

REPORT TO CUSTOMER FOCUS SCRUTINY COMMITTEE

Date of Meeting: 28th November 2024

Report of: Strategic Director People and Communities

Title: Citizens Advice Exeter and Exeter City Council

Is this a Key Decision?

Scrutiny is a non decision making committee

Is this an Executive or Council Function? Neither

1. What is the report about?

1.1 This report has been compiled at the request of the Customer Focus Scrutiny Committee who have asked for an officer report to cover 3 areas:

- The history of the relationship between Exeter City Council and Citizens' Advice Exeter.
- Context of other voluntary-sector organisations funded by the Council.
- Any questions that officer feels are pertinent about the future of Citizens' Advice Exeter services once the Council funding ends.

2. Recommendations:

Not Applicable

3. Reasons for the recommendation:

Not Applicable

4. What are the resource implications including non-financial resources

Not Applicable

5. What are the legal aspects?

Not Applicable

6. Report details:

6.1 Like Councils up and down the Country ECC has a long history of providing grants to VCSE organisations including Citizens Advice Exeter (CAE). However, the austerity years resulted in councils no longer being able to afford to provide grant funds. Since 2006 the council had seen a 60% reduction in its formula grant from central government and whilst Exeter City Council had managed to sustain a very generous grants programme, in 2017 it became apparent that the approach was not only financially unsustainable but had not kept pace with modern practices.

6.2 In April 2018, the Council commissioned a review of its grants policy and practice due to the concerns about governance, decision making and affordability. This work was facilitated by Red Quadrant and their 2018 report stated that "*The current model creates dependency, is not aligned to ABCD approaches and is not sustainable. To*

the outsider, it is unclear what is available and how the money is spent". The listening exercise showed that there was a lack of trust and confidence in the process and approach and highlighted the need for the Council to end its core and rent grants as they were unfair and opened the Council up to potential legal challenges. Red Quadrant made several recommendations for a new, modernised approach which were developed, in the context of the requirement to achieve a reduction in spend of half a million against the General Fund elements of the grants programme. The new approach to grant giving and community development was drawn up, based on the recommendations in the original Red Quadrant Report and the need to reduce spend from the General Fund. A further formal public consultation was undertaken in 2019 with Red Quadrant again facilitating. Full details of the review process the grant programme proposals; consultation feedback, and final recommendations were considered at these committees:

- People Scrutiny 26th June 2019
- Executive 9th July 2019
- Council 23rd July 2019

¹ [\(Public Pack\) Agenda Document for Executive, 09/07/2019 17:30 \(exeter.gov.uk\)](#)

6.3 Council agreed to the proposals and the transitional arrangements put in place to enable organisations time to adapt to reductions in grant funding. These were informed by structured interviews undertaken in 2019 between council officers and 17 organisations identified as those most affected by the proposals, which including CAE.

6.4 As part of the new approach the Council set aside 2-year funding to award contracts for services through competitive tendering processes. The 2 new services identified through the independent research in 2018 and consulted on in 2019 were:

Independent Information, Advice and Advocacy Service

- Address the demands of development by increasing access to good quality information and advice service for residents.
- A particular focus on increased digital inclusion for people whose circumstances make it difficult for them to access services and the opportunities they could benefit from.

Exeter Voluntary and Community Sector Support Service

- To build capacity to develop a sustainable community and voluntary sector.
- A particular focus on supporting groups to use their skills, local knowledge and expertise to improve things for everyone in the city: individuals as well as geographic communities and communities of interest.

6.5 The history of the relationship between Exeter City Council and Citizens' Advice Exeter.

6.6 Procurement process for both these new contracts were commenced in 2019 with CAE being awarded the contract for the new Information, Advice and Advocacy Services in October 2019. This was a 2-year contract and included a 2-year Homemaker Southwest Contract with term due to end in September 2022 with option

to extend a further 12 months. Total annual value of CAE contract was £200,000. The Covid pandemic seriously impacted the mobilisation of the contract, because insufficient funding was available within the NHCIL reserve an extension for 12 months was agreed in September 2022 with termination in September 2023.

