



**CabinetOffice**

# **Not-for-Profit Advice Services in England**

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# FOREWORD

Not-for-profit organisations have provided a trusted and valued source of independent advice for people throughout England for many years. They are a vital part of our national support infrastructure and somewhere to turn to in times of crisis.

The current economic climate has led to a reduction in public funding but an increase in demand. This means that we must consider how advice services can adapt to the new environment; achieve more through collaboration, early intervention and exploitation of remote channels; and deliver high-quality services that are sustainable in an environment of reduced funding.

I understand that it takes time, money and the right skills to transform organisations. This is why the Government is providing new funding to help not-for-profit advice providers to continue helping their clients whilst redesigning their services to reflect the new financial realities.

Central government recognises that its policy and operational decisions impact on and set the context for advice providers. I hope that this report will help to establish stronger collaborative working between government departments and the sector, both to plan for the impact of policy changes and to reduce avoidable demand for advice.

A handwritten signature in black ink, reading "Nick Hurd". The signature is written in a cursive, slightly slanted style.

NICK HURD MP

MINISTER FOR CIVIL SOCIETY

# INTRODUCTION

Not-for-profit advice organisations play a significant role in providing free information and advice to the public on a wide range of issues including debt, housing, benefits, employment, family issues, asylum and immigration, discrimination and consumer problems. The nature of their work ranges from providing information through publications and on websites, to specialist legal advice and representation at court.

The Government has supported the provision of free, independent social welfare advice since the 1930s when it facilitated the establishment of the first Citizens Advice Bureaux. The provision of timely and high quality advice helps people to resolve problems and take more control of their lives; improves access to justice particularly for vulnerable groups; and helps to meet public demand for independent advice, both on social welfare issues and wider issues such as consumer welfare. It is also recognised that independent advice, at both national and local levels, can help people engage more effectively with the state by helping them to understand their rights and entitlements.

Not-for-profit advice organisations, in common with many other organisations in the charitable, public and private sectors, are under increasing pressure in the current economic climate. The advice sector is facing

reductions in resources, whilst the demand for advice is rising.

In November 2011 the Government announced a review of not-for-profit advice provision, in order to assess the implications for advice services of the changes to the funding landscape and the demand for advice, and to identify ways for the Government and the sector to engage more effectively to ensure that vulnerable people continue to get the independent, free advice they require. We recognise that many advice organisations provide advice on a wider range of issues, however the review has focused on the provision of social welfare advice as evidence suggests this is the area in which advice is most often sought.

The shared ambition of both the Government and the advice sector is to ensure that particularly the most vulnerable clients continue receiving relevant, free advice and effective support. **As a result of the review, the Government has announced an additional £33.6m funding for not-for-profit advice providers in England over the next two years, 2013/14 and 2014/15.**

During the course of this review the Cabinet Office engaged with colleagues in a number of Departments, including the Ministry of Justice, Department of Health, Department for Work and Pensions, Department for Communities and Local Government and Department for Business, Innovation and Skills. The Cabinet Office also conducted visits, workshops and bilateral meetings with

not-for-profit advice sector organisations,  
front line advice providers and local  
authorities and we are grateful for their  
assistance.

# NOT-FOR-PROFIT ADVICE SERVICES – SUPPLY AND DEMAND

## *The sector*

The majority of not-for-profit advice providers are community based charities, sometimes focusing solely on advice provision, but often providing an array of services of which advice is a key part. Some charities provide a national service, either through networks of local offices across the country or through remote channels including the internet and telephone.

- 329 Citizens Advice Bureaux in England operate as independent locally based charities and provide advice from over 3000 community locations. The membership organisation, Citizens Advice, provides strategic coordination, quality assurance, the information, tools and training which support the advice process and the infrastructure for a national telephone line, as well as a public facing website [www.adviceguide.org.uk](http://www.adviceguide.org.uk) which receives over 1 million visits per month.

- Around 860 community-based independent advice providers are part of the Advice UK network, around 700 of which are in England. Some are the advice branches of bigger charities providing a variety of community services. There are also many charities serving particular groups – e.g. older people, refugees – that include an advice component.
- Around 50 Law Centres in England and Wales, specialising in social welfare law, provide free legal service.
- A number of national charities provide advice using central resources via local offices on specific subjects or to particular audiences. These include Shelter, the housing charity; Age UK, providing information and advice to older people; and the Money Advice Trust, providing telephone debt advice.

## *The demand for advice*

There are high levels of manifest demand for advice, though quantifying the total level of demand or need for advice services is challenging as data is not collected in a consistent way.

However, there seems to be a pattern of rising demand during difficult economic circumstances.

