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Final report on potential funding
models and delivery approaches
which could be used to allocate the
levy funding devolved to the Scottish
Government for debt advice

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Executive Summary

Potential models for distributing the debt levy funding were initially identified using desktop research. The models, and equally importantly, the criteria by which they would be assessed, were the subjects of engagement with a representative group of advice funders and providers. Engagement, which took place at all stages in the evaluation process, took the form of surveys, individual interviews, focus groups and events targeted at key stakeholders.

More limited engagement was carried out with potential and actual advice service users.

When all potential models had been identified, assessed and discussed, there was only one funding model that had almost unanimous support. This was a 'Grants Programme managed by an independent organisation'. As well as having cross sector support, it is a proven and effective model. This is exemplified by the current arrangements in which the Scottish Legal Aid Board manages three nationwide and 42 regional grant funded projects – this includes the debt levy funded, Debt Advice Journey Programme. From the initial engagement sessions, even allowing for the major changes in service delivery method, as a result of the pandemic, this has been the preferred model.

It is suggested that to support continual improvement a grant programme funded in this way includes a small amount that supports activities related to 'change and innovation'.

Increasingly the approach to offering advice services is person centred and seeks to connect individuals to a wide range of services including debt, income maximisation, employability and, in some geographical areas, health and family support.

Throughout Scotland organisations across all sectors provide access to debt and money advice services. Funding for services is often short term, insecure and geographically inconsistent. This contributes to the tensions that exist, and have made identifying an acceptable funding model to distribute the debt levy funding challenging.

To try to get more consistent access to debt and money advice services, and to have a more settled and stable approach to funding, it is suggested that work continue on developing an 'Advice Services Partnership Framework' between Scottish and Local Governments which may result in a longer- term funding approach. Although the original focus in the work carried out to develop this model has been based on debt and money advice it may be helpful to consider it within the wider context of advice services funding.

This report sets out the evidence on which these suggestions are made.

1. Introduction

The Financial Conduct Authority (FCA) has responsibility for collecting funding for the free-to consumer debt advice supported by the Money and Pensions Service (MaPS) (in England) and the devolved nations through a levy on regulated firms.¹ Debt levy funding has been devolved to the Scottish Government since January 2019. The annual amount varies and in 2022-23 the sum awarded was c£6,527,200.

Scottish Government asked the Improvement Service (IS) to identify potential funding models through which these monies could be distributed.² The effectiveness of the current model that was being used at that time and which is currently in operation- a combination of a competitive grants programme and direct grants to certain organisations--was not to be assessed as part of this process.

1 <https://www.fca.org.uk/news/statements/statement-government-support-package-debt-advice-services>

2 https://www.improvementservice.org.uk/_data/assets/pdf_file/0021/18057/debt-levy-funding-second-phase-update.pdf

2. Background

The reference point for the work was the recommendations of the ‘Tackling Problem Debt Group’³ and the stated wish, at that time, of the Scottish Government was to retain a strategic influence regarding the broad approach and focus of how the levy funding can achieve maximum impact, whilst not necessarily having a direct role in prescribing or deciding the detail of individual initiatives or projects to be funded.

The purpose of the work was twofold. Firstly, potential models would be identified that could be used for funding advice services, which would lead to improved outcomes for both service users and providers. Secondly, the identified models would form the basis of engagement with a wide range of stakeholders to agree which models it was thought were likely to be most effective and why.

Potential funding models were identified through a combination of desktop research and structured interviews. Consideration was given both to the approaches in other countries that were used to fund and support advice services as well as funding models utilised in other policy areas. The applicability of all the models identified was assessed and analysed and a number of potential models identified. At the same time, a set of indicators that could be used to measure the performance of each were developed. More details of the approach taken and findings can be found in [‘A preliminary report on potential funding models and delivery approaches which could be used to allocate the levy funding devolved to the Scottish Government for debt advice’](#).

Given the timescales involved in producing the above report there was limited opportunity for wider engagement. As a result, further engagement activities took place between September 2019 and March 2020. This involved advice funders and providers across all sectors and actual “and potential” advice users. The findings from the preliminary report, in relation to both potential models and the indicators through which they would be addressed, were used as the basis of engagement with advice funders and providers.

This approach was not adopted in engagement with advice service users. It was considered that asking actual or potential advice service users about potential funding models was a little too abstract and it would be more relevant to identify their expectations of advice, how and where it should be provided and supplement this by mapping in-depth individual customer journeys.

The results can be found in [‘Findings from second phase of engagement on potential funding models and delivery approaches which could be used to allocate the levy funding devolved to the Scottish Government for debt advice’](#).

3 <https://www.gov.scot/publications/tackling-problem-debt-group-recommendations/>

The findings from the preliminary report were broadly agreed – with minor changes which included an additional funding model and minor adjustments to the assessment criteria.

3. Purpose

Originally seven potential funding models were identified and were considered at the engagement events described above. In the course of the sessions it was agreed that three of the potential models had limitations and hence should not be developed further

The three models considered further were:

- ▶ Advice Services Partnership
- ▶ Direct Grants to Local Authorities
- ▶ Change and Innovation Funding

A fourth model, a 'Grants Programme managed by an independent organisation', was well established and continued to be used to distribute a proportion of the levy funding - the 'Debt Advice Journey Programme (DAJP)' managed by the Scottish Legal Aid Board (SLAB).

Given that this model was already in use, and had been for some years, the focus at the engagement sessions was on those actions that could be taken to improve the model. This is also the subject of a further report.

One additional model was identified in the engagement process and was also the subject of further investigation. This model was based on allocating the debt levy funding to a single national body.

A summary of the findings in relation to each of the potential models is outlined in Table One.

The purpose of this report is to present the findings from further assessments of the five potential funding models and the results of the final engagement exercise with key stakeholders in the advice sector that was carried out in August 2022.

4. Summary of findings from previous engagement events and resultant actions

The table below summarises the findings from previous events and highlights future actions.

