

Update on the evaluation of the 'Test of Change' in relation to distributing debt levy funding by giving direct grants to local authorities

Introduction

In the Improvement Service's '*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*¹', two potential funding models were identified that could each form the basis of a 'test of change'. One of these was direct grants to local authorities and the Scottish Government made available funding so that this model could be tested and evaluated.

Four local authorities were each awarded up to £25,000 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, and the only requirement was that they had to be related to debt advice.

It is important to recognise from the outset that the primary purpose of the evaluation of the 'test of change' is its assessment of a potential funding model and NOT the individual activities it is used to support. The point of the evaluation is to explore the effectiveness of a potential funding model which could disseminate the debt levy funding devolved to the Scottish Government by giving direct grants to local authorities. The effectiveness of this approach to distributing funds will be assessed by measuring the impact created in relation to set criteria.

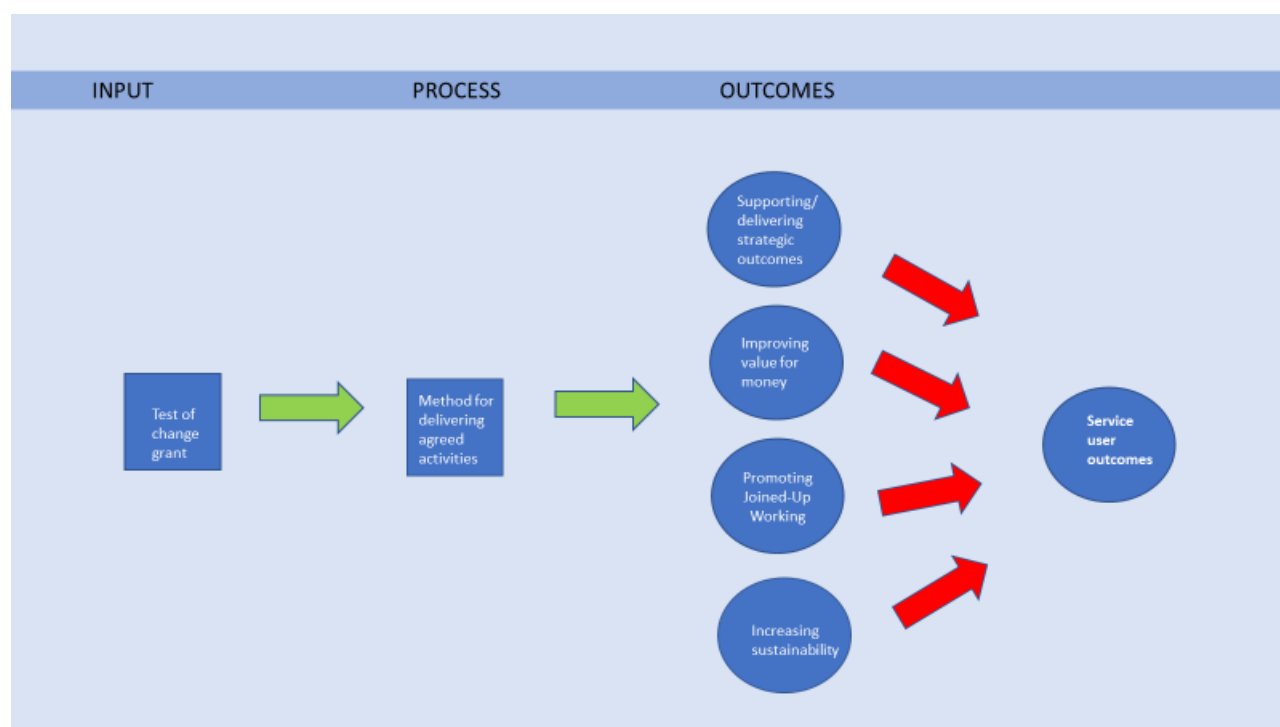
Whilst measuring the impact of the activities on service user outcomes is important and relevant, this is not the **only** area that will be considered in the evaluation. The evaluation will look at the processes and approaches used in delivering the activities and the extent to which they contribute to achieving the following outcomes:

- Delivering strategic outcomes – both locally and nationally
- Improving value for money
- Promoting joined up working – across all sectors
- Increasing sustainability

This is illustrated below in Fig One. There is an expectation that outcomes for service users would be maintained or improved as a consequence of the activities delivered.