For example, data<sup>1</sup> collected by the Community Legal Advice telephone service shows a steady increase in calls relating to specific categories of law since 2008 (for example calls relating to debt have increased by 39%, employment by 33% and welfare benefits by 47%).

Many providers say that they are working at full capacity and struggling to meet demand. For example, Citizens Advice observed that in 2010 its members received over two million phone calls and were able to answer 100,000. Citizens Advice Bureaux reported processing over seven million advice issues in 2010/11. Debt, tax credits and benefits were the most common areas.

In many cases, clients present complex problems involving a combination of issues. Debt problems for employed home owners are becoming increasingly visible<sup>2</sup>.

Anecdotal evidence shows that demand extends beyond those actively seeking advice. For example, a recent report on debt advice<sup>3</sup> prepared for the Money Advice Service shows that in 2009-2010, slightly more than 1 million households sought debt advice but up to 4.4 million households could have a latent demand for debt advice.

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<sup>1</sup> "Study of Legal Advice at Local Level" a report compiled by the Ministry of Justice

<sup>2</sup> A similar pattern emerges from Consumer Credit Counselling Service data collected in 2008: 12% of clients had a net household income above £30,000 (against 8.7% in 2007) and 47.4% were homeowners (against 42.6% in 2007).

<sup>3</sup> Debt Advice in the UK, prepared for MAS by London Economics, November 2011

# FUNDING AND THE ROLE OF GOVERNMENT

## Funding of not-for-profit advice providers

Most not-for-profit providers have multiple sources of funding: as well as local and central government, advice providers are supported by trusts and foundations. For example, the Big Lottery Fund has provided grants of between £10,000 and £500,000 to not-for-profit advice providers, amounting to £50m, over the past three years.

Income sources vary considerably between providers, but overall, local and central government are the main funders of the sector<sup>4</sup>. For example, Citizen Advice Bureaux on average receive 40% of their income from local authorities and around 30% from central government

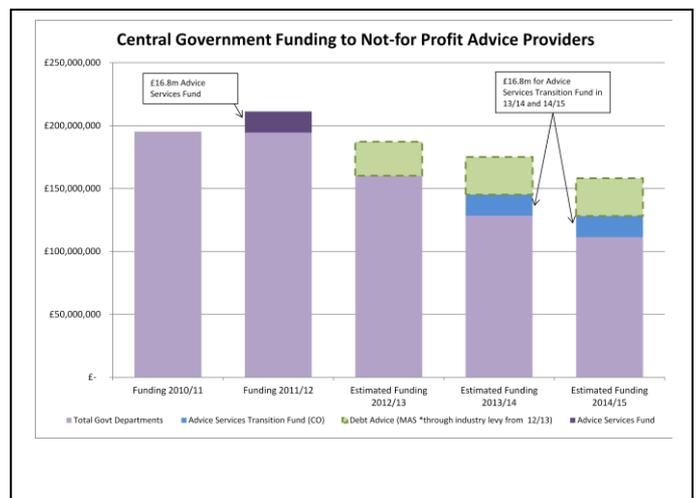
Central government departments have historically funded the sector, valuing its support in helping people to understand and manage the impact of government programmes and policy changes. A number

<sup>4</sup> The sector is unable to provide aggregated figures on contribution of specific funding streams, however the vast majority of not-for-profit providers relies almost entirely on funding provided by local authorities and central government. Estimates given here have been provided by Citizen Advice and refer to 2010/11

of government departments, including DCLG, the Home Office, MOD and DfE, provide funding to the advice sector in the form of grants or contracts to meet specific departmental objectives. Most significantly, in 2010 the sector received just over £70m in income from legal aid, and just under £30m from the department for Business Innovation and Skills (via the Financial Inclusion Fund).

Reductions in public spending and reform of legal aid<sup>5</sup> mean that the sector is facing a new funding landscape.

The graph below summarises central government funding to the sector from 2010/11, with estimates until 2014/15, including £33.6m in total for the sector in England announced in the Budget 2012.



<sup>5</sup> The reform of Legal Aid included a 10% reduction in fees (implemented in October 2011 and February 2012) and the removal from scope of most welfare benefits, debt and private law family cases and some housing cases from April 2013

## The role of Government

The Government is aware that advice services are operating in an increasingly difficult funding environment as demand for advice remains at a high level. To put the provision of debt advice on a more sustainable footing, the Money Advice Service<sup>6</sup> (funded through a levy on financial services) is now coordinating the provision of debt advice (with a budget of £34.5 million for 2012/13) and the Government announced an additional £33.6m in total for advice providers in England across 2013/14 and 2014/15, allocated at Budget 2012. This adds to the Advice Services Fund (£16.8m) announced in November 2011, that provided immediate support to over 300 frontline advice service organisations focusing on areas of highest demand (debt, welfare benefits, employment and housing).

