Table 2 below. This has been replaced with a single contract worth £139,224 annually for the whole of Oxfordshire. We should expect increased demand across the Council’s grants programme if the County Council reduces community and voluntary sector funding further. At the same time, demand for grant funded advice services is increasing due to the increasing unaffordability of housing in Oxford, ongoing reductions to benefits, and complexity within the benefits system due to the migration to new benefits (e.g. Universal Credit and Personal Independence Payment). The advice sector has attempted to mitigate these factors by working more closely with each other, and other third sector organisations in the city.

**Table 2**

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| **Organisation** | **City Council funding 16/17** | **Loss of County Council funding** |
| Agnes Smith | £85,290 | -£14,684 |
| Citizens Advice Oxford | £200,000 | -£25,000 |
| Oxford Community Work Agency | £142,611 | -£119,719 |
| Rose Hill & Donnington | £90,478 | -£14,360 |
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| **Total** | **£518,379** | **-£173,763** |

1. The City Council has incurred costs and provided additional funding to a range of organisations in the last year as a result of these changes. This includes both the provision of advice and housing support services. The majority of additional support has been provided as one off funding, and this is not a sustainable way to ensure adequate delivery of services in the future. In respect of Advice & Money Management, the Council has an opportunity to rethink the way services are provided so that they are put on a secure footing, and deliver the aims of the Council’s Financial Inclusion Strategy.
2. The current method of grant funding the advice sector does have a number of advantages for the organisations concerned, i.e. It protects the independence of organisations that are funded, it reduces bureaucracy for funded organisations by avoiding the imposition of targets, and it ensures the continued existence of community based organisations in the Council’s regeneration areas. There is also a benefit to the Council in the existing model. This is that services are essentially demand led. This means that if a change in policy by the government creates a change in the nature of demand for advice, local organisations can more easily adapt to this, as compared to a model where specific outcomes are required as part of a contract for delivery.
3. However, given the funding constraints in the public sector, it is essential that the Council satisfies itself that expenditure on advice services delivers the best value for money for Oxford residents, and that the objectives of the Financial Inclusion Strategy are being met. As such it is proposed that current advice services are evaluated and compared with other models of delivery. This evaluation would consider the following issues, among others:

* What is the best model for providing value for money advice services in Oxford? What is the impact of having a greater or fewer number of organisations involved in providing advice services, and are services better provided by larger or smaller sized organisations?
* What is the best model for aligning the provision of advice services to the Council’s priorities, and outcomes from its Financial Inclusion Strategy?
* What is the best model for encouraging innovation and collaborative working in the sector?
* What model of provision would provide the best geographical coverage to ensure that all people requiring advice can access it easily, and the potential for unmet demand is limited?

1. In investigating a new model for the funding of advice services, it will be essential to consult widely on the issue in order to understand what generates demand, how to ensure high quality services are provided, and how users want to access the service. This will require a programme of engagement to be conducted during 2017 with providers of services, customers and stakeholders. This will include face to face meetings with the groups mentioned above, as well as an online and postal survey to obtain a broad range of views. The objective of the consultation would be to consider the following *inter alia*:

* the key outcomes required (which may see the advice and money management theme being expanded to better reflect identified needs);
* how customers engage with services, including access for hard to reach customers;
* how duplication of effort between services and agencies can be avoided;
* opportunities for partnership delivery;
* how to effectively monitor commissioned services.

1. This approach incorporates relevant elements from the National Audit Office’s eight principles of good commissioning (these are shown at Appendix 3). The evidence obtained from this process would inform the design of a specification which would have regard to the following elements:

* type of services to be delivered (e.g. debt advice, benefits advice)
* funding to be allocated to different services
* way customers access the services (e.g. by phone, face to face etc.)
* outcomes required from the services
* monitoring information required from the services

1. It is intended that work to determine the most suitable funding model commence in early 2017 so that a report setting out the options and recommending a preferred option could be taken to CEB September 2017. This would allow time for the successful model to be put in place by 1 April 2018.

# Financial implications

1. The report proposes investigating a new approach to commissioning third sector support in relation to advice and money management, in order to increase the productivity derived from the available budget (£518,379). As stated above, Council grants are coming under increasing pressure, and so the effectiveness of available funds must be maximised, and their use must be linked directly to customer outcomes. However, there are no significant financial implications of this report.

**Legal issues**

1. There are no legal implications of this report.

# Level of risk

1. A risk register is attached at Appendix one.

# Equalities impact

1. An initial equalities impact assessment is attached at Appendix two.

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| Background Papers: None |