



Executive
11 August 2010

**Report from the Director of
Housing and Community Care**

Wards affected:
ALL

**Authority to renew advice service grants to Brent Citizens
Advice Bureau and Brent Community Law Centre Limited**

1.0 Summary

1.1 This report seeks authority to renew grant funding for a period of one year for Brent Citizens Advice Bureau (BCAB) and the Brent Community Law Centre Limited (BCLC). There is no provision in the Council's Constitution to extend existing grant funding, so the renewals would amount to fresh grants.

2.0 Recommendations

2.1 That the Executive agree:-

2.1.1 To renew the grant for the BCAB for a further 1 year from 1st October 2010, to conclude 30th September 2011 pending the outcome of a strategic review.

2.1.2 To renew the grant for the BCLC for a further 1 year from 1st October 2010, to conclude 30th September 2011 pending the outcome of a strategic review.

2.1.3 To note the savings as set out in option 1 or agree the savings as set out in option 2.

Option 1

2.1.4 To note Officers have negotiated a reduction of 15% on the BCLC's existing budget to be delivered during the 1 year renewal period. This equates to a 7.5% saving during this financial year (2010/11) and 7.5% saving during 2011/12.

2.1.5 To note that Officers have negotiated a reduction of 4.5% on the BCAB's existing budget to be delivered during the 1 year renewal period. This equates to a 2.25% saving during this financial year (2010/11) and a 2.25%

saving during 2011/12. Please refer to paragraph 4.4, for details of other Council services that have been terminated during this financial year as a result of a cut in the Area Based Grant.

- 2.1.6 To note the total value of savings to be delivered during the renewal period is £54k; £17k for the BCAB and £37k for BCLC.

Option 2

- 2.1.7 As above in paragraphs 2.1.4 and 2.1.5.
- 2.1.8 For Members to agree to the additional 10.5% to be deducted from the BCAB's existing budget. This equates to a total overall reduction of 7.5% this financial year (2010/11) and 7.5% saving during 2011/12.
- 2.1.9 To note the total value of savings to be delivered during the renewal period is £93k, £56k for the BCAB and £37k for BCLC.

3.0 Detail

- 3.1 In February 2005, the Executive Committee approved grant funding of the BCAB and the BCLC for the provision of advice services. In August 2009, the Executive agreed a one year renewal for the continuation of these services.
- 3.2 The process of renegotiating the grants in 2005 provided an opportunity to introduce clear specifications and robust performance monitoring arrangements outlining the Council's key objectives and targets.
- 3.3 The current grant agreement with the BCAB is for 1 year from 1 October 2009 and expires on 30th September 2010. The grant agreement with the BCLC is for 6 months from 31st March 2010 and expires on 30 September 2010.

4.0 Brent funded advice providers

Brent Citizen's Advice Bureau

- 4.1 The BCAB is funded by the H&CC Service to provide a generalist legal advice service across all categories of law with a total value of £376k per annum; the existing grant arrangement is due to expire 30th September 2010.
- 4.2 The range of services provided by the BCAB are detailed in Appendix A, section 1.0.
- 4.3 The grant agreement specifies that the Council's funding may be used to fund full or part-time employment posts within the BCAB, in particular the posts of Director, Service Manager, Volunteer Development Officer (who is also the Company secretary), Advisers (5.6 FTE) and a part-time Administrative Officer.