Table One Findings from previous events and future actions

Description of Potential Funding Model	Areas of consensus from engagement sessions April to June 2019	Areas of consensus from engagement sessions in September 2019 to March 2020	Future Actions
Grants Programme managed by an independent organisation	A single independent body which disseminated funds was generally accepted by the majority of participants across all sectors.	Original findings were endorsed. Widespread acceptance that this offered an effective way of distributing funding. Whilst seen as a 'familiar model', it was suggested that changes in the way future programmes should be delivered were required.	Model that was used to support the Debt Advice Journey Programme that was funded between 2020 and 2023. Potential improvement actions identified in engagement sessions were explored. A review of a 'Grants Programme managed by an independent organisation- (DAJP) as a potential model to distribute the debt levy devolved to Scottish Government' can be found here.

Description of Potential Funding Model	Areas of consensus from engagement sessions April to June 2019	Areas of consensus from engagement sessions in September 2019 to March 2020	Future Actions
Direct Grants to local authorities - Distribution of funding directly to local authorities through some mechanism	This model was the option most favoured by local authority representatives, but reservations were expressed by many of those representing third sector organisations.	Original findings were endorsed.	This was the subject of a ‘test of change’ with four local authorities between. The ‘Evaluation of Direct Grants to Local Authorities as a potential model to distribute the debt levy funding devolved to Scottish Government’ was carried out between 2020 and 2022.
Change or Innovation funds	There was acceptance across all sectors that such approaches will be needed to transform services. However, a few participants suggested that all service delivery should include improvement methodologies.	Original findings were endorsed. It was submitted that this type of funding could be useful but would operate most effectively if it formed an element in a more comprehensive package of funding.	This was the subject of a test of change involving organisations delivering projects within the DAJP (2020-2023) An evaluation was carried out between 2021 and 2022.
Community Advice Partnerships (CAP)	It was recognised that potentially this funding model had much to offer in that it was outcomes focussed, reflected local needs and priorities and promoted partnership working. In some local authority areas, it would work extremely well but in others where the CPP was not as well developed or in which money advice was not a priority it may be less applicable.	Original findings were endorsed.	Limited support during both engagement sessions so no further investigation.

Description of Potential Funding Model	Areas of consensus from engagement sessions April to June 2019	Areas of consensus from engagement sessions in September 2019 to March 2020	Future Actions
Self-Assembling Regional Groups	<p>This model was generally well received in the public sector. It was felt that it could provide an interface for local and national interests. There could be challenges in relation to defining what constitutes a region and within individual regions participating local authorities may have different priorities. However, the principle of self-assembling regional partnerships applied to City / Growth Deals, alongside agreed governance systems, could go some way to helping overcome such concerns.</p>	<p>Original findings were endorsed.</p> <p>It was suggested that other regional models that worked effectively should be examined and the way they operated to facilitate partnership working identified.</p> <p>This model would be well suited to supporting changes in service provision that could be provided effectively at a regional level; e.g. telephony services</p>	<p>Given the potential of using this approach to deliver nationally agreed strategies at a local level it was determined that it should be considered in conjunction with the development of the 'Advice Services Partnership Framework' between Scottish and Local Governments.</p> <p>This has not been considered further pending further work on the 'Advice Services Partnership'.</p>
'Advice Services Partnership Framework' between Scottish and Local Governments	<p>This approach had significant support from public sector participants, many of whom were familiar with it, but less from other organisations. It was seen as being able to offer local subsidiarity and autonomy at the same time as providing national co-ordination and support and it was felt it provided the best compromise. The model offered many of the benefits of regional approaches in relation to cost effectiveness, removing geographic boundaries for service users and supporting an integrated approach to funding.</p>	<p>This model was generally accepted, although a small minority suggested it could be too prescriptive and might dilute the impact of debt levy funding.</p> <p>Support from third sector participants was conditional on their involvement.</p>	<p>Initial discussions took place between Scottish Government and COSLA facilitated by the IS. An outline action plan was agreed but is still to be developed.</p>

Description of Potential Funding Model	Areas of consensus from engagement sessions April to June 2019	Areas of consensus from engagement sessions in September 2019 to March 2020	Future Actions
National body to oversee the funding of advice services	No positive responses were received from any consultees across all sectors in relation to the creation of a new statutory body or consortium with a strategic overview. It was felt that such a group would lack local knowledge, reduce opportunities for partnership working and potentially increase duplication of funding	Original findings were endorsed. A few participants from the third sector did suggest that it might have merit but the overwhelming majority of third sector representatives felt that this model would favour national organisations at the expense of smaller, community-based groups.	As there was very limited support further work was not carried out.
Allocation to a single national body		This was identified in this engagement session.	Further analysis to be carried out.

5. Process

This report draws together:

- ▶ the findings of previous reports (referred to in section 2)
- ▶ evaluations carried out in relation to three of the potential models against criteria agreed at the previous engagement events
- ▶ the views expressed at the final engagement events.

(i) Previous reports

The model that was suggested in the second engagement phase – allocation to a single national body was examined but as is explained in Section 8 was not considered further.

The model, creating an advice services partnership framework reached only the development stage. An action plan was agreed but for a variety of reasons which are outlined in Section 8, it was not possible to undertake the intended discussions during the wider engagement process.

(ii) Evaluations

Evaluations were carried out in relation to the following models:

- ▶ Evaluation of Direct Grants to Local Authorities as a potential model to distribute the debt levy funding devolved to Scottish Government' (test of change)
- ▶ Evaluation of Change or Innovation funds as a potential model to distribute the debt levy funding devolved to Scottish Government' ('test of change')
- ▶ DAJP as an exemplar of a Grants Programme managed by an independent organisation

The effectiveness of each was assessed against a set of generic criteria applicable to all models alongside some that were specific to each of the named 'tests of change'. These criteria had been agreed at the initial engagement events.

(iii) Final Engagement Events

The recommendations in previous reports, and agreed actions, along with the evaluation findings in relation to three of the potential models provided the

basis of discussion at the engagement events. These were held on four different occasions, in a range of locations to ensure accessibility for all and are detailed below. There was greater attendance at virtual events than those held in person.

