

BRIEFING NOTE

TO: Corporate Scrutiny and Performance Panel
DATE: 13 December 2007

RE: Welfare Rights Draft Business Case

Purpose

To inform the members of progress made towards achieving Trust Status for the Welfare Rights Service.

Business Case – Phase 1

Significant progress has been made however further work is required in relation to financial projections, legal obligations and pension transfer which is ongoing therefore a draft is attached at this stage.

Progress made

1. Draft articles of association and memorandum of association have been completed for consideration. These incorporate a care model approach potentially opening additional funding streams.
2. Some financial calculations have been completed for phase 1 and provisional projections suggest a transfer of £1.200 million is required to the trust
3. Banking requirements have been identified and quotes sought
4. Company registration requirements have been identified
5. Charitable trust registration requirements have been identified
6. Additional potential external funding sources identified

Points of concern

The NRF funding for **7.5 staff** ceases 31.3.08. The cost of these staff is £235k .
If funding cannot be assured staff will be at risk of redundancy.

To achieve a 1.4.08 deadline, as a minimum the following must be undertaken as quickly as possible:

- Register as a company (associated costs approximately £1000)
- Second minimum of 3 staff across w.e.f. 1.1.08 as trustees who will subsequently be replaced by up to 15 approved trustees
- Agree a name: 'Walsall Welfare Services' is suggested
- Once registered as a company apply for charitable trust status
- Set up banking arrangements and agree contract
- Arrange for transfer of staff and pensions which will take at least 90 days.
- Submit applications for external funding – applications can take up to 3 months to determine

Recommendation

Subject to any comments Members may wish to make, the draft business case on the transfer of the Welfare Rights Service to Charitable Trust Status be recommended to Council for consideration.

Author

Ian Jones, Welfare Rights Team Manager ☎ 01922 627247 email: Jonesi@walsall.gov.uk

Business case Transfer of Welfare Rights to Charitable Trust Status

Status: Draft

Prepared by: Ian Jones

Version 0.3

4th December 2007

1. Document Control

Control Details

Document Location: D:\Documents and Settings\bhall\My Documents\Clients\Walsall\BusinessCaseTemplate_v0 1.doc

Production Software: Microsoft Word 7WORD 7

Author: Ian Jones, Corporate Services, Welfare Rights Service

Owner: Ian Jones, Corporate Services, Welfare Rights Service

Document Amendment Record

Issue	Amendment Detail	Author	Date	Approved
V0.1	Initial draft for comment	Ian Jones	21.09.07	
	[Add lines as required. Summarise changes made]	Ian Jones	04.12.07	

Document Sign-off

Project Manager:

Signature:

Printed Name: Ian Jones

Position: Manager Welfare Rights Service

Date: 4th December 2007

Project Sponsor:

Signature:

Printed Name: Sharon Tait

Position: Head of Revenues

Date: 4th December 2007

2. Management Summary

2.1 Introduction

This business case considers the merits of transferring the Welfare Rights Service to a charitable trust. Corporate Scrutiny on 25 October 2007 instructed that the following should be investigated as part of the business case

1. Phase 1 – Transfer the existing 31.5 employees currently working in Welfare Rights to a Trust from 1 April 2008 and ring fence their budget. Second them to the trust until TUPE can be applied.
2. Phase 2 – To include Neighbourhood Community Care Officers to be TUPE transferred in to the new trust no later than 30 September 2008
3. Phase 3 – Scoping exercise to be undertaken with a view to consolidating all staff providing welfare rights services by 31 December 2008

In order to meet the 1 April 2008 deadline this business case considers phase 1 only.

Additional business cases will be developed for phases 2 and 3

2.2 Benefits of phase 1

- Trust status would enable the welfare rights service to apply for funding not currently available to the service. See section 3.1.10 showing potential grant awards of £60,000
- £60,000 will enable recruitment of an additional 3 people. Each will have a target to award a third of £1million in additional benefit. This equates to £1m over 12 months
- It is proven that for every £41,000 of additional benefit awarded 1 new job is created in the community fuelling the local economy. The above additional benefit awarded would equate to 24 new jobs
- Additional funding would enable the service to expand, servicing more effectively the hard to reach residents of Walsall
- Trust status will attract an approximate £3000 business rate discount.
- Savings can be reinvested back into the service
- The trust would expand the current welfare rights service but not at the detriment of the current activities which will be the bedrock of the service.
- Trust status will enable joint funding bids with third parties to stream line joint service delivery
- Staff skills will improve by diversifying into other areas
- May attract additional staff from partnership working.
- Potential to attract specific community building grants for repairs and IT networking if building gifted across.
- Welfare Rights works contributes to the value of grants awarded to the authority e.g. Rate Support Grant, Leadership Grant Initiative, New Deal for Communities etc

2.2 Costs

Estimated cost of trust is £1.2million made up of the following:

- Cost of existing service to be transferred to the trust £1.12m
- Additional administration and transfer costs £88,000

Please note that transferring 31.5 staff to welfare rights will make one manager surplus to requirements who if not redeployed could face redundancy, which will have cost implications.