- 4.4 In addition to the Council's H&CC funding, the BCAB also receives approximately £351k annual funding from the Council's Children and Families (C&F) Department, delivering an outreach advice service across 20 Children's Centres which is due to expire 31st March 2011. The Children and Families department also funded BCAB to deliver debt management support for families at a cost of £53k pa. However, this contract was terminated with effect from 31st July 2010 as part of the reductions in the Area Based Grant (ABG)¹. As a result, Brent CAB will have received £17,600 for this service during 2010-11 and no further services will be commissioned for 2010/11 with the exception of work commissioned as part of the Children's Centres core offer. BHP fund the BCAB to provide debt advice to tenants who are in arrears, the service is delivered over two half day sessions per week. The contract is due to expire in June 2011.
- 4.5 Other funders include the Legal Services Commission (LSC) in the form of civil legal aid payments for eligible services users and HM Revenue & Customs (where funding is earmarked for a specific campaign). Fortune gate Housing provide funding for services relating to rent arrears and debt. Central and North West London NHS Foundation NHS Trust fund a welfare benefits and money advice service at the Park Royal Centre for Mental Health and a number of other small funding arrangements brokered by the Citizens Advice.
- 4.6 The total Council funding amounts to £727k¹, the BCAB has also secured a total of £211k of the non-Council funding during 2010/11 plus £244k of LSC funding. Although the BCAB were allocated additional work from the LSC and their income increased from £209k in 2007/8 to £234k in 2008/9, this did not cover the full cost of providing the legal aid service. (See Appendix A, section 3.0)
- 4.7 Performance for 2009/10 was very positive despite the BCAB not meeting all their targets, the BCAB has continued to engage well with the Council's internal Housing Advice Service to jointly tackle the increased number of mortgage repossession cases on the Mortgage Rescue Scheme (MRS) and other debt related cases, 2009/10 provided many challenges for all advice providers. The BCAB experienced a 69% increase on the number of cases handled since the previous year. Further performance information is included in Appendix A, section 1.0.
- 4.8 A recent policy change has resulted in a new duty² on all mortgagees seeking possession proceedings, mortgagees are now required to notify the respective local authority of their intentions. Local Authorities have a duty to contact the mortgagor to provide advice and assistance, this duty is being discharged through a partnership approach with the BCAB. These cases are ineligible for legal aid as a result of their asset wealth and therefore the BCAB are utilising the Council's funding to provide the necessary assistance.

¹ Children & Families and Housing & Community Care Funding

² Part 55 Civil Procedure Rules 1997, Housing Act 1996 as amended by Housing Act 2002

4.9 The BCAB continues to work well with the internal Housing Solutions team, in order to respond to the current economic downturn. The MRS commenced in December 2008, and the number of customers accessing this scheme is steadily increasing week to week.

Brent Community Law Centre (BCLC)

4.10 The BCLC is funded to provide a specialist legal advice service across all categories of law with a total value of £245k. The existing grant arrangement is due to expire 30th September 2010.

4.11 The range of services provided by the BCLC are detailed in Appendix A, section 2.0.

4.12 The BCLC also receives funding from the Legal Services Commission. The unified contract for civil legal aid (see Appendix A) is in respect of those more complex cases where the service user is eligible for legal aid. The amount has decreased since the commencement of the grant agreement in 2007. The figure fluctuates from year to year for various reasons including:

- Increased staff turnover has resulted in less earning in some years than others;
- An income reduction caused by the introduction of the new unified contract at about £27k per year out of previous earnings between £200k to £250k;
- The closing of (and payment for) larger cases distort the averages.
- The income from the LSC is estimated at £150k for 2009/10.

4.13 Performance against target for 2009/10 is 85%, the performance this year has been impacted by many factors including staff shortages and the failure of the electronic recording equipment resulting in data loss. The IT and telephone electronic recording systems are now fully operational and there has been a marginal increase in the number of advice calls recorded during quarter 4 compared to previous quarters and as such the performance recorded is not fully reflective of actual service delivery. Further performance information is included in Appendix A, section 2.0.

4.14 In addition to the factors described above, there has been an increase in the average length of call time taken to respond effectively to presenting issues. The types of calls presented are multi-faceted cutting across a range of areas from housing to employment and community care issues. There has been a marginal increase in the number of customers requiring advice and assistance on employment issues. Many of these customers are ineligible for legal assistance under legal aid due to their incomes or asset wealth. For ineligible clients the BCLC seek to guide the customer through the most appropriate legal action to help resolve their issue without the need to pay for legal advice privately. Consequently, the average length of call has increased substantially in line with the increased levels of advice for employment, and other correlated advice with a particular emphasis on debt advice resulting from the economic downturn.