Table Two: Schedule of final engagement events

Date	Location
16/08/2022	Glasgow City Centre
18/08/2022	Online via Microsoft Teams
23/08/2022	Online via Microsoft Teams
24/08/2022	Edinburgh City Centre

It was intended to reach representatives from a diverse range of organisations which funded or delivered money and welfare rights services and events were widely publicised through relevant mailing lists, networks and KHub groups. Each event was given a 2-hour time slot.

Sessions were attended by representatives from 72 organisations (outlined in Appendix One). It was recognised that the third sector and local authorities were well represented however representation from health services was limited, with only NHS Greater Glasgow and Clyde participating. This was addressed through one to one interviews with five health improvement leads and consultation with Public Health Scotland. Perhaps not surprisingly the focus in these sessions was on how better links could be made between health and advice services. It was suggested that a model which supported access to advice in primary care settings, such as the Welfare Advice and Health Partnerships model, or improved referral pathways, for example between health visitors and midwives and advice providers, would be the preferred option. Respondents recommended that a specific grant programme should be provided focusing on developing these approaches alongside grants to specialist advice agencies (e.g. those supporting mental health).

Engagement events were structured around an initial presentation that outlined the context of the debt levy fund and the impact of the COVID-19 pandemic on the delivery of money and welfare rights advice services.

This was followed by a discussion session to consider if the significant increase in digital service delivery since the pandemic affected the suitability of potential funding models to disseminate debt levy funding.

The presentation then continued with a detailed information briefing on each of the potential funding models that had been identified in earlier engagement events. These were:

- ▶ Grants Programme managed by an independent organisation – current Debt Advice Journey Programme
- ▶ Direct Grants to Local Authorities
- ▶ Change or Innovation Funds – current Debt Advice Journey Programme
- ▶ Advice Services Partnership Framework between Scottish and Local Governments

Following the presentation, group discussions took place on each of the models. The focus of discussion in relation to the DAJPP was on those areas which had been identified as requiring further consideration. Before reporting on the individual models and the views expressed in the engagement events in relation to each, there are certain factors that must be considered.

6. Context

(1) The pandemic

As a result of the pandemic the way advice services were delivered changed markedly. From March 2020 services moved to digital routes and access to face to face services stopped. It was only in August 2020 that guidance was given by Scottish Government to advice services that face to face services could be provided- but only in exceptional circumstances. Evaluations of the potential models were significantly disrupted and delayed. Advice services, rightly, were focussed on trying to deliver services through all possible access routes. Many staff were either furloughed or diverted to work on other areas to provide essential support in both the coping and recovery phases of the pandemic.

Planned engagement with service users was not possible for lengthy periods and even at the time of writing this report, face to face service delivery has not resumed to the same extent. Most evaluation plans had to be effectively put on hold for over a year.

(2) Funders Framework⁴

The Funders framework is a high-level set of principles that forms the basis of providing funders with an assurance that they are working in line with good practice. It was developed by a partnership between the Scottish Legal Aid Board, the Improvement Service and Scottish Government and launched at an event in 2015. Based on research, it highlighted the need for better partnership working, co-ordination of funding for advice and improving performance management as well as measuring service user outcomes. In 2018, the extent to which it had been implemented was reviewed. This report⁵ identified that using the framework to drive investment decisions and reporting requirements was not common practice. Whilst local authorities indicated that they were making progress towards embedding elements of the framework within their commissioning approaches further development and support was needed. One of the issues was that the principles in the framework are broad and general so there was some uncertainty as how best to demonstrate that the principles had been achieved in a simple proportionate way. To assist with this a checklist was prepared.

Although potentially relevant, as it might provide a set of shared principles which could underpin any model, the Framework is not widely and consistently applied.

4 <https://www.improvementservice.org.uk/products-and-services/consultancy-and-support/improving-outcomes-in-money-advice/framework-for-public-funding-of-advice>

5 https://www.improvementservice.org.uk/_data/assets/pdf_file/0028/9199/LA-commissioning-advice-services.pdf

There may be merit in reviewing, re-branding and relaunching it but only if this can be based on having a plan to achieve consistent and practical application to support future funding.

(3) Tensions within the sector

Relationships between local authorities as funders and providers of advice services and their third sector counterparts remain, in **some** cases, strained and there can be a lack of trust and openness. Third sector representatives expressed concern that the valuable contribution they made was often not recognised and they felt excluded from decision making. Tensions can also exist between individual third sector providers. This has resulted in a polarisation of views, in some instances, in which there is a focus on funding models that may offer organisational advantage rather than considering approaches which might best address service user needs. Competition for funding is often at the core of this. Third sector organisations were seen by some local authorities to have opportunities to access a wider range of funding from trusts etc., whilst local authorities were perceived by third sector organisations as being more likely to allocate funds to in house services. These views have been expressed by participants, to varying degrees in all the engagement events that have taken place. In many authorities additional funds have been provided to internal and external advice services as part of pandemic recovery strategies and when these are no longer available further pressures might be placed on already fragile relationships. As one participant stated at the engagement sessions which drew widespread agreement,



“If you put a pot of money out, it creates tension — I’ve seen it with rivalry even between organisations that belong to the same national body. “

It must also be stressed that there are examples of effective cross sector partnerships.