In addition Revenues and benefits are tasked with deleting 19 posts, saving in excess of £300

If the welfare rights budget is ring fenced these savings will have to be made from the remaining service areas which could lead to further redundancies and impact on performance putting at risk collection and the 3 star rating currently achieved.

There may also be TUPE transfer budget implications – HR are to advise

WRS Break Down of Costs as at 03/12/07

Team	CIPFA Category	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
WELFARE RIGHTS							
	SALARIES AND ONCOSTS	392,886	412,380	428,311	443,832	457,836	470,426
	OTHER EMPLOYEE COSTS	10,903	11,004	11,105	11,206	11,308	11,412
	PREMISES	9,048	9,423	9,807	10,209	10,629	11,068
	TRANSPORT	35,459	36,168	36,892	37,629	38,382	39,150
	SUPPLIES AND SERVICES	15,572	5,683	5,797	5,913	6,031	6,152
	INTERNAL CHARGES	36,975	37,714	38,469	39,238	40,023	40,823
WELFARE RIGHTS Total		500,843	512,373	530,380	548,027	564,209	579,030
INCOME MAXIMISATION TEAM							
	SALARIES AND ONCOSTS	201,143	211,958	219,471	228,059	235,979	244,223
	SUPPLIES AND SERVICES	33,857	34,534	35,225	35,929	36,648	37,381
INCOME MAXIMISATION TEAM Total		235,000	246,492	254,696	263,989	272,627	281,604
FAIRER CHARGING TEAM							
	SALARIES AND ONCOSTS	325,602	340,679	354,705	369,365	381,673	394,493
	TRANSPORT	21,075	21,497	21,927	22,365	22,813	23,269
	SUPPLIES AND SERVICES	3,959	4,039	4,119	4,202	4,286	4,371
	INTERNAL CHARGES	25,144	25,647	26,160	26,683	27,217	27,761
FAIRER CHARGING TEAM Total		375,781	391,861	406,911	422,615	435,988	449,894

Summary of above table

Welfare rights core budget	£501K
7.5 NRF staff	£235K
Fairer charging team	£376K
Other Costs estimated	£ 88K
Total	£1.2million

Please note NRF funding will shortly cease and additional core funding will be required to secure these posts.

2.3 Critical Success Factors

- Timely approval to proceed from Full Council
- Staffing issues resolved by Human Resources e.g. TUPE transfer arrangements.
- Legal issues resolved – e.g. commercial advice
- Long term secure funding from Authority approved
- Buildings & Equipment arrangement finalised
- Make up of Board agreed

2.4 Key risks

Below is an overview of key risks

- Over the next two years there will be significant change which will shape the nature of welfare right requirements. IRRV consultants recommended that it may be advantageous for the authority to await these changes before proceeding to trust status.
- Financial settlements in the public sector are expected to become more restrictive over the coming years, with greater requirements for savings and efficiency. This is likely to apply to all activity funded by taxation, including both council spending and discretionary funding
- As a direct response to increasing spending on health, education and defence, large efficiency savings will be demanded in other areas of public spending which may impact on funding available.
- Grant awards to public sector organisations are being cut.
- Funding regimes for the last 6 years cannot be considered a template for the next five
- External funding awarded will come with caveats which will prescribe the work required. This may not align with corporate objectives.
- Insufficient length of council funding may limit grant applications as some grants are subject to the organisation evidencing sustainability
- Key staff leave – those currently on fixed term contracts may be served with redundancy notices before Christmas 2007 if additional funding cannot be secured
- Delays in Council decision making
- Delay in admitted body status
- Potential funding implications with TUPE transfer
- Applications for funding should commence as quickly as possible as some awarding bodies take up to three months to deliver results.
- Transferring the 31.5 staff to the trust will leave a manager surplus to requirements. If this person cannot be redeployed there may be redundancy implications.
- Job descriptions will require review to remove duties no longer undertaken. This may result in downgrading posts which could result in industrial action impacting on revenues and benefits service delivery, putting at risk the 3 star currently acquired and also putting at risk collection which is currently ahead of target.
- Unison have expressed concern about the remaining visiting staff who currently share the same job descriptions but who undertake none welfare rights duties e.g. property inspectors. These may be adversely effected by the proposed change.
- There is a risk of locking the operation into chasing money and meeting the needs of the funders.