- 4.15 The BCLC is also an agency to which the Council refers more difficult mortgage repossession cases that cannot be dealt by the Council's limited advice Service. The BCLC has recently joined the scheme to address specific issues on debt cases. This duty is part of the recent policy change mentioned above in paragraph 4.8. These cases are ineligible for legal aid as a result of their asset wealth and therefore the BCLC are utilising the Council's funding to provide the necessary assistance. The arrangement has been very positive with the work receiving much credit both from the users and the Council's internal Housing Advice Service. However, the experienced debt adviser is now leaving the BCLC and this has forced the BCLC to start a further recruitment process. Staff retention has become a real issue for the organisation; this is further detailed in Appendix B, produced by the BCLC.

Partnership Referrals

- 4.16 The grant agreements in place with both agencies stipulate the delivery of a collective total of 10 hours of referrals per week to the agencies through an agreed referrals protocol with the Council's Housing Advice Service (HAS). The HAS will refer customers facing debt and/or welfare benefits advice to the BCAB³ and complex advice cases to the BCLC⁴ for specialist advice.

Community Strategy

- 4.17 Funding for these two services is consistent with the Council's Community Strategy, officers consider that the accessible advisory services provided by both the CAB and the BCLC provide valuable support to residents in particular within the areas of income and employment enhancement and housing support. The Executive is also directed to Appendix A of this report,, section 1.6 and 2.7 respectively regarding the overall well-being of the area.
- 4.18 Moreover, officers consider that the services provided by the BCAB and the BCLC are entirely consistent with two of the three key values underpinning the Strategy – namely the delivery of efficient, accessible and sustainable services to excellent standards and the development of tailored solutions to meet the needs of individuals, families and communities (as per the "Our vision and values" section of the Strategy).

5.0 Future of Advice Services in Brent

- 5.1 The August 2009 report submitted to the Executive provided for a fresh grant allocation for a period of 12 months and 6 months for the BCAB and BCLC respectively, up to September 2010 in both cases. This allocation was made in order to permit the Council to conduct a strategic review of advice services in Brent.
- 5.2 The review has commenced and it will identify **service gaps, key priorities and determine the shape of future services**. In particular it would consider a collaborative approach in joint commissioning with **Children & Families**

³ Six hours per weeks equates to 18 appointments

⁴ Four hours per week equates to 2 appointments

Services, Brent Housing Partnership and the potential benefits of jointly commissioning services with the **Legal Service Commission**.

- 5.3 However, having drafted the initial scoping document for the proposed review it became apparent that the timing of the review needed further consideration. There are a number of internal and external drivers that are proving to be challenging to both the Council and the existing providers. These are further detailed below.
- 5.4 The **current economic downturn** has lasted much longer than initially anticipated and this is evidenced by the increase in demand for advice services in the Borough, particularly for those households who do not meet the legal aid threshold. As mentioned above the complexity of the cases representing are multi-faceted and require extended periods of time to diagnose, negotiate and resolve, in many instances these are resulting in lengthy legal battles.
- 5.5 Another impact from the economic downturn is that the Councils need to make substantial financial savings, the current target being £60m. This has resulted in a number of staffing changes across the Council. Whilst the Council had in principle agreed to jointly commission advice services in the future (Housing & Community Care and **Children & Families**), changing staff resources within the department and the lack of a dedicated Officer within Children & Families has meant that this intention has not been taken forward on this occasion. The Children & Families department has decided to extend their current arrangement with the BCAB for a further year. This one year arrangement is based on the uncertainty of future funding streams from central government.
- 5.6 The **Legal Services Commission** is responsible for legal aid funding across the country. As a result of a substantial increase in the costs for legal aid, the Legal Services Commission reviewed its contractual arrangements with all providers; the review was lead by Lord Carter in 2004 and published in 2006. The outcome of the review suggested radical changes in policy and direction in order to control the spiralling costs of legal aid.
- 5.7 Since the 2006 Lord Carter publication and the LSC's initial publication of its revised strategy which included a number of radical changes to the legal aid system's contractual arrangements, the LSC has made many changes to the direction and timescales; these are further outlined in Appendix A, section 3.0 and 4.0.
- 5.8 The move from an hourly rate to a nationally established fixed fee for each category of law irrespective of complexity has resulted in a range of difficulties for providers as it fails to take account of the complexities that are specific to major cities like London, where interpretation and the overall cost of living is much higher.
- 5.9 The Legal Service Commission strategy includes a redistribution of financial resources. The result of the redistribution will be to shift financial resources out of London, the London wide impact indicates a loss of £7.5m and for Brent

an estimated loss of £300k, these figures were published spring 2009, no further revisions to these figures have been published since, therefore Officers assume that these figures are still current.