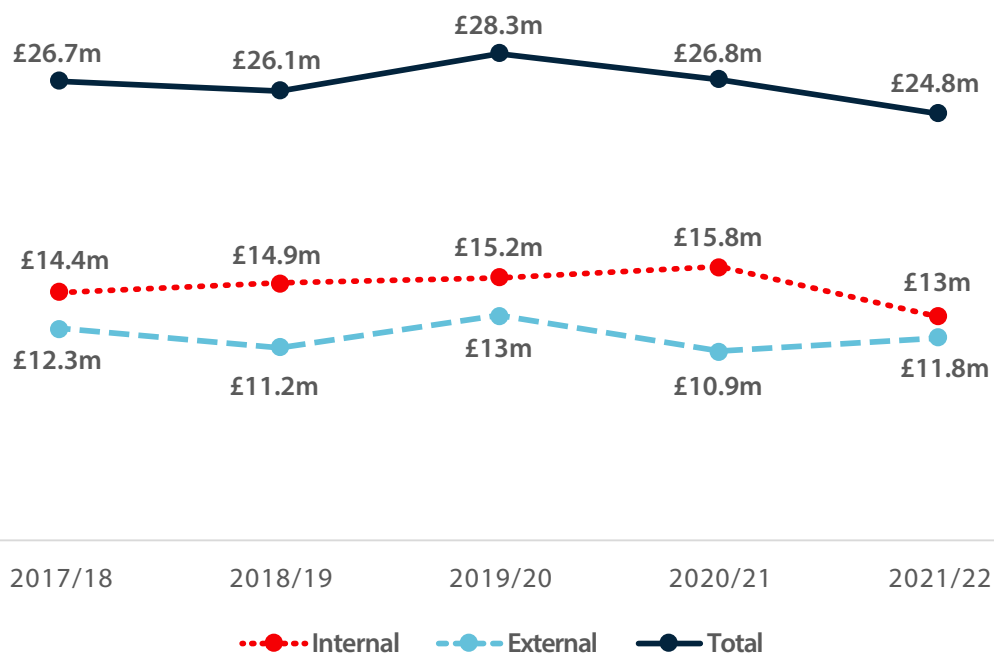
(4) Local authority funding

The extent to which local authorities fund third sector advice agencies is sometimes not acknowledged by third sector representatives.

Data reported by local authorities for the Common Advice Performance Management Reporting Framework demonstrates their investment in money and welfare rights advice services. In the funding figures currently provided, total local authority funding for money and welfare rights advice services in 2021-2022 was £24.8million, with £13million for internally delivered services and £11.8million for externally delivered services. Local authorities funded a total of 87 services, including 25 internal services and 62 external services.

The table below illustrates both the total investment in advice services and how that has been split between external and internal services. These findings must be caveated in that they are only provided in relation to those local authorities that have provided this data over a five-year period- that is to say 15 local authorities.

Fig One: Local authority investment in in-house and external advice services



7. Findings from the engagement events on the impacts of increased digital delivery on potential funding models

The identification of potential funding models and initial engagement sessions took place pre-pandemic when the main access route to money and welfare rights was on a face to face basis. As a result, the starting point at all the final engagement events was to identify if there were concerns that the potential funding models identified might be less relevant as a result of increased reliance on digital access routes to money and welfare rights advice services.

Over the four events there was a strong sense of agreement that, although recent trends have shown digital and telephone access points remain the most common routes, this will not necessarily always be the case.



“Some people during the pandemic just didn’t get advice at all... I’d be wary of any funding model that would result in funding being diverted to online resources rather than face to face”



“Needs to be an accessible advice service- as demand rises will need more face to face particularly to look in detail at debt options.”

Event participants were mainly of the opinion that the funding model shouldn’t be aligned to how services are delivered and favour any one channel or route over another. The priority should be in ensuring ‘fairness’ of funding distribution in order to provide the most benefit to actual and potential service users. Whilst this was a common, and shared, theme what constituted fairness was not always clear. The key factors seemed to be that funding allocations were clear and open and that no bodies or organisations received preferential treatment. The prevailing view was that funding should not go solely to local authority or third sector providers, and indeed within the third sector resources should be allocated more evenly between small and large advice providers and not to any single large organisation.



“The fairness of funding should be the main priority”

Similar to this point, issues were raised about giving services users a choice and that advice should be available in both digital and face to face forms. Providing advice that increases engagement with service users in a way with which they are comfortable was seen as essential. It was widely agreed that the funding model should not impact on individual choice. Furthermore, it was also stated by the majority of participants that any one funding model should not emphasise a particular mode of access to services over another.

There was a recognition of the benefits of online delivery in improving accessibility. Although some participants suggested that the shift to advice services being mainly provided digitally is not permanent, there was a general acknowledgement that it will clearly play a larger role in service delivery than was previously the case. However, the majority did not see this as being directly related to a need to change the funding model. Regardless of any shift in delivery method, the priority should still lie in efficient and fair funding streams.



“The distribution of resources is what is important”

In conclusion it was agreed unanimously that there was no need to review and alter the selected potential funding models that had been agreed at previous engagement events.

8. The potential models

(i) Single national body

This was suggested as a possible funding model in the second engagement event in 2020. For clarity it should be pointed out that this model would involve allocating the monies to a single organisation that would use it to meet agreed objectives. There are very few organisations in Scotland providing money and debt advice that have the capacity and reach to use any additional funding in this way. The feasibility of this model was raised in discussions with representatives of three potential recipients. Whilst one representative did comment that funds could be distributed through an existing network, all expressed concern that this might have an impact on the funding available to other national bodies currently supported through the devolved debt levy funding and could be perceived as being unfair.

There are limited comparable approaches in other areas but the one adopted by the Welsh Government is worth referencing largely because this has resulted in a single national body being awarded funding- albeit following a competitive application process on a regional basis. The position in Wales was originally highlighted in our preliminary report. At that time (2019) a Single Advice Fund⁶ (hereafter referred to as the fund) of c£6 million, had been established which was to be awarded to organisations through a competitive grant application process. The fund merged existing funding streams for advice which as well as money and debt – also included welfare rights, employment and housing.

The fund was established in response to recommendations made in the Information and Advice Action Plan published in 2016.⁷ Much of the infrastructure that had to be developed in Wales to support the effective operation of the fund already exists in Scotland and has been created using partnership approaches e.g. Funders Framework.

As part of the application process for the fund the Welsh Government produced guidance for bidders, which included seeking collaborative grant applications from a group of organisations (with one organisation acting as a ‘major partner’ alongside other smaller organisations within a consortium). The aim was to encourage partnerships and avoid any one service provider having a monopoly over advice services. To establish the current position, contact was again made with representatives of the Welsh Government in 2022.

Citizens Advice Cymru, in partnership with other organisations, was awarded contracts to provide services in all locations and as such are the sole contracted

6 <https://gov.wales/sites/default/files/publications/2019-04/single-advice-fund-guidance.pdf>

7 <https://gov.wales/sites/default/files/publications/2018-11/information-and-advice-action-plan.pdf>

supplier of advice services. This approach, although not the intended outcome, has resulted in a single national body delivering services. An evaluation of the effectiveness of the fund was due to be published in November 2022 but has been delayed until March 2023. This is likely to provide useful learning in relation to both the debt levy and wider advice service funding.