- There is a risk of creating a separate layer of bureaucracy for monitoring arrangements, with each funder requiring different levels of scrutiny.
- If externalised it will have weaker links with the local council
- Problems with short term funding – Short term, project related funding has driven short term contracts of employment. Such employment patterns affects staff morale
- It is a complex task to manage so many different funds, with their different eligibility criteria, accountability arrangements
- Services that depend on discretionary funding are driven to deliver services that can secure funding, which are not necessarily the services that are most needed.
- Any major change must not be rushed. Rushing may lead to a poorly structured transfer of the council's assets to an arms length organisation that might fail to meet required service levels or become so starved of funds that service delivery rapidly contracts

2.6 Recommendations

Consultants

Consultants were employed to carry out an options appraisal in March 2007, they concluded

- The move to trust status was not recommended in a rush
- They suggested the Council may want to de risk the move to trusts by first adopting a period of internal consolidation, in preparation of such a change
- They advised 'It is a false god to think that charitable trust status will enable access to greater funding streams without proper planning and control'
- In the longer term they advised that more potential exists for funding access in the third and not for profit sector. Therefore they considered the best approach may be what is termed a mixed economy or pluralist approach
- Their final recommendation was that the authority retains and reorganises under council control and adopt a step change approach to retain in house with a different wider brief

Corporate scrutiny Panel Recommendations

The IRRV report was reviewed and discussed at Scrutiny on 30 August 2007, 25 October 2007 and 5 November 2007 resulting in the following recommendations

- To continue with phase one as recommended at the Full Council meeting of the 5th November 2007.
 - This would include all 31.5 members of staff identified as follows:-
 - 12 Core funded welfare rights staff
 - 10 Core funded fairer charging staff
 - 2 Core funded visiting officers in the FAB joint Team
 - 7.5 fixed term contract staff who's funding is coming to an end 31st March 2008

3. Business case justification

3.1 Why do we want to do this

- In order to meet demographic challenges over the next 10 to 15 years the authority should plan for it now.
- Central Governments drive to promote the wellbeing agenda for older people is becoming more and more important because Local Authorities and Partnerships will be judged under various inspection regimes and is focussing the minds of many who have to provide services to this client group.
- Need to provide a broader service to residents by supplementing Council funding with additional funding not currently available to the authority
- Want to provide a more holistic service to meet the ever changing needs of residents e.g. compliance with Lyons report etc.
- Want to provide a more holistic service to meet the ever changing needs of residents. Meeting all equality level 3 criterion.
- Access the harder to reach groups
- Take advantage of opportunities to work with other trusts and voluntary organisations.
- To maximise potential funding opportunities in a more collaborative way in joint partnerships.
- Ability to re-invest savings back into the service giving more residents quicker access to the service.
- Improvements in service delivery.

3.1.2 Is it Possible to do it?

- Yes trust status has been achieved by other local authorities service areas e.g. leisure
- Welfare Rights have a proven track record of attracting external funding
- Welfare Rights have consistently met targets on all external funding project
- Welfare Rights have existing strong partnerships (DWP and disability rights groups)
- Existing strong Leadership
- Have the potential to expand and work with other interested partners to maximise efficiency savings.
- Support and backup available
- Existing staff have experience of service requirements

3.1.3 Will it add value?

It will add value in the following three key areas:

3.1.4 Customer Value

- Maximising benefit take up will provide financial benefits to local residents.
- Additional benefit granted may be ploughed back into the local community e.g. spent in local shop, fuelling the local economy.
- Grants will be applied for to enable better access to service for the difficult to reach
- Grants will enable a borough wide service

- Benefit awarded links into quality of life improvements
- Keep residents in their own homes longer through Welfare Benefit's, leisure opportunities and quality of life improvements.
- Grants and third party working will enable access to coordinated complimentary services via a single point of access.
- More flexible working patterns access to the service when the client wants it.
- Contributes favourably to Local Areas Agreements (LAA)

3.1.5 Employee Value

- Greater training opportunities in core and specialist subjects.
- More flexible working patterns
- Assumption is that core funding for NRF staff will be guaranteed for a minimum of 5 years providing stability.
- Staff morale improved and job satisfaction increased
- Reduced sickness / Stress
- Improved performance

3.1.6 Management Value

- Reduced Costs NNDR rating costs to be re-invested in front line service.
- Single focused priority management will allow managers to switch work priorities to deal with peaks and troughs in work loads.
- Happier staff, less absenteeism, more time for training and development resulting in improved service delivery.
- Timely and accurate management information.