Government intends to be clearer about the outcomes it expects from advice provision and will take into account the advice needs and demand generated by changes in policy. For this reason, in addition to funding to the sector, the Government is planning a number of initiatives and reforms that will make it simpler for people to access the advice they need about how changes to Government services will affect them. For example:

- The Department for Work and Pensions (DWP) will collect information relating to

the type of advice required to help people to manage their personal finances, and the best means of delivering that advice, as part of the Universal Credit Direct Payment Demonstration Projects (DPDP). This will help to inform DWP's budgeting and financial support strategy for Universal Credit.

- DWP recognises that the Welfare Reform programme may place additional challenges on the sector during the transitional period, as the changes bed in. DWP will work with sector representative bodies to identify opportunities to reduce demands placed on the advice sector and to examine the options for meeting that demand using a mixture of nationally and locally available resources, alongside the advice sector's own work to improve efficiency and collaborative working.
- The Department of Health published its information strategy, 'The power of information: Putting all of us in control of the health and care information we need' in May 2012. This states that the NHS and local government will do more to offer support for those who need it to access, understand and use information.
- From April 2013, it will be for the new clinical commissioning groups, working jointly with local authorities, to identify through Joint Strategic Needs Assessments the advice services they require in their local areas, and to include

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<sup>6</sup> The Consumer Financial Education Body was established under the Financial Services Act in April 2010 and was re-launched as the Money Advice Service in April 2011. In April 2012 the Money Advice Service began its new role in coordinating the provision of debt advice services, funded via a levy on the financial services sector.

this in their Joint Health and Wellbeing Strategy.

- The care and support White Paper sets out how the care and support system will work together to improve access to information and advice to citizens and the additional funding available to local authorities to do this.
- The Government wants to prioritise mediation, which can be cheaper, quicker and less acrimonious than contested court proceedings. The Ministry of Justice estimates that spending on mediation services will increase from £15m to £25m per year as a result of legal aid reforms.
- Government is also exploring alternative models to deliver advice currently provided directly by public bodies, in order to put funding on a more sustainable footing. For example, in April 2012 responsibility for providing consumer advice<sup>7</sup> was transferred from the Office of Fair Trading to Citizens Advice, and the Money Advice Service assumed the responsibility for coordinating the provision of debt advice (previously part of the remit of BIS).

- The Commissioning Academy<sup>8</sup>, expected to be launched in 2013, will promote good practice including ways in which public bodies can work with service delivery organisations to co-design services, in order to promote new and innovative approaches that lead to an efficient and client-centred service.

However, in the future it will be more important for not-for-profit advice providers, individually and collectively, to be able to demonstrate how their services contribute to local and national public policy objectives. The sector will have to adapt and the funds allocated in the Budget 2012 will be aimed at facilitating the transition toward more effective and cost efficient advice services.

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<sup>7</sup> In April 2012, Government transferred responsibility for providing the phone and web-based consumer advice service previously run by Consumer Direct to Citizens Advice and Citizens Advice Scotland. From April 2013, Citizen Advice will also take on responsibility from the Office of Fair Trading (OFT) for the national coordination of consumer education and will take on 'general advocacy' policy work on consumer issues from Consumer Focus, representing consumers' interests in unregulated sectors.

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<sup>8</sup> Cabinet Office is responsible for setting up the Commissioning Academy and anticipates launching the Academy in 2013. The Academy will develop innovative ways of bringing commissioners together, elevating the status of both commissioning and procurement, and developing a cadre of professionals who are progressive in their outlook on how the public sector uses available resources.

# MEETING THE CHALLENGES AHEAD

Both the Government and the advice sector wish to ensure that citizens, particularly the most vulnerable, receive an effective service that has a positive impact on their lives. The Government has made a total of £33.6m available during 2013/14 and 2014/15 to support the not-for-profit advice sector in England.

**The Government intends that these additional resources will be used to develop and deliver the good practice identified in this review.**

## **Key characteristics of effective advice**

The review has identified a number of key characteristics of effective advice provision.

### ***Collaboration***

While the community-based nature of advice organisations can facilitate access to groups and individuals that would otherwise be difficult to reach, the multiplicity of independent organisations also means that the sector is fragmented. Where organisations are working collaboratively with other advice organisations, other voluntary,

community and social enterprise (VCSE) groups and public sector agencies, there is scope to share systems, make cross-referrals and share specialist advice capacity, meaning that the client is more likely to get the cross-cutting support that they might need. Moreover, some recent pilots developed by the advice sector with the support of funders such as the Big Lottery Fund, Advice UK and the Baring Foundation as well as local authorities demonstrate that strategic cooperation between advice providers and public bodies can help design-out inefficiencies and preventable problems.

