



DERBY CITY COUNCIL

COUNCIL CABINET MEMBER FOR ADULT SERVICES

13 SEPTEMBER 2006

Report of the Community Regeneration Commission

Derby Citizens Advice Bureau

RECOMMENDATIONS

1. That Council Cabinet should be prepared to *consider* an increase in the level of grant in future years to the (probably) amalgamated Citizen's Advice Bureau/Law Centre in the following circumstances:
 - i) the economies of scale available to the combined organisation have been fully utilised to deliver efficiencies
 - ii) the savings released are partly used to augment the financial management capacity and
 - iii) firm evidence is provided of continuing unmet need.

SUPPORTING INFORMATION

- 2.1 The Commission had previously decided to conduct retrospective scrutiny of how Derby Citizen's Advice Bureau, CAB, had responded to the 2004/05 funding decision. The meeting was attended by Joan Dryburgh, Chair, and Neil Clurow, Chief Executive, of Derby CAB. They explained how the bureau had adapted to the level of funding awarded for 2004/05 which had represented a 20% (£36,000) reduction in Council funding compared to the previous year.
- 2.2 The front line services received by the public had been largely protected but the loss of the Operations Manager post had made the supervision of existing volunteers and recruitment and training of new volunteers difficult. Another continuing consequence was lack of financial management capacity.
- 2.3 Reference was made to the unmet need for advice, with queues forming well before the bureau opens. People with disabilities, caring responsibilities or accompanied by young children were felt unlikely to wait in a queue for attention.

- 2.4 It was explained that there is a proposal to merge the Derby CAB and the Law Centre. Both organisations received about £400k per year income. Both have what they considered to be unsuitable premises by size and location. Merger would increase ‘buying power’ over accommodation and produce economies of scale that could free up resources to expand financial management capacity.
- 2.5 Later Members reflected on the information given and noted that the CAB is a well run organisation, had managed the grant reduction well and had been innovative in seeking other income. Concern was expressed about the lack of financial management capacity.
- 2.6 Given the synergies between the CAB and Law Centre there should be a real dividend yielded should the proposed merger but at this point it cannot be predicted how the economies of scale would translate into more financial management capacity, the effect on premises costs and the totality of services to the public. Nor can it be known how many citizens’ advice needs will continue to be unmet.
- 2.7 The Commission consider that there could be a future case made to increase the grant(s) given by the Council to the merged organisation provided it can demonstrate it is using public funds to maximum effect and there continues to be unmet need for its services. Although the example of queues outside the entrance offered a powerful image, any case for extra funds would need to be backed by strong evidence.
- 2.8 Without making any commitment as to future funding levels, it would be appropriate for Cabinet to indicate now whether it broadly shares the views formed by the Commission as set out in this report.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Update report supplied by the CAB to the Commission

IMPLICATIONS

Financial

1. None arise immediately from this report. If Cabinet indicates that it does *not* share the viewpoint of the Commission that would suggest that no above-inflation increase in grant would be contemplated. If Cabinet does broadly agree with the Commission's viewpoint and the three circumstances set out in the recommendation were evidenced, then Cabinet might agree to a real terms grant increase which would need to be found from available resources.

Legal

- 2 The Commission are not seeking to bind the Council over future decision making. Should Cabinet at a future point decide to increase the real term amount of grant, it would be highly desirable to clearly set out in writing the terms, duration and conditions in such a way as to avoid any scope for differing expectations to be given in any discussions outside of formal procedures and thus prevent a misunderstanding again arising.

Personnel

- 3 None directly arising.

Equalities impact

- 4 Both the CAB (and Law Centre) are open to all residents. Both are of particular importance to less affluent residents who depend wholly or in part on the state for income maintenance and may need advocacy over benefit entitlements. Low income residents excluded from mainstream banking services are also more likely to need CAB assistance with the consequences of high interest loans.

Corporate Priorities

- 5 Although the CAB and the Law Centre advise and act for individuals, when aggregated its activities maximising household income, reducing indebtedness and other actions that reduce stress means it **improves the quality of life in Derby's neighbourhoods**, and helps **build healthy and sustainable communities**.

