

COMMITTEE : **Finance and Resources** DATE: 28th January 2010

CORPORATE DIRECTORS: Pete Leonard and Fred McBride

TITLE OF REPORT: Alternative savings proposals: Debt Counselling & Welfare Rights

REPORT NUMBER : H&E/

1. PURPOSE OF REPORT

This report provides the Committee with an alternative set of savings relating to the statutory debt assistance scheme(DAS) for debt counselling/money advice; and two options which involve a merger of welfare rights with debt counselling/money advice to achieve economies of scale.

2. RECOMMENDATIONS

That the Committee approves the proposals to:

- (i) retain £70,000 of Scottish Government funding for the Debt Advice Scheme (DAS) , in addition to the Council's current level of funding, pending the Aberdeen Citizens' Advice Bureau employing a registered DAS money advice officer(**this recommendation is presented as a more efficient , sustainable equivalent savings as an alternative to the previous savings proposal, reference ENV18**) ; and **either**
- (ii) merge the current Welfare Rights and Debt Counselling/Money Advice teams, in terms of Option 1 ,within the Council to make a saving of £82,000; **or**
- (iii) merge the current Welfare Rights and Debt Counselling/Money Advice Teams, in terms of Option 2, within the Council to make a saving of £166,000.

3. FINANCIAL IMPLICATIONS

The total savings recommended here amount to either £152,000 or £236,000. All savings are achievable.

4. SERVICE & COMMUNITY IMPACT

This report supports the following National Outcomes from the Aberdeen City Community Plan and Single Outcome Agreement 2008-2011, namely:

2. We realise our full economic potential with more and better employment opportunities or our people; and

15. Our public services are high quality, continually improving, efficient and responsive to local people's needs.

It also links generally to the Council's policy statement, Vibrant, Dynamic and Forward Looking, in terms of its declared intention to be an efficient Council.

5. OTHER IMPLICATIONS

5.1 Communication with the Aberdeen Citizens' Advice Bureau

The Aberdeen Citizens' Advice Bureau (CAB) has been contacted by telephone and by e-mail and it has been made clear that the Council simply cannot afford to deal with their DAS clients, in addition to its own, and receive no extra funding for doing so. It has also been explained to them that they cannot continue to receive DAS funding for a service they do not, and never have, provided.

5.2 The one –stop advice shop

A wider, best value style review of provision of various types of advice services in the city provided by both the council and external agencies was undertaken in 2002. It concluded there could be great benefits in consolidating these services in terms of being able to provide a one stop shop where clients could be assisted to maximise their income as well as tackle their debts. The proposals to merge the Welfare Rights and Debt Counselling/Money Advice Services goes some way towards the recommended actions from that report. A one stop shop would also provide a better opportunity to focus on those most vulnerable and in need. With the impending move to Marischal College, there is the potential to move further towards the establishment of a true one-stop shop by locating the merged service within the contact centre proposed for Marischal College.

6. REPORT

6.1 Background

At its meeting on 10th December 2009, the Finance & Resources Committee recommended, amongst other decisions, that the savings proposal for Debt Counselling (reference ENV18), whereby one post would be given up through voluntary severance/early retirement, be accepted. The Committee also instructed that savings proposal SCW-LT04 –Welfare Rights team- be deferred for a further report, pending more work on alternative proposals.

Since then, officers from the Environment Service and the Social Care & Well-Being Service have been working to provide not only an efficient alternative to ENV18, which would have reduced the level of DAS registered money advisers within the City by one third, but also to ;

- (i) map out the various streams of funding within the City for basic and enhanced money advice; and
- (ii) link that work with a potential merger of Welfare Rights and Debt Counselling resources in the Council to achieve economies of scale by using the fact that the **essential** elements of welfare rights and debt advice/money advice provision are very similar.

6.2 Debt Counselling Funding Streams in Aberdeen City

All funding for the provision of debt counselling/money advice in Aberdeen City is shared between the Council and the CAB.

City council funding for debt counselling/money advice is further split between the Trading Standards Service's debt counselling/money advice team and the CAB.

6.2.1 Aberdeen CAB funding

The CAB receives two different streams of funding from the council:

(i) approximately **£70,000** from the Trading Standards Service for enhanced money advice; and

(ii) approximately **£263,000** from the Common Good Fund, around 30% or **£78,000** of which is for provision of money advice.

In addition, the CAB receives a further £120,000 from the Fairer Scotland Fund to deliver a community outreach advice service.. It is estimated that the Money Advice element of this stream of funding would account for approximately 60% or **£72,000** for 2009/10. However, it should be noted that there is no commitment currently to continue funding in 2010/11 as this will be dependent on the future of the Fairer Scotland Fund.

This gives an estimated total of **£148,000 per annum** of funding for money advice to the CAB, with an additional **£72,000** of Fairer Scotland funding for 2010/11 (**Total £220,000**)

The term "Enhanced Debt Advice" assumes that the services will provide Approved Money Advisers who are able to organize a debt payment programme for clients need ing this service. None of the CAB staff employed or their volunteers are Approved Money Advisers, and so have to refer clients needing Debt Arrangement Schemes on to the City Council's Debt team. The Debt team currently has 3 Approved Money Advisers.