### **Network Collaboration in Avon**

The Avon Advice Network, which received funding from the Baring Foundation and the Big Lottery Fund, covers the areas of Bristol, South Gloucestershire and North Somerset. It was established in 2009 to improve access to advice and legal services by working collaboratively together and with funders to develop sustainable services to meet the needs of vulnerable communities, increase early access to advice and provide a seamless quality service.

There is effective information sharing including a shared website and monitoring systems and a common referral system amongst some of the larger providers. The Network has successfully supported its members in bidding for commissioned services in both Bristol and South Gloucestershire. It has also enabled collaborative bidding beyond local authority contracts. For

example, Bristol Debt Advice Centre is the lead for a bid to a national grant funder on behalf of seven advice agencies. The Network advises local public agencies and others, for example by working with DWP to identify systems failures and with Bristol City Council Benefits and Revenues to influence the processes that are introduced, in order to reduce demand and improve resolution times.

The Network has been successful because there was a history of collaborative working in the area, and local funders have always believed in a mix of provision with no lead agency. In addition, agencies and particularly boards and directors understand that effective advice provision is about meeting the needs of the clients, and not putting the agencies first.

### ***Focusing on early intervention, prevention and education***

Advice providers can play a key role in empowering people, enabling early resolution of problems or preventing problems from happening. However the pressure on their resources and the scarcity of specialist advisors' time means that advice providers often deal with crisis situations without being able to help the client to get to a position where they will be better placed to resolve problems themselves in future, preventing re-occurrence. Funders and commissioners should recognise and understand those resource and prioritisation challenges, and it is important that advice providers have

strategies to reach potentially vulnerable people at the optimal time, as well as managing crises.

Many organisations already have outreach strategies based on identification of vulnerable groups. For example, Community Links in East London provides home visits to disabled and elderly clients and runs advice surgeries in youth centres. Some Citizens Advice Bureaux run regular advice sessions in community locations based at local GP surgeries, hospitals, mental health settings, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.

### **Early Intervention in Coventry**

Coventry Law Centre, in partnership with Coventry and Warwickshire Council of Disabled People, is delivering a programme of activity to make disabled people aware of changes to the benefits system and to offer support through a variety of activities over the next year. This will include a series of two hour workshops that will take place around the city to provide information in an interactive and engaging way; follow up one-to-one sessions with anyone who wants to know more; and recruiting and training volunteers who can offer support and guidance to disabled people and their families through this period of change.

## ***Outcomes based delivery***

Advice providers have been exploring how to measure and maximise the outcomes of advice for some time<sup>9</sup>. However there are no consistent standards or frameworks across advice providers and funders as to what a good advice outcome should look like<sup>10</sup>.

If advice services are to achieve the most they can for their clients within a given level of resource, advice provision should be designed around customer needs, focusing on impact and using this information both to improve the service and to inform wider policy.

Some recent pilots, such as those supported by Advice UK (see adjacent case study) have started by identifying specific client-focused outcomes, and then reviewing service delivery to ensure that all their activities are delivering value for the client.

## **Outcomes Based Delivery in Portsmouth**

Portsmouth City Council has moved to commissioning an advice service which is designed to deliver what matters to customers and to understand the levels and causes of failure in the wider system of services with which advice engages, such as benefits administration. The new service is not target-driven and has no externally imposed service standards, but works to a clear purpose and set of principles derived from what matters to customers. Measures such as successful access, end to end problem resolution times, the number of and reasons for repeat visits, the levels of failure dealt with and customer satisfaction are used dynamically by service managers and commissioners to learn what is happening, to understand the causes and to continually improve. Contract management has become a partnership approach to solving problems, with a view to tackling the causes of demand of advice – with cost benefits across a range of public services.

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<sup>9</sup> Among others: Cupitt, S and Ellis, J (2003) Your Project and its Outcomes, Charities Evaluation Services, Community Fund UK Voluntary Sector Research Group (2003) Measuring Impact: Case-studies of Impact Assessment in Small and Medium Sized Voluntary

<sup>10</sup> As found by a survey of the debt advice landscape recently commissioned by the Money Advice Service, in part because it is challenging and can be seen as imposing a disproportionate burden.