Given the lack of information on the effectiveness of this approach in Wales, and the absence of support in the limited engagement that took place for this model, no further action has been taken.

(ii) Advice Services Partnership Framework between Scottish and Local Governments

Between November 2020 and January 2021, discussions, which were facilitated by the IS, took place between Scottish Government, and the Convention of Scottish Local Authorities (COSLA). The outline of a development plan was agreed by officers from both Scottish Government and COSLA - following minor amendments suggested at the COSLA Leadership Sounding Board on 15 January 2021.

The suggested approach was premised on the basis of collaboration between equal partners and drew on the model developed for employability. Indeed, many of the objectives set out in 'No-one Left Behind'⁸ are equally applicable to advice services and are shared by both local and national governments. The starting point would be to identify and agree the principles that would underpin the framework. As well as including agreed objectives, the framework would be used to set out the terms of engagement and how local and national government might work together in their role as funders of advice services.

All organisations, in both the public and third sectors, throughout the engagement processes, have said that the approach to funding advice services is fragmented and a more strategic approach should be taken, however what form this should take remains to be agreed. It was hoped that the development plan agreed by COSLA and Scottish Government could form the basis for further discussion and would consider how the distribution of the debt levy funding might sit in the wider context of funding for advice services.

This could be done by adopting a set of core principles that would support a collaborative approach. In the longer term it is suggested that this approach is most likely to lead to a consistent approach to the provision of both debt and welfare rights advice services and is likely to offer the most effective use of resources that meet service user needs whilst taking account of local needs and priorities.

8 <https://www.gov.scot/publications/no-one-left-behind-delivery-plan/>

Unfortunately limited progress was made with implementing the development plan as due to the pandemic and local government elections representatives from COSLA had to focus on other areas. Further discussions took place between the IS and officers of COSLA and it was suggested that it might be useful to have discussions with local authority advice leads in their role as funders of advice services. This would provide useful insight on the factors that need to be considered and how this approach should be progressed.

Local authority advice leads from both urban and rural and large and small local authorities were invited to take part in informal discussions. In this way it was hoped that views from a range of perspectives would be provided.

In the group of advice leads there was consensus that the approach to funding should be widened to include all funding for money and welfare rights advice and not just the devolved debt levy. It was felt that the amount of debt levy funding did not justify the time and energy required to develop an effective partnership approach which could sustain consistent investment in advice services.

Discussions have again taken place with officers from COSLA to identify the current position, from their perspective. It is the view of COSLA that determining whether or not to explore the proposal to have a jointly owned partnership arrangement requires political agreement. COSLA suggested that officers from the SG, IS and COSLA form a working group to discuss and agree a process and timetable to start to explore the feasibility of this approach as soon as is reasonably practical. This would be subject to agreement with the relevant COSLA spokespeople and political meetings and establishing governance and reporting arrangements for the working group.

Participant views in Engagement events in August 2022

There was a recognition of the need to develop a strategic approach to defining, supporting and delivering money and welfare rights advice services but this should be informed and influenced by those with direct experience of service delivery.



“Funding should be set based on meeting identified needs and achieving agreed outcomes”

Any strategy that was implemented at a local level should be based on cross sector collaboration and take account of differing situations.



“There are 32 authorities where services are different in every case.”



“Would have benefit of ensuring there is coverage across the board- but local authorities and partners would need to have the ability to tailor things.”

“Every area is different and has different needs and priorities- there needs to be scope to reflect this within any strategy.”

It was stressed by participants that the governance arrangements for allocating, managing and reporting the monies allocated should be clear and simple. Whilst those adopted in the employability partnership could provide a starting point, they would need to be adapted and developed.

At the engagement events there were some concerns that the third sector and other funders need to be included in discussions.

“CAS should be included- all partners need to have a voice”.

“What about other funders of advice such as the Trussell Trust?”

“Quite concerning if this would only include local authority advice leads and COSLA”.

The stage at which the suggested wider involvement in developing this process should take place was not defined.

As a process to develop this model that be used as the basis of wider discussion had not yet been agreed it was not possible to provide the level of detail requested by several participants.

However, all recognised the wide variations in the extent to which access to money and welfare rights advice services were provided from one geographical area to another and agreed that a partnership framework might start to address this.

Conclusions

At this point although a development plan has been agreed in principle it has not been progressed. Further work would be required on defining and agreeing what actions would be required to establish an ‘Advice Services Partnership Framework’ between Scottish and Local Governments which may offer a longer-term funding model. Although the original focus in the work carried out to develop this model has been based on debt and money advice it may be helpful to consider it within the wider context.

(ii) Grants Programme managed by an independent organisation

This was the **only** identified potential model that received almost unanimous support across all sectors. In this approach, grants would be managed in line with agreed governance arrangements which would cover such areas as eligibility, meeting funder priorities, supporting defined user outcomes and establishing reporting requirements. This model has been operated by the Scottish Legal Aid Board (SLAB) since 2009 and has supported key policy areas through funding from Scottish Government and, to a lesser extent, the former Money Advice Service.⁹

Although this funding model was viewed very positively, in the course of the initial and subsequent engagement processes, it was suggested that there were areas that could be improved. These included a greater emphasis on avoiding duplication, reducing what were seen as overly burdensome reporting requirements, promoting collaboration at a local level and ensuring equity of opportunity.

SLAB is currently managing the DAJP¹⁰ which funds *‘projects designed to improve access to free debt advice by assisting with the development of changes to working practices that help manage demand on services and improve people’s experience of seeking advice.’* This three-year programme is worth c£3.25 million and grants of up to £100,000 per annum were awarded to successful applicants.

It should be noted that SLAB also manage other grant programmes.

It was agreed from the outset that any evaluation involving projects funded through the DAJP would not focus on the performance of SLAB. The original evaluation plan was to use the projects funded this way to assess the effectiveness of a funding model focussing on ‘Change/Innovation’.