6.2.3 Aberdeen City Council Debt Counselling Funding

Aberdeen City Council provides basic and enhanced money advice through a debt team based within the Trading Standards Service at a total cost of **£135,362**.

6.3 Aberdeen CAB outputs and Aberdeen City Council outputs:

	2007-2008		2008-2009	
	ACC	CAB	ACC	CAB
Enquiries	403	unknown	416	2182
new cases	160	429	170	303

The CAB output is considerably higher than for ACC, but the overhead costs of CAB also appear to be greater. **It is also the case that an enquirer with several queries is treated as one visit in Aberdeen City Council, but a visit for each query is logged if the enquirer goes to the CAB.** This can also be explained at least in part by the fact that CAB have a pool of volunteers to carry out a lot of the administration and information gathering. **It is also very**

important to bear in mind that ACC advisers do everything on each case themselves from start to finish, and, as 3 are DAS approved they can also handle these more complex cases which CAB cannot.

ACC's debt team currently has 35 Debt Arrangement Schemes (DAS) in place with 10 pending applications. There are 300 DAS in place throughout Scotland, so ACC currently has 11.6% of the total, despite Aberdeen constituting only 4.2% of Scotland's population, around half of which is in the Central Belt..

6.4 Proposals: Options 1 and 2 for the merging of Welfare Rights and Debt Counselling/Money Advice

6.4.1 General

In view of the fact that the CAB cannot currently carry out the DAS work for which it has been receiving money thus far, it is proposed that all (being £70,000) is retained by the Council for DAS work which has been referred back to the Council from the CAB. This saving(**see background paper (ii)**) is greater than the saving proposed earlier (ENV18) to lose one Debt Counsellor/Money Adviser post and will provide a better basis upon which to move forward with the merger of the current Debt Counselling/Money Advice team with Social Care & Well Being's Welfare Benefits Advice Team(**see background paper (iii)**), which itself will provide further savings.

6.4.2 Option 1

The proposal to merge the Debt Counselling /Money Advice and Welfare Benefits Advice teams could make savings while at the same time creating a flexible and responsive team which should enhance the existing provision of both debt and welfare rights advice.

Team efficiency would be enhanced by re-designing the adviser posts to create 3 levels of post ranging from specialist level advisers posts to generalist level posts, and losing 0.5 FTE support assistant

Benchmarking is currently taking place with other authorities who provided joint advice services - this exercise will help to inform the analysis and decision making process.

The redesigned, merged services would result in a team consisting of
1 x **Co-ordinator** (G12)
3.7 x **Level 3 Officers** (2 x Welfare Rights and 1.7 Debt Advice) (G11)
3.5 x **Level 2 Officers** (2 x Welfare Rights and 1.5 Debt Advice) (G 10)
2 x **Level 1 Officers** (generic) (G 8)
1 x **Administration Support worker** (G 7)

The costs for the above service will be £ 330,000 as opposed to the current costs of £415,000 resulting in a saving of £105,000 from the Welfare Rights Team (a loss of 2 vacant WRO posts; 0.5 Co-ordinator and 0.5 admin support)
From the debt advice team there would be savings through the loss of 0.5 Senior debt counsellor post, the downgrading of 1.5 debt counsellor posts to level 2 advisers, and the retention of £70,000 funding paid to the Aberdeen CAB for enhanced debt advice services. This saving would be approximately £83,000

The Total savings from both H&SC and H&E would be **£188903**.

6.4.3 Option 2

This option involves the disbanding of the Welfare Rights as a **separate** team.
The detail is as follows:

the disestablishment of the Co-ordinator post, saving £ 37,000

the disestablishment of 4 Welfare Rights Officer posts, saving £129,000

These savings, combined with the £70,000 savings from the retention of DAS funding from the CAB , will **total £236,000**.

If this option was chosen, it would leave:

1 x NHS funded Welfare Rights Officer (WRO) (post holder currently based at Royal Cornhill Hospital;

1 x Housing Revenue Account WRO (peripatetic, focused on Aberdeen City Council tenants);

2 x Housing Revenue Account Welfare Rights Assistants; and

1 x administration support assistant. funded by Social Care C & Wellbeing

These remaining workers would not constitute a team: rather, they would be absorbed into the general Care Management service by supporting services at agreed areas of priority. The greatest risk inherent in this option is that the expertise of the current team set up would be lost or at best diluted across the Care Management Service and the assistants may have to be re-assigned to other services. This would leave a gap in advice provision at a time of high demand.

7. REPORT AUTHOR DETAILS

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8.BACKGROUND PAPERS

Commserve/admin/committee assistants/new report template

- (i) Financial Strategy for 2010/11 : Finance & Resources Committee
December 10th 2009**
- (ii) Savings Proposal : Reduction in funding for Enhanced Money
Advice (DAS) to Aberdeen CAB –alternative to ENV18 savings
proposal**
- (iii) Savings Proposal: Merge with Welfare Rights**