3.1.7 Who Needs It?

- Walsall Council - VFM
- All residents of the borough or their families at time of need
- Our partners across a whole range of activities including statutory and the third sector
- Potential partners across the Black Country
- Directorate and members will see quantifiable improvements

3.1.8 Who is paying for it?

3.1.9 Core funding

A trust should not be seen as a cost cutting option

The council should plan for a level of funding that is consistent with the ongoing delivery of agreed core services

If the council implements trust status, the agreement between the council and trust must provide for a grant that can sustain the local service provision.

A five year period is recommended with a year on year inflationary increase applied

3.1.10 Discretionary Funding

Discretionary funding should continue under the terms of reference agreed with the welfare rights service

Such funds are normally project related and the unit should continue with its existing principle that staff for the discretionary funded work areas is on a project by project basis

Dealing with the potential cost of discretionary funding funded projects in this way will ensure that the council and the local tax payer are protected from extra costs

Sources of external funding

There is a complex range of potential funding -the common ones are

- Legal services commission
- Supporting people
- Sure start
- NRF
- New deal for communities
- Valuing people
- European social fund
- Primary care trust
- DWP
- Wide range of ring fenced specific support and set up grants

In addition to the above the following have been identified by Ian Jones as potential sources which provide an indication of potential award values

1. Funding to Support the Voluntary Sector Providing Advice on Tax and Welfare Entitlements (UK)

The funding for up to 3 years will provide grants of up to £20,000 for locally based projects; closing date 24 December 2007.

2. £25 Million Third Sector Research Programme

Under this programme, community and voluntary groups are able to apply for grants of between £10,000 and £ 500. Closing date is 28th February 2008

3. BASIS- Consultation Round Two

Programme aims to improve the effectiveness of voluntary and community organisations(VCO'S).

Round One of the BASIS programme is closed **The consultation programme closes on 16th November 2007.**

4. Grants to Improve the Capacity of Voluntary and Community Groups

Grants of up to £150,000 are available for projects that develop skills within third sector. The closing date for applications is the 31st March 2008..

5. Advice Plus- Round Two

This programme will be launched on 12th November 2007, with a budget of £20 million
Awards of between £10,000 and £500,000 for a project lasting from one to five years?

Please note that not all applications are guaranteed to be successful and the amounts potentially awarded can not be predetermined.

If applications were made to each of the above a conservative guesse would be that the authority would receive £60,000 funding

3.1.11 Is the environment supportive enough?

- There is full commitment from Councillors to explore trust status

- Scrutiny have confirmed support 30th August 2007
- There is full commitment from all staff in the affected areas with phase 1 of the project
- The national environment for funding streams and its profile has been raised since the change of government leadership
- Groups exists to facilitate enhancement and identify best practice
- Leads on transformation change within the council.

Please note there may be some resistance from trade unions as some employees are likely to be adversely effected

3.1.12 Drivers for change

- Potential to acquire more external funding to improve service delivery
- Social enterprises are also emerging from the public/private sector, who have the advantage of knowing how services can be best delivered.
- New and emerging social enterprises are operating in the health and social care arena and we expect this to increase in the future
- There is a national drive to demunicipalise public services
- Demographic and social changes.
- National Agenda to deliver services on a localised basis.
- Support of Scrutiny and the Directorate
- CPA requirements relating to elder people,
- Public Service Agreement Delivery Agreement 17: Tackle poverty and promote greater independence and wellbeing in later life. October 2007.

3.2 Assumptions

- Full majority support of Walsall Council members.
- Guarantees on the long term level of Council funding.
- Additional funding applications will be successful.
- That current management have the capability to deliver trust status
- Staff are fully supportive.
- Attitudes and expectations from all parties.
- Buildings and equipment will be passed across to the new Trust.
- Changes in government legislation.
- TUPE transfer arrangements and admitted body status for pension.
- That all Phase1 posts will be integrated into the service.
- The trust will be subject to existing corporate financial regulations and audit requirements ensuring equitable and auditable controls are in place.