In both the initial engagement events this was the only potential funding model which had widespread support across all sectors. As a result it was agreed to focus on those areas of the model which, as currently delivered by SLAB, were perceived as weaknesses and which would apply regardless of the organisation managing the funding.

However a limited evaluation of this model against the agreed criteria was carried out – ‘Grants Programme managed by an independent organisation as a potential model to distribute the debt levy devolved to Scottish Government’.

It should be noted that although diverse, each of the individual DAJP projects

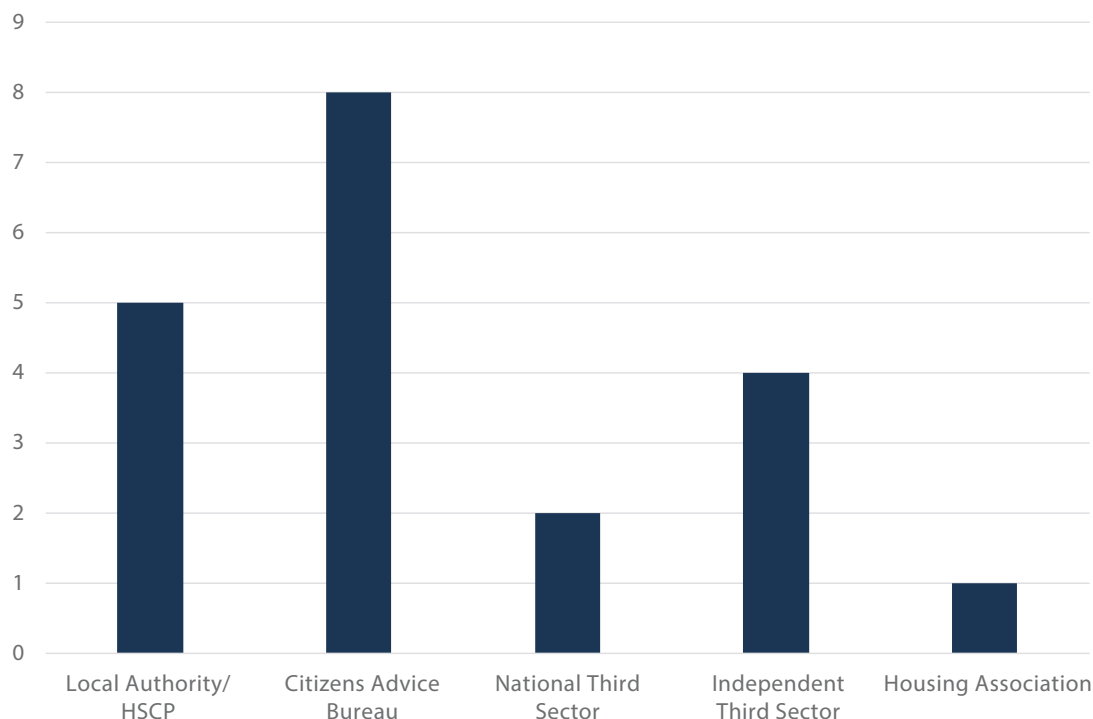
⁹ [Grant funding publications - Scottish Legal Aid Board \(slab.org.uk\)](https://www.slab.org.uk/advice-agencies/grant-funding-programmes/)

¹⁰ <https://www.slab.org.uk/advice-agencies/grant-funding-programmes/>

assessed using the agreed criteria to assess the effectiveness of this model were originally selected because of their emphasis on change /innovation. Other projects without this emphasis also received funding.

Funding was awarded to a wide range of organisations

Fig Two: Type of organisation receiving DAJP funding by number



As a model, the majority of the assessment criteria were met. There were however three criteria that were only partly achieved these are:

(i) Supporting Partnership/Cross Sector Working

This was a specific objective for only one project and whilst it was achieved there is insufficient evidence to state that this model would satisfy this criterion – equally there is insufficient evidence to say that it wouldn't.

(ii) Assessment of Quality

This criterion was added in following participant requests at the engagement events. The measure was specifically left open ended and organisations were invited to consider what it meant in relation to their project. Accepted practices in relation to assessing quality in debt advice would not have been relevant as the projects were not designed to deliver direct advice. Organisations were encouraged to think in the widest possible terms about how they knew they were delivering a high-quality project. The responses suggested that how quality might be measured hadn't really been considered fully by participating organisations although it should be noted that the majority of advice providers had Scottish National Standards for Information and Advice accreditation.

(iii) Sustainability

At the time of writing only one of the participating organisations had confirmed funding in place to continue with the project although two had well developed plans that were likely to be successful. The remaining organisations had yet to secure funding but planned to justify further investment through the evidence base that had been established. The production of a 'business case' that could be used in this way was an unanticipated, but welcome, outcome of the programme.

Participant views in Engagement events in August 2022

As has been indicated, the initial engagement sessions identified that there were minor concerns with some aspects of the way grants in previous programmes managed by SLAB had been dealt with. These were minor issues related to operational requirements and it was felt by the majority that they had been addressed in the DAJP.

Those comments that relate specifically to the assessment of this approach as a potential funding model are as follows:

► Ensuring equity of opportunity:

It was suggested by some participants that the way the debt levy funding was currently distributed was unfair in that some organisations were given preferential treatment and appeared to be automatically awarded funding. Allocating the money through a grants programme to which all could make application was seen as a fair and transparent way of allocating the resources.

However on a cautionary note concerns were expressed that some larger organisations were better placed and more likely to be successful as they had resources to submit grant applications that were better prepared. Accordingly it was suggested the processes used in the grants programme should be simple and accessible to all.

► Avoiding duplication of funding

Participants in all the engagement events had diverging views on whether there should be a greater emphasis on avoiding duplication of funding in any grants programme. Some, mainly third sector organisations, think it is acceptable to have funding provided for the same service when it is delivered by different agencies. Others are concerned that such duplication means that additional funding cannot be targeted at gaps in services. A further area of contention arises in relation to funding for the same service provided to a single organisation by more than one funder. This is widely accepted as constituting duplication. There is not a shared view of what is meant by avoiding duplication and indeed whether it is positive or negative.