- 5.10 The new strategic direction received a vast amount of negative publicity nationally from the private sector, the not for profit sectors and resulted in a Judicial Review lodged by the Law Society. In response to this the LSC were placed under considerable pressure to take stock and consider the feedback and adjust their position accordingly. This led to a series of changes, the most recent being the recommendations from the Magee Review.
- 5.11 The Magee Report published in April 2010 concluded that there was a need to change the governance arrangements for the LSC, through the creation of an Executive Agency, thus providing a sharper focus and a reduction on new initiatives. It acknowledges the cost drivers associated with new legislation, for example, the Mental Health Act 2007 and the introduction of working families' tax credits increased the demand for social welfare law advice. It also raised serious concerns about LSC financial management and forecasting.
- 5.12 The Council was approached by the Legal Services Commission with a view to jointly commissioning advice services in the future. This will be considered further as part of the wider strategic review for advice services. However, a recent joint publication by IDeA and Tribal suggests that Local Authorities must consider a range of factors before deciding to develop services jointly with the LSC within their areas, particularly as the key objectives from a local authority perspective differs from the LSC's.
- 5.13 The LSC's current round of tendering for civil legal aid was due to be announced in February 2010, then June 2010 and has now been delayed until July 2010 with implementation in October 2010. The outcome of this may have a huge impact on the providers in the Borough, loss of a provider locally will result in increased demand for all other providers and the Council's own housing advice service.
- 5.14 The impact of the **economic downturn** has dramatically changed the types of services needed in the Borough, for example, there has been a considerable increase in the number of people seeking advice and assistance who do not meet the legal aid thresholds and a general increase the demand for services across all categories of law, particularly, money advice, welfare benefits, housing and employment.
- 5.15 The **LSC's** direction is unclear and the outcome of the most recent tendering process will not be known until Oct 2010 and further changes are proposed as a result of the Magee review.
- 5.16 The impact of proposals outlined in the Government's Emergency Budget will result in a substantial increase in demand for advice and legal services. The precise impact is unpredictable, but it is certain that reductions in welfare benefits, housing benefit changes and cuts in national and local government services will all cause Brent residents to seek advice.

- 5.17 On 23rd June 2010 the government also announced a “fundamental look at the legal aid system” further consultation is proposed in the autumn of 2010.
- 5.18 As a local authority we are still responding to changes in financial settlements from central government, the change in local and national government. As such Officers need time to re-evaluate their departmental priorities and dedicate appropriate resources to the review for a meaningful dialogue between departments to consider to potential benefits of joint commissioning.
- 5.19 Therefore, Officers have concluded that it would be ill advised to have conducted a review during all this uncertainty, placing added strain on the existing providers and the sector as a whole. Section 6 below sets out when it is proposed to re-commence work on the review.
- 5.20 The advice market requires a period to develop locally and recover from the large changes resulting from the LSC and therefore are unlikely to respond positively to a tendering process.
- 5.21 As a result of all above mentioned factors, the Executive are asked to renew the grants for a one year period to allow recovery and review. There are some caveats that have been introduced so that these services are consistent with other similar grant and contractual arrangements with providers; these are detailed in paragraphs 6 and 7 of this report.

6.0 Strategic Review Timetable

- 6.1 Officers will undertake a strategic review of advice services during 2010/11. The review will identify service gaps and key priorities and determine the shape of future services. The review will take account of the potential increase in demand for advice services resulting from the changes announced by the Government during the emergency budget and the outcome of the LSC’s tendering process to be announced later this month. The review will consult with a range of stakeholders and customers to obtain their views and determine whether the services are strategically relevant to the revised Homeless Strategy and other Council and National strategies and drivers.
- 6.2 Officers will work closely with colleagues in the Council’s Children & Families Service and Brent Housing Partnership in order to maximise the potential of procuring efficiencies in the future provision of advice services. The existing arrangements with the Children & Families Service are due to expire on 31st March 2011 and June 2011 with Brent Housing Partnership.
- 6.3 Officers will consider whether the service gaps and key priorities identified by the review should be re-specified and re-negotiated with existing providers or whether a tendering process would be most suitable for the future provision of the revised services. The review will also consider the option of Housing and Community Care collaborating with the Council’s Children and Families Service and Brent Housing Partnership in joint procurement and/or the option of joint procurement with the Legal Service Commission.