4. Phase 1

4.1 First Phase

4.1.1 Welfare Rights currently deliver the following:

- Core Welfare Rights Service including representation at Appeals.
- Fairer Charging Assessments and associated welfare rights
- The Financial assessment and benefit team (FAB) deals with all welfare rights and Department of Works and Pension procedures and protocols for all residents aged 80 and above although this age is under consideration for reduction in the near future.
- Complimentary Services
- Neighbourhood Renewal Fund project also delivering holistic welfare rights and associated quality of life improvements with 7.5 fixed term contract staff.
- Carers Project in partnership with social care and housing establishing a contact point for families and carers to ensure they get their full entitlement to welfare benefits. We hold two surgeries a week one at the centre for independent living and the other at St Paul's the Crossing.
- Demographic surveys, we talk to over 20,000 residents annually to establish any sort fall in welfare benefit entitlement and other complimentary services they can access. This has proved a useful tool in identifying genteel poverty in 2 areas of the Borough.
- Facilitating community access to specific grants and funds. This has led to groups gaining SP funding and we are currently being considered for NRF funds.
- We provide surgeries, road shows and community development work across the borough when requested to maximise awareness, referrals and income for the residents of Walsall, Voluntary Groups and partner organisations.
- Main referral point for residents for the national Home Energy Efficiency Scheme (HEES) to together with supporting the Local Authorities Health through Warmth Scheme.

4.1.2 What services are required

- Intention is to retain all of the above services and build on these with bids for additional funds expand into similar services an example of which could be debt or Community Legal Services (CLS) together with being able to maximise specific grants to develop additional services around the Anti Poverty and Social Inclusion Health and Well Being Agenda.

4.1.3 What performance targets will be used to monitor out comes

The service has always monitored performance outcomes by the amount of financial gain each individual officer gains collectively for the clients they help.

Trust Targets

1. Each officer will be expected to achieve a third of a million pounds.
Incremental rises will ensue year on year.
2. The Admin Research Officers collectively have a target of 20,000 people per annum.
3. Targeting different groups will depend on attracting additional funding; we will bid for a minimum of 3 additional funding streams on an annual basis.
4. Our Demographic team will see 20,000 people a year which is approximately 7.5% of the population of the Borough
5. We will implement an electronic referral system from ABO's who have the expertise to identify potential benefit short shortfall.
6. We will invest in school meal concession work .We have proven that this type of intervention can be really beneficial for individual schools who were able to get their free school meal uptake above 20% of its annual intake; an example of this is the Sneyd School Bloxwich who have received an additional £350,000 over 2 years.

7. We will conduct customer satisfaction surveys annually in different areas across all of our projects.
8. We will work with disability groups to strengthen partnerships and assist with best practice. We will look at joint funding bids to use each others strengths.
9. Targeting different groups will depend on attracting additional funding; we will bid for a minimum of 3 additional funding streams on an annual basis.

4.1.4 How the operation will be managed?

Management will be a two tier system. The Board will manage policy and the paid staff will deliver the policy; this will ensure tight financial administrative systems and the use of high calibre staff.

4.1.5 Governance – who will be on the board, what controls will exist, TOR etc

Two Trustees will be from the LA members / councillors and with other various interested parties who can bring benefit and experience to decision making and development, this would contribute to the expansion of a successful trust.

Directors should be chosen for the benefits they can bring to the Trust in terms of their contacts, personal skills and standing within the community. They should be capable and committed individuals – not committee time servers.

The board would need a Chair person, Treasurer, Secretary plus between 5 and 9 additional board members to bring together Public, Private and Voluntary sectors from a wide range of organisations.

The Board quorum would need to be a minimum of four; with a member of the funding organisation (if part of the board structure) being part of the quorum if decisions are specifically related to their area of business.

Reports to the board would be quarterly and annually with an annual AGM open to interested parties and members of the trust.

4.1.6 Implementation

Scrutiny Committee have recommended to full Council that a three phased approach be adopted for the Trust to be initially set up from the April 2008. The existing staff under the management of the Welfare Rights Service being transferred and then the second phase will include the Neighbourhood Community Officers (NCO's). The third phase will look at bringing partnerships together so we all work smarter.

Communication is vital to ensure that from day one both the third sector, local authority are aware of the existence of the Walsall Welfare Rights Trust and what it can deliver.

5. Timescales

5.1 Milestones/critical path

- Cabinet approval for long term funding
- All 31.5 Staff in phase one transferred to the Trust
- Funding to be identified for the 7.5 fixed term staff otherwise redundancy notices to be issued Christmas 2007
- Company registration minimum of 2 weeks
- Gaining Charitable Status minimum of 10 weeks
- Buildings & Equipment
- All staffing issues resolved eg: admitted body status
- Communication Strategy
- Legal assistance
- HR assistance
- Funding (development officer)
- Training
- Implementation