## ***Exploiting remote channels***

Historically, many not-for-profit advice providers have favoured face-to-face advice provision, believing that this is often the most effective way of giving advice. However, initiatives involving the use of alternative channels (telephone and digital) show that a more effective exploitation of all available channels (including face to face) could improve accessibility of advice services and help the sector cope more efficiently with increasing levels of demand<sup>11</sup>. An effective exploitation of telephone and digital tools could present opportunities for combining economies of scale offered by national networks with the possibility of implementing outreach strategies tailored to specific local needs.

For example, Shelter is piloting video-chats, self-help interactive tools and has started providing advice via email. Gingerbread noticed that an increasing number of users of its online services were accessing it from smart phones and developed a version of the website suitable for smart phones to improve accessibility of their services. The Cambridge CAB is piloting Electronic Advice Hubs at locations across Cambridgeshire to assist in advice support and increase outreach.

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<sup>11</sup> Studies show that over 50% of people already use the telephone as their first point of contact to resolve legal problems. *Legal Services Research Centre, Report of the 2006 England and Welsh Civil and Social Justice Survey.*

## **Channels, outreach and accessibility of advice in Manchester**

In Manchester the 'One Stop Advice' project has launched a Smart App. This provides the growing number of smartphone users with access to advice information, a nearest provider search, email an adviser function, and telephone advice ([www.onestopadvice.org.uk](http://www.onestopadvice.org.uk))

The Manchester One Stop Advice website provides residents with access to free information and fact sheets from trusted independent sources such as national advice charities like Citizens Advice. The site can help with a range of legal problems related to debt, benefits, housing, employment, family, consumer, community care, education or health. Users can access advice agencies via the website, by phone or email.

## ***Resilience and innovation***

The sector has historically relied on funding from the public sector, and found it difficult to diversify its income streams. However there are examples of innovation and entrepreneurship, such as Calderdale CAB which has developed a trading arm providing advice to businesses, and Islington Law Centre, which is working on a model which would allow free legal advice to be subsidised by fee-paying clients. There is also potential to build closer links to local businesses and other organisations for financial and other types of support including free consultancy, volunteers and IT infrastructure.

## Efficiency in Community Based Advice Centres

Community Money Advice (CMA) helps community groups, churches, Housing Associations and county councils set up face to face money advice centres in their neighbourhood. It currently has 107 centres with over 700 fully trained volunteers based in areas often overlooked or where the demand is too great for other service providers. The majority of these centres are staffed and run by properly trained volunteers.

CMA has developed a simple, flexible model that will take absolute beginners and train them up to a minimum generalist debt adviser level whilst ensuring correct policies, procedures and practices are followed to establish robust centres in the heart of an area with high levels of demand. Once established, these centres are supported, mentored and audited through a wide range of services that CMA provides on an ongoing basis.

Through developing relationships and networks with AdviceUK, Paylink, Credit Action and Grant Thornton, CMA is able to offer a huge range of information and resources, keeping overheads to a minimum. Each centre is encouraged to use or share existing resources, with many being based within community building or churches, in order to keep costs low. A typical CMA centre, staffed by volunteers and open one evening and one morning a week, costs on average £4,000 to set up and £2,500 a year to run.

# SUPPORTING THE SECTOR IN TRANSITION

The Government has committed to support the not-for-profit advice sector in its transition to the new funding environment. The Advice Services Transition Fund, a Big Lottery Fund programme, will provide funding in 2013/14 and 2014/15 to help not-for-profit advice organisations in England to adapt and develop new ways to meet local needs. The Cabinet Office will contribute £16.8m per year in 2013/14 and 2014/15.

To be eligible for funding, not-for-profit advice providers will need to come together as partnerships with plans for collaborative ways of working to address local needs. Grants will provide support for frontline service delivery but this must be set within the context of a broader plan for adaptation and sustainability.

The fund, which will open for applications in October 2012, will be for groups of not-for-profit advice providers who can demonstrate that they have compelling plans to transform service delivery in their areas by adopting the key principles outlined in this report:

- Collaboration: adopting a collaborative approach to working between advice organisations, other VCSE organisations and public sector

agencies to build sustainability and effectiveness.

- Early intervention, prevention and education: empowering people, enabling early resolution of problems or preventing problems from happening by working with other agencies and addressing the root causes of demand for advice.
- Resilience and innovation: diversifying funding streams and service delivery mechanisms in order to be more resilient and sustainable in the long term.
- Focusing on outcomes and impact: organising around customer needs, measuring impact and using this information both to improve service quality and to inform wider policy.
- Exploiting remote channels: efficiently using all available channels to reach those in need of advice.

Full details of the Advice Services Transition Fund can be found at [www.biglotteryfund.org.uk/astf](http://www.biglotteryfund.org.uk/astf).

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