Conclusion

This is the potential funding model that has the greatest support across all sectors and has satisfied the majority of the assessment criteria. There are areas in its implementation in which it may be useful to have further dialogue with key stakeholders although in some cases consensus is unlikely to be achieved.

(iv) Tests of change

It is important to recognise from the outset that the primary purpose of the evaluation of each of the 'tests of change' was its assessment as a potential funding model and NOT the individual activities it was used to support. The point of the evaluation was to explore the effectiveness of the approach as a potential funding model which could disseminate the debt levy funding devolved to the Scottish Government and to assess it using the agreed criteria which are set out in each of the individual evaluation reports

(a) Direct Grants to Local Authorities

Background

Four local authorities were each awarded up to £25,000 by Scottish Government to test the delivery of clearly defined activities directly related to the provision of debt advice. The format and scope of the activities was a matter for each to determine based on local needs and priorities.

Process

Following an open application process, proposals from Clackmannanshire; Falkirk; North Ayrshire and Stirling Councils were accepted. Inception meetings were held in early January 2020 at which any suggested amendments to the activities described in the individual application forms were agreed - along with the evaluation processes to be adopted. In February 2020, grant agreements were issued by the Improvement Service (IS) on behalf of the Scottish Government. Project delivery started in all areas but, as a result of the pandemic was suspended almost immediately. In 2021 activities again resumed but due to the ongoing impact of the pandemic had to be adjusted. Reporting data was provided by each of the participating authorities and two virtual individual progress meetings were arranged, A final review session was held in January 2022 to which all participating organisations were invited.

Findings

Given that project delivery could not proceed as planned, care must be taken in considering the findings in relation to this model. Furthermore, Scottish Government have already indicated in a public webinar in August 21 that it is not

intended to distribute the debt levy funding using this approach. Accordingly, it is not proposed to report in detail on the results of the assessment of this approach against the agreed indicators. It is, however, worth highlighting some of the issues raised by participating councils during the review meeting that took place in February 21.

There was disappointment that the planned projects could not proceed,

“the timing was wrong”

The organisations that participated in the programme collectively thought that there were advantages in this model but that determining the basis of distribution of the funding would be difficult.¹¹

Ensuring that any funds were used to support delivery of advice services and not diverted into other areas would not be problematic as external funds from other sources could already be ring-fenced.

It was suggested by representatives of the participating authorities that a grants programme might offer the best option but could be open only to local authorities which would in turn distribute it across their constituent areas. This was based on the fact that,

“Councils have a leadership role and know their areas and community needs best”

All were committed to the concept of partnership working and suggested that,

“The fund could promote improved working together to bridge gaps. This could be between both neighbouring councils and the third sector”

Grant funding could be shared quickly and efficiently using existing systems. Processes are in place to distribute grants to the third sector as evidenced by the distribution of additional funding received during the pandemic.

All the local authorities present in the review meetings stressed the benefits of local community-based initiatives and were concerned that diverting resources into national organisations did not address local needs.

On a more general note there were concerns that demand for debt advice was starting to increase.

“It is the calm before storm – additional funding has dried up just as demand is increasing. Funding provision and demand are not aligned.”

¹¹ COSLA/Scottish Government have joint group called the Settlement & Distribution Group that considers this and reports to their respective policy makers.

Participant views in Engagement events in August 2022

In the engagement events discussion about this model highlighted the tensions that exist in some cases between local authorities and third sector advice providers.

Concerns were expressed by certain third sector organisations that local authority advice services might not be seen as truly independent. Conversely a few local authority representatives suggested that in a few third sector organisations staff and volunteers did not have the necessary skills and experience to deal with complex cases.

“Local authority internal advice agencies may not always be seen as independent as they may be also be creditors. This means they might not be perceived as being impartial.”

There were also propositions that local authorities might support in house services in preference to third sector providers. There is no evidence to support this assertion. Much depends on the relationship between the local authority and other organisations that may be funded by them.

The ability of local authorities to identify and connect advice provision with wider local services in their own communities was mentioned as was their ability to manage funds.

“Seen as fairly quick to implement as authorities have well established funding streams”

“If money is ring fenced for providing debt advice once in the authority”.

“Authorities should have the best idea of what they need in their authority area as each are very different”.

However, this view was not expressed by all and a few organisations suggested that local authorities were,

“Not necessarily the best player for facilitating joined up and partnership working”

Conclusions

Initial discussions took place with participating local authorities to discuss how they would make certain that, should this funding model have been the preferred option, any monies allocated from debt levy funding would be used to support the delivery of debt or money advice. Currently many advice services get external

funding from a variety of external sources to deliver specific projects which require distinct reporting arrangements. If the funding was allocated on this basis, i.e. as a grant for an explicit purpose, it would appear that ensuring it was used to support debt advice would not be too challenging. If, however, the funding was incorporated into the annual block grant then, given COSLA's position on seeking to avoid ring-fencing, this might be more difficult. It is important to recognise that in both scenarios, the basis on which any levy funding would be apportioned between individual local authorities would have required further discussion. One option which could potentially address any concerns related to allocation and ring fencing is the creation of an advice partnership between national and local government.

(b) Change and Innovation

Background

This was tested using Debt Advice Journey Programme¹² (DAJPP) managed by SLAB.

Process

The primary purpose of the evaluation was to look at projects that had been awarded funding and to consider their contribution to the effectiveness of a potential grant funding model which supported change/innovation. To do this it was necessary to consider both the outcomes achieved by the grant funded activities and the processes adopted in their delivery. All the projects were assessed in relation to the agreed criteria. Further information can be found in the 'Evaluation of Change and Innovation Funding as a potential model to distribute the debt levy funding devolved to Scottish Government'

Findings

Funded projects were all able to demonstrate that their activities would result in testing new ideas and new approaches. This could take place at different levels. There were projects that had the potential to bring about system change if implemented nationally and those that were introducing change at a local level based on activities or resources already in use.

This grant funding model generally performs very well in relation to the majority of assessment criteria. There are two areas in which the results are not quite so positive. These are the ability to scale up or develop the approach for wider use and the extent to which they were innovative and created an impact.

In relation to scaling up, or developing the approach for wider use, it is recognised that this may not always be relevant. The purpose of the fund is to test new ideas and approaches and to consider if they can offer wider benefits.

¹² <https://www.slab.org.uk/advice-agencies/grant-funding-programmes/>

Innovation can be interpreted in many ways which includes testing a new previously untried concept and introducing an approach that exists in other areas into new areas

(b.iv) Participant views in Engagement events in August 2022

In the engagement events this model was generally well received - although some concerns were expressed about the extent to which it should be used to distribute the levy fund and the priority it was given.

Many respondents suggested that there needed to be a balance between providing core funding to support existing debt advice services and testing new approaches. Maintaining existing effective services should be the priority.

“We know that change and innovation is needed but core funding is important”

“Change and innovation is more common than you think I call it pilotitis – we are continually having to adapt programmes”

A few participants stated that good quality debt advice only has so much scope for change as set procedures have to be followed.

“Run of the mill good quality debt advice will never change it has to follow the same process”

“Organisations are struggling to cover the basics, not because they don't have the quality and frameworks in place, but because of insufficient resources

A further issue in relation to this funding model was the grant period. It was felt that developing and delivering new projects took time and required funding over several years.

Funding was an also an issue in relation to sustaining activities. Many participants stated that it was not always possible to divert resources from existing budgets to provide ongoing support to sustain activities when funding streams ceased.

“There's so many pilots on the go that have been successful but not continued due to funding”

There was general agreement that there was a need to adapt to new developments- the ability to increase access to digital advice as a result of the pandemic illustrated this. Concerns were expressed that any grant programme should not focus solely on change. A hybrid approach was mentioned as being preferable – either with 20% or 30% of the funding being ringfenced for projects related to change and innovation.

There was widespread agreement that increased funding for core services was needed without the added pressure of having to justify funding to provide innovation.



“Innovating for the sake of innovating, rather from a direct need for it. We should be innovating as a direct need for benefitting our clients and society... not just to tick a box”

Being able to share ideas and information about projects completed or under development could help drive improvement. This might also address any ambiguity as to whether or not an idea is in fact new or innovative.

Conclusions

This potential funding model satisfied the majority of the assessment criteria. There was general agreement that change and innovation was required but this should form a part of a grants programme and not be the sole purpose. A hybrid approach was mentioned as being preferable – either with 20% or 30% of the funding being ringfenced for projects related to change and innovation.

9. Overall Conclusions

Money and debt advice is funded from a variety of sources which includes local authorities, NHS Boards, trusts and funding bodies and the Scottish and Governments. Identifying which body provides funding, and to which organisation, is extremely challenging. This is further complicated by the fact that in many cases debt/money advice and welfare rights advice are inextricably linked.

The debt levy funding sits within this complex funding landscape.

In the short term the funding model that had greatest support is a 'Grants Programme managed by an independent organisation' which could include a dedicated funding stream relating to 'Change and Innovation'.

In the evaluation against the agreed criteria this model scored well. It was the preferred option across all sectors throughout the engagement process.

Participants in the engagement sessions felt that a competitive grants scheme would give all organisations the opportunity to access the funding. The current model under SLAB management was working well however there are issues that require further consideration if this is to be the model used for future dissemination.

The key requirements in this model is that:

- ▶ there is a clear and open process for application, allocation and management of the funding.
- ▶ funding should be awarded for several years
- ▶ the organisation managing the funding should be neutral and not associated with any sector.

Adopting this model would have an impact on those bodies that currently receive direct funding but this was not within the remit of this evaluation.

There is currently no statutory obligation that sets out how local authorities should provide access to money and debt advice. As funding pressures across all sectors increase the risk continues that funding for advice services provided by local authorities will be reduced.¹³

This would suggest that in the long term a partnership arrangement to funding debt and money advice offers the best approach. This formed the basis of early discussions between Scottish Government and COSLA and a development plan was agreed which was not implemented. Future steps would have included the involvement of advice providers and most importantly actual and potential advice users.

¹³ https://www.cosla.gov.uk/_data/assets/pdf_file/0012/40521/COSLA-Budget-SOS-Dec-22.pdf

Appendix One

Organisations represented at the Engagement Session in August 22

Aberdeen CAB	East Kilbride CAB
AdviceUK	East Renfrewshire Council
Airdrie CAB	Easterhouse CAB
Alness CAB	Edinburgh CAB
Angus CAB	Edinburgh City Council
Argyll and Bute CAB	Falkirk CAB
Bellshill CAB	Fife Council
Bridgeton CAB	Financial Conduct Authority
Brooksbank Centre	FinTech Scotland
Caithness CAB	GEMAP
Castlemilk CAB	Glasgow City Council
Central Borders CAB	Govan Housing Association
Christians Against Poverty (CAP)	Grangemouth CAB
Citizens Advice and Rights Fife	Greater Glasgow & Clyde
Citizens Advice Scotland	Greater Pollok CAB
Clydesdale CAB	Haddington CAB
Coatbridge CAB	Highland Council
Community Help and Advice Initiative, (CHAI)	Individual(s)
Dalkeith CAB	Inverclyde Council
Denny CAB	Money and Pensions Service
Drumchapel CAB	Money Matters
Dumfries and Galloway Citizens Advice Service	Moray Council
Dundee CAB	Motherwell CAB
Dundee City Council	Nairn CAB
East Ayrshire CAB	North Ayrshire Council
East Dunbartonshire CAB	North Lanarkshire Council

North-West Aberdeenshire CAB
One Parent Families Scotland (OPFS)
Paisley Housing Association
Parkhead CAB
Perth CAB
Port of Leith Housing Association
Renfrewshire Council
Scottish Financial Enterprise
Scottish Legal Aid Board (SLAB)
Scottish Widows
South Lanarkshire Council
StepChange
Stirling CAB
Stirling Council
Trussell Trust
Uist CAB
University of St Andrews
West Dunbartonshire Council
West Lothian CAB
West Lothian Council