- 6.7 Between May and July 2024 an internal review of the grants programme was undertaken alongside an assessment of the legitimate use of the NHCIL reserve for these contracts for services. In line with good governance and procurement policy officers issued a final extension notice to 31/3/24 and termination of contract was 4th July 2024:

“The current existing contract is in Year 4 of delivery with funding committed to 30th September 2023. I am pleased to confirm additional funding for Citizens Advice Exeter of £100,000 to deliver the contract until 31st March 2024. This will be the final award for this contracted service with the contract terminating at 31st March 2024.

There are currently no plans or financial commitments beyond 31st March 2024 and the Council will be reviewing the current Community Grants Policy this year. Any further funding and procurement processes for delivering community services in 2024 onwards will be communicated to partners in due course.

- 6.8 The Executive reviewed the Community Grant Policy at its public meeting on 22nd January 2024. Full details of the internal review and its recommendations were made public on 17th January 2024 and can be found in this link [\(Public Pack\)Agenda Document for Executive, 22/01/2024 17:30](#). As the minutes of this meeting show a motion was accepted that said:

“It is proposed to use an earmarked reserve in the General Fund which is no longer required for its original purpose to provide a one-off grant of £75,000 to CAB. This will allow officers to work with CAB on transitional arrangements”.

- 6.9 The recommendations in the report considered by Executive and the motion were adopted by Full Council in February 2024. The table below provides a summary of the grant and contractual agreements between the Council and CAE for the period 2018 to date.

	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Core Grant	£72,000						
Rent Grant	£39,500						£19,000
Transition Grant	N/A	£49,000	N/A	N/A	N/A	N/A	£75,000
Total Grants	£111,500	£49,000					£94,000
	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Information Advice and Advocacy 2-year contract Oct 19- Sept 22		£100,000 Contract start Oct 19	£160,000	£160,000 09/22 contract extended to 09/23	£100,000	£100,000 4/7/23 contract extended to 31/3/24	31/03/24 Contract terminated as per 4/7/23 notice

Homemaker Southwest Contract 2-year contract		Contract start Oct 19 £40,000	£40,000	£40,000 Contract ends 09/21			1 year contract awarded 09/24 £43,000
Total contract		£140,000	£200,000	£200,000	£100,000	£100,000	£43,000
Total ECC	£111,500	£189,000	£200,000	£200,000	£100,000	£100,000	£107,000

6.10 Context of other voluntary-sector organisations funded by the Council.

6.11 The Council does not currently provide grants to any other VCSE organisations outside of the Ward and City Grants Programmes. In 2024/25 there is £39,000 in the ward grants budget and £50,000 in the City Grant Fund. The funding for these grants is from the Neighbourhood Portion of the Community Infrastructure Level. The allocation of these grant awards is governed through the Member led Community Grants Panel.

6.12 The Council does award other contracts for services to VCSE organisations when it is appropriate to do so and there is the funding available. These contracts for services will be awarded through the deployment of the Councils procurement policy and practice. For example, as a result of specific grant funding from government contracts for services are periodically commissioned for homeless prevention and support services which are often provided by VCSE organisations. For example, Young Devon provides a Homelessness Prevention Service for 16, 17-Year-olds and Care Leavers. We also contract several VCSE organisations to provide supported housing services and rough sleeping outreach support and mental health support.

6.13 The Wellbeing Exeter Lead Organisation is another example of a service commissioned by the Council through its procurement policy. The Council awarded this contract for services in July 2024 to CoLab Exeter through a competitive tendering process. This is a jointly funded contract with Sport England; CoLab Exeter place subcontracts with other VSCE organisations who employ Community Builders, Connectors and Community Physical Activity Organisers. The ECC funding for this contract is from the Neighbourhood Portion of the Community Infrastructure Levy, a Wellbeing Exeter reserve and Sport England.

