

To: City Executive Board
Date: 15 December 2016
Report of: Executive Director for Organisational Development & Corporate Services
Title of Report: Commissioned Advice Strategy from 2018

Summary and recommendations	
Purpose of report:	To propose a new commissioned advice model to replace the current programme which ends on 31 March 2018
Key decision:	Yes
Executive Board Member:	Councillor Susan Brown, Customer & Corporate Services
Corporate Priority:	An efficient and effective council, strong and active communities
Policy Framework:	Financial Inclusion Strategy.
Recommendation(s): That the City Executive Board resolves to:	
1. Agree to formally commission advice services from 2018	
2. Agree the approach for developing the service specification as set out in paras 11-13 of the report.	

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

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

2. 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.
3. 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 finishes at the end of 2017/18. In accordance with the Oxfordshire Compact, the Council needs to advise current providers of its broad intentions from 2018 onwards, as early as possible.
4. 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

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
Total	£518,379	-£173,763

5. 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 support the aims of the Council's Financial Inclusion Strategy.
6. 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.
7. However, there are also disadvantages with the current arrangements.
 - Three of the funded organisations are very small, resulting in a duplication of overheads: management and running costs. The current funding arrangements provide no incentive to reduce these.
 - As funding is not linked to outcomes, services are largely reactive in nature.
 - The funding process has meant that funding has largely gone to existing organisations for their existing services with little incentive for innovation in delivery.
 - The geography of the funded advice centres is largely historic and not all funded organisations serve the whole of Oxford. Hence the current arrangements may result in unmet demand.
8. The current system does not require funded organisations to achieve specific outcomes. As an example, new monitoring priorities were introduced in the current programme to try and align it with the aims of the Council's Financial Inclusion Strategy. In two of these themes (referring customers for support with entering employment, and accessing services digitally), very few outcomes were achieved during 2015/16. This is despite these issues having a direct benefit to customers (digital exclusion is estimated to cost households an average of £744 per year).

9. Whilst not a direct comparison due to overheads, monitoring data submitted in 2015/16 by the organisations funded through the commissioned advice theme compared to those of a debt advisor commissioned to provide support in St Aldates Chambers to customers of frontline council services (e.g. Welfare Reform Team, Housing Needs, Incomes Team, Tenancy Sustainment), showed that on a cost per outcome basis the debt adviser significantly outperformed three of the four funded organisations. They also achieved more total outcomes related to debt and money management than one of the funded organisations.
10. This example demonstrates that a significant amount of funding provided by the Council is being spent on management and running costs rather than support for customers. By formally commissioning services the Council could provide an incentive for organisations to work more collaboratively to reduce overheads and ensure greater outcomes for customers in line with the Council's Financial Inclusion Strategy.
11. A true commissioning process would focus on the outcomes to be achieved for customers. In adopting such an approach to advice and money management, a specification will need to be developed in consultation with existing providers, stakeholders and customers, supported by a strong evidence base. This will require a programme of engagement to be conducted during 2017 including 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.
12. 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
13. It is intended that work to develop a specification would commence in early 2017 so that formal commissioning could start in September 2017, with successful services being notified in November 2017.
14. Organisations currently funded by the advice and money management commissioning theme have been consulted in the preparation of this paper at a

meeting held on 26 October 2016. They were broadly supportive of the approach outlined above but were concerned to ensure that a commissioning approach delivered the services that people need.

Financial implications

15. The report proposes 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

16. There are no legal implications of this report.

Level of risk

17. A risk register is attached at Appendix one.

Equalities impact

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

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Background Papers: None

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