Update Report Supplied By Derby Citizens Advice Bureau to the Commission on The Impact of Community Grants Budget Decisions on the Bureau

1. The recent history of DCC funding of the CAB service in Derby was explored by the Community Regeneration Commission on 27th January 2004. The outcome was that Derby CAB received core funds which were £36,000 lower than it expected, DCC having decided that the tapered payments which started in 2001 should not continue in 2004-05.
2. This reduction in funding represented a 20% in DCC funding. The initial impact was the necessity of making the Operations Manager post redundant, representing one third of the bureau's operational management hours. The remaining staff had to share the extra management load while some of the gaps which occurred in the supervision of advice were filled by experienced and trained volunteers.
3. Due to quality assurance requirements for both Citizens Advice Membership and LSC Quality Mark it was still deemed necessary to reduce the levels of operational hours in order to monitor, maintain and improve existing quality standards with this reduced level of staff hours. Accordingly it was also decided to reduce the Bureau open door and telephone operating hours from 24 to 18 (a reduction of some 25%)
4. On the 17th May 2005 a new Chief Executive Officer was appointed after the departure of Stuart Chadbourne. The new CEO immediately set about revising the business plan which included a full operational and organisational evaluation of Derby CAB. He drew a number of key conclusions from the evaluation.
5. Operational: In terms of client experience and by measure of best value to stakeholders the bureau was performing well. The Key Performance Indicator chart attached (document 1) demonstrated that Derby CAB is delivering significant outputs and outcomes at a competitive cost. The business plan does demonstrate that there is significant demand which constantly outpaces supply of generalist advice and requests for help with debt. This despite the fact that the CAB negotiated on debts worth a total £16 million in 2004/05.
6. Organisational: While a number of the operational functions of the Operations Manager have been successfully devolved to other staff the business plan identifies two key areas where the management and administration of the bureau are lacking and an immediate remedy is required.
 - a) Financial Management: The CAB has no internal dedicated financial management position or even basic bookkeeping role. The financial management is delivered through a combination of the CEO (now only 30 hours per week) and the Treasurer. This is backed by a firm of accountants who provide limited financial reporting. There is now a crisis in that the bureau

is finding it difficult to provide restricted funders (eg: NDC Derwent) with the type of financial reporting required by their funding agreements. Additionally there is poor cashflow management, inventory of tangible fixed assets and reporting to the board which is in contravention of the Citizens Advice Membership Scheme.

- b) Volunteer Management: The Certificate in Generalist Advice programme is ably supported by a team of volunteer guidance tutors. Derby CAB has always delivered the initial training in this way. However once advisers are qualified there is no ongoing support to develop their skills and maintain competences. Additionally there is no active recruitment of volunteers. Both these issues raise questions about the long term sustainability of the volunteer workforce, a key element of advice delivery within the CAB service.
7. Solutions: In order to make advice services in Derby more efficient and in order to resolve some of the structural weaknesses identified within the business plan Derby CAB is currently in negotiation with Derby Law Centre with regard to a merger of the two organisations. However if the CAB is to remain a viable organisation without moving some of its paid staff resources from operation to management and administration the CEO provides a cost breakdown to the Commission (document 2) which reflects the additional income required to resolve the current difficulties.

Document 1

	2004/05
Total Client Contacts	10948
Cost per client contact	£35.36
Confirmed gains	£418,134*
Issues per contact	2.4
Number of volunteers	65
Total debt negotiated	£15,659,146
Total debt written off	£448,487
Core advice hours per week	248
Sudbury volunteers hours per week	125
GP Outreach	33.5
Derwent outreach hours per week	46.5
LSC chargeable hours per week	47
Total advice hours per week	500
Ratio volunteers/paid staff	5.4/1

*Figures only collected for part of year.

Document 2

Rec 13 Volunteer training and Recruitment Officer	2005 rates	2006 rates
Salary: Scale 6 @ 18.5 hours	£10,813	
National Insurance	£1,189	
Pension	£1,297	
Sub-total	£13,299	
Rec 6/7 Finance Administrator		
Salary: Scale 5 @ 18.5 hours	£9,828	
National Insurance	£1,081	
Pension	£1,179	
Sub-total	£12,088	
Total	£25,387	

MINUTE EXTRACT

ADULT SERVICES CABINET MEMBER MEETING

13 SEPTEMBER 2006

Present: Councillor Hussain

04/06 Derby Citizens Advice Bureau (CAB)

The Cabinet Member considered a report from the former Community Regeneration Commission.

The Commission asked the Cabinet Member to consider increasing the level of grant in future years to the amalgamated CAB/Law Centre.

The Cabinet Member felt that it was important to allow the merger of the CAB and the Law Centre to take place before considering the need to increase the grant. He felt that it would be difficult to commit to increasing any funding at this stage of the budget process for 2007/08 when the Council had to reduce its overall budget.

Resolved to note the Commissions recommendations.