6.14 Comparative funding for the VCSE Devon Districts 24/25

6.15 The following information was provided in September 2024 by the Devon Districts

Local Authority	CAB (£/annum)	VCSE (£/annum)	Total VCSE (£/annum)
Torridge	0	16,500	£16,500
West Devon	32,900	5,100	£38,000
South Hams	70,867	10,000	£80,867
Teignbridge	52,130	71,360	£123,490
*East Devon	74,000	60,000	£134,000
Mid Devon	15,500	122,500	£138,000
North Devon	45,000	106,000	£151,000
**Exeter	75,000	550,503	£625,503

**Shared prosperity fund for VCSE but no detail provided*

***Plus £172k shared prosperity fund for VCSE*

6.16 Exeter continues to utilise both the New Homes Bonus Reserve and the Neighbourhood CIL to continue to offer ward and city grants alongside its on-going support to community building through Wellbeing Exeter. The council funding of Wellbeing Exeter also brings in additional funds from external sources, estimated to be in the region of £350,000 for financial year 24/25. For this financial year the council has also been able to allocate £172,000 of Shared Prosperity Fund through Exeter City College dedicated to the development of skills through the VCSE sector in the city. If we were to add these 3 elements up, in this financial year the council will have generated funding for the VCSE in Exeter in the region of £1.147 million.

6.17 To summarise the only grant allocated without an application or tendering process is the one-off grant to CAE of £75,000 made for 24/25 from a reserve fund that is now empty. The only rent rebate given to any VCSE organisation in the city is to CAE.

6.18 Any questions that officer feels are pertinent about the future of Citizens' Advice Exeter services once the Council funding ends.

Q1 CAE Trustees are the people responsible for securing a sustainable future for their organisations. In 2018 the Council signalled its clear intention to work with the VCSEs in the city to reduce reliance on council grants for core funding. The reasons for this were clearly set out and subject to extensive listening and consultation over an 18-month period. A question for the CAE Trustees is what strategies have they put in place over the last 6 ½ years to ensure their organisation did not continue to rely on ECC for core funding? Something all the other organisations affected by this change in 2019 have found a way through.

Q2 In 2019 when the CAE Trustees authorised the tendering for the Council new Information, Advice and Advocacy service and subsequently sign a legally binding 2-year contract, what due diligence and risk mitigation actions did they put in place to manage termination of the contract at the end of the 2-year period? What action did they take to prepare to reduce costs or seek alternative funding?

Q3 The same questions applies when the Trustees approved a 12-month extension to the contract in September 2022 and again in July 2023 when the Council issued its final termination notice giving CAE trustees 8 months unequivocal termination terms. What actions did they take to reduce costs or seek alternative funding?

Q4 On several occasions in recent years, Council officers have approached CAE officers with a view to sharing space within the Council Customer Contact Centre which have always been rejected, most recently in August 2024. CAE reports other offers from alternative organisations in the city would be more suitable to their needs, and they would progress them as and when the need arises. The motive behind these repeated offers by the Council has been to assist the CAE in reducing its back-office cost base. What serious attempts have been made by the trustees to reduce its cost base since the contract termination notice was issued in July 2023?

- Q5 Why have the CAE trustees waited until August 2024 to initiate a fundraising campaign?
- Q6 Why did CAE trustees accept a one-off transitional grant of £75,000 from Exeter City Council in April 2024 if it did not have a sustainable financial strategy in place to effectively utilise this grant for its intended purpose?
- Q7 Why are the CAE trustees claiming that without the Council continuing its £75,000 grant the CAE will go out of business 2 months after the grant ends i.e. in June 2025? What is this money paying for? Why is it costing £36,500 a month to run CAE when in 2019 the monthly run rate for the delivery of the Information, Advice and Advocacy contract was £16,667?
- Q8 If the Council were able to find funding to continue to support the work of CAE how much would this need to be to put the organisation on a secure financial footing?

7. How does the decision contribute to the Council's Corporate Plan?

Not Applicable

8. What risks are there and how can they be reduced?

Not Applicable

9. Equality Act 2010 (The Act)

Not Applicable

10. Carbon Footprint (Environmental) Implications:

Not Applicable

11. Are there any other options?

Not Applicable

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report: -

Links within the report

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