6.4 The grant will include a provision to terminate the current grant arrangement with a 3 month notice period in order to introduce new/revised services following the completion of the strategic review if appropriate.

7.0 Financial Implications

7.1 Members are asked to note that this report does not deal with the specific funding issue for the next financial year. This issue will be addressed as part of the Council's requirement to set a balanced budget.

7.2 The current H&CC budget for advice services is circa £686k. The proposed renewal of the existing arrangement will be contained within this budget. The budget contains the cost of the advice service grants, and the management and monitoring costs associated with these arrangements.

7.3 The cost of the BCAB generalist advice service funded by the H&CC is circa £376k for 2010/11.

7.4 The Council has negotiated a saving of 4.5% on the BCAB budget under option 1, a total saving of approximately £17k or under option 2 a saving of approximately £57k, 50% of this saving will be delivered in year (2010/11) and the other 50% saving will be delivered in the financial year 2011/12.

7.5 The cost of the BCLC specialist advice service by the H&CC is circa £245k for 2010/11.

7.6 The Council has negotiated a saving of 15% on the BCLC budget, a total saving of £36k, 50% of this saving will be delivered in year (2010/11) and the other 50% saving will be delivered in the financial year 2011/12.

7.7 The existing grant arrangements include a provision for an annual inflationary increase in line with the retail price indices and a deduction in line with the Council wide efficiency savings agenda. This provision will be amended with the renewal and will exclude a provision for inflation in the new financial year.

7.8 The savings will be used to offset known pressures on the temporary accommodation budget arising from Housing Benefit Subsidy changes implemented in April 2010.

8.0 Legal Implications

8.1 Under section 2 of the Local Government Act 2000 ("LGA") whereby the Council is authorised to do anything that is likely to promote or improve the economic, social or environmental well being of its area, the Council has the power to provide financial assistance for the provision of advice services to the public of the sort provided by the BCAB and the BCLC.

8.2 Importantly, section 2(3) of the LGA provides that in exercising the power described in paragraph 8.1 above, the Council must have regard to its sustainable community strategy ("the Strategy"). Brent's Strategy sets out how the Council will meet the needs and aspirations of Brent's residents and

expressly points to partnerships with voluntary organisations. The Strategy addresses issues pertaining to the overall wellbeing of Brent's residents and in particular the Strategy focuses upon enhancing income and employment levels within the Borough and supporting vulnerable tenants within the Borough regardless of the nature of their tenure. It should be noted that Paragraphs 4.17 and 4.18 of this report confirm that officers consider that the services provided by the CAB and BCLC are consistent with the requirements of the Strategy

8.3 As noted in this Report, part of the work of the BCAB and the BCLC relates to housing advice and information. Section 180 of the Housing Act 1996 provides that the Council (being the local housing authority) may give assistance by way of grant or loan to voluntary organisations concerned with homelessness or matters relating to homelessness. The BCLC in particular is tasked with giving advice which is considered beneficial to the prevention of homelessness.

8.4 The renewal of the grants for the period contemplated amounts to the award of new grants. The Executive should be aware that the decision to award a grant is discretionary, and the Council's discretion must not be fettered by previous commitments such that the Council should make its decision in the light of the present circumstances as described in this Report. The Council is bound to act reasonably and must take into account only relevant considerations and its fiduciary duty towards taxpayers in the Borough.

9.0 Diversity Implications

9.1 An equalities impact needs risk assessment (INRA) will be conducted as part of the strategic review.

10.0 Background Papers

Housing Advice Review Report 2009
Housing Advice Review Report 2008
Housing Advice Review Report 2005

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