¹ https://www.improvementservice.org.uk/data/assets/pdf_file/0006/10023/debt-advice-funding-model-prelim-report.pdf

Fig. One: Mapping outcomes to funding model



It is hoped to evaluate a further ‘test of change’ in relation to innovation funding by working with projects awarded funding through a grants programme managed by the Scottish Legal Aid Board on behalf of the Scottish Government. It is hoped the programme will commence later this year.

Participating local authorities

1. Overview

Following an open application process, four local authorities were identified as potential participants, these were: Clackmannanshire; Falkirk; North Ayrshire and Stirling. Inception meetings were held in early January 2020 at which any suggested amendments to the activities described in their application forms were agreed, along with the evaluation processes to be adopted. In February 2020, grant agreements were subsequently issued by the Improvement Service (IS) on behalf of the Scottish Government. Project delivery started in all areas but, as a result of COVID- 19, has now been reduced or suspended. Discussions with each of the local advice leads suggest that demand for debt advice at present, given the supports put in place by the Scottish and UK Governments, is low. In contrast demand for small business grants and applications for the Scottish Welfare Fund is high. However, when the current measures that are providing some financial relief cease, it is anticipated that demand for money and debt advice will rise markedly. The extent to which the economy recovers and the possibility of increased unemployment and stagnation in earnings are likely to have a major bearing on demand for money and welfare benefits advice.

Clearly given the increased use and rapid development of digital methods of communication has implications that will have to be considered in relation to future service delivery.

Integral elements of the ‘test of change’ were the opportunity to share learning and good practice and to start to explore the development of self-assembling regional groups. Fortuitously, three of the local authorities participating are located in close proximity in the Forth Valley. Events planned by the IS to support networking and cross boundary

developments have been affected by COVID-19. A session to bring together key staff in advice services and employability leads who are all working in the Forth Valley area, and a networking event for all four participating local authorities have been delayed.

An outline of the planned activities and current position in each local authority is described below.

2. Clackmannanshire Council

A dedicated worker has been recruited who is providing a person centered, holistic advice service focusing on income maximisation, money and debt advice and financial capability as part of a pilot project - STRIVE (Safeguarding through Rapid Intervention), which commenced early in 2020.

This project seeks to bring statutory services together to test the *“concept that a multi-agency, public sector team will deliver better outcomes for the most vulnerable citizens of Clackmannanshire through integrated ways of working.”* The worker will be part of this team and will provide a money, debt and income maximisation service to vulnerable adults and families who are on the cusp of requiring statutory intervention.

Activities started in February 2020 are ongoing, albeit money and welfare rights advice is currently being provided only by phone and email. The local authority decided to maintain the STRIVE project during the COVID- 19 outbreak to try to continue to provide support for vulnerable individuals.

3. Falkirk Council

A part- time debt advice assistant has been recruited who will work in conjunction with housing services to support earlier intervention approaches designed to prevent evictions and homelessness and reduce the level of rent arrears. The target population are young people aged 16 to 25, however the service is not focussed exclusively on this group.

Support is also being provided to individuals to help them to reduce their debt levels by improving money management, digitally accessing cheaper energy, television or telephone / broadband providers, and the use of statutory and charitable sources of funding.

In addition, it is intended to increase the uptake of existing sources of advice via home visits, outreach services with partner organisations and community-based hubs.

Whilst the Debt Advice Assistant had made initial contact with potential referring agencies, the closure of schools and colleges, along with the requirement for home working, has meant that intended delivery plan for the service had to be revised.

To contribute towards achieving the original objectives the following actions have been taken:

- (1) Referral processes have been put in place with the ‘Leaving Care Team’ to ensure that debt and budgeting advice continues to be offered remotely to care experienced young people.
- (2) The local authority has set up a ‘Tenancy Hardship Fund’ for individuals who have seen a reduction in their income due to COVID-19 . Applicants who meet the qualifying criteria will be offered debt and budgeting advice and signposted to other services, as appropriate. It is hoped this will enable earlier engagement with those tenants who have rent arrears and may be under the threat of eviction.

4. North Ayrshire Council

A full time worker employed by a third sector delivery partner, Community Housing Advocacy Project (CHAP) is providing debt and money advice as part of a service that is integrated with the North Ayrshire Council Employability Pipeline. Anybody registered with employability services in the target localities is eligible to get advice, however lone parent families and people with disabilities are the key priority groups and form the focus of the intervention. Employed residents on a low income who are registered for employability support are also eligible.

The findings from this pilot will also feed into the local authority's ongoing broader review of advice services.

Currently the employability hubs are shut, and CHAP are providing a limited service by phone and email. Numbers of referrals have consequentially reduced markedly. To raise awareness that remote access remains possible, information about the service has been widely disseminated.

5. Stirling Council

A part-time worker will be recruited to start to identify the reasons why there was a 41% increase in young people (aged under 25) with debt issues being referred to the Stirling Council Advice Services Team in the last financial year. In addition, the postholder will seek to raise awareness in 'hard to reach' and 'priority' groups of individuals of the availability of local debt advice services through offering financial education in schools. Following additional funding from the local authority's Parental Employment Support Fund, it is intended to deliver a programme in two or three schools in the Eastern Villages offering access to wide-ranging support and advice, which will include: employability, health and wellbeing, digital inclusion and money advice. The worker will support the establishment of this approach and will link in with the team delivering the council's 'Thrive to Maximise Project'.

Evaluation Process

Although at an early stage, given that the tests of change only started in February 2020, the importance of agreeing and implementing outline evaluation plans has been recognised from the outset. Discussions have taken place with individual authorities in relation to the evidence that will be needed to assess the extent to which the agreed outcomes have been achieved. Although there will be a need for some local variation in data collection methodologies, key indicators have been agreed to ensure that there is a consistent approach to evaluation across all four local authorities. These are outlined below:

- Delivering strategic outcomes – both locally and nationally

Strategic outcomes have been identified and agreed with each of the participating local authorities. Whilst there is a degree of commonality in relation to the national strategies to which the activities to be delivered will relate e.g. Scottish Government National Performance Framework, Scotland's Public Health Priorities, Child Poverty (Scotland) Act 2017 and discharging The Fairer Scotland Duty 2018, agreeing local strategic outcomes is being done on an individual basis with each participating authority.

- Improving value for money

Whilst securing individual financial gains are important, they cannot be used as the basis for comparison or as the sole criterion to test the effectiveness of a funding model. As a result of

an intervention, individuals may experience other outcomes, for example improved health and wellbeing or improved access to employment without significant short-term financial gain.

To assess how the funding has been used to improve value for money, a range of indicators will be used. This will ensure that the wider aspects, such as cost savings through a more integrated approach to service planning and maximising investment potential are also considered.

- Promoting joined up working – across all sectors

Based on discussions with participating local authorities, it is expected that the creation of new partnerships could take the form of better integration with existing services, for example between advice and employability. Consideration could also be given to exploring potential external partnerships, for example with health services or third sector organisations. What constitutes an effective partnership and facilitates joint working will depend on local circumstances- the critical element is that there is evidence that a wide range of possible options have been considered.

- Increasing sustainability

Each of the participating local authorities is considering how debt levy funding can be used to increase sustainability. Various options are being tested which include closer linkages with existing services, better use of new technology and embedding debt advice in new, or existing, person-centred approaches targeted at priority groups.

Service User Outcomes

As stated from the outset the primary purpose of the evaluation is to assess a potential funding model ,although there is an expectation that outcomes for service users will be maintained or improved as a consequence of the activities the funding is used to deliver.

To assess this properly it is necessary to consider, in this context, the outcomes service users will experience.

It is widely recognised that early access to advice services can reduce child poverty² and address income inequality³ whilst making a significant contribution to improving health⁴. As well as ensuring that these outcomes are achieved, the impact on service users in relation to earlier intervention, improved accessibility, reduced stigma and the ability to secure wider support services will be considered.

In the long term supporting individuals to gain improved capacity and capability will enable them to make more informed decisions, become more resilient and, as a consequence, less reliant on advice services.

² <https://www.gov.scot/publications/child-chance-tackling-child-poverty-delivery-plan-2018-22/>

³ <https://www.gov.scot/publications/fairer-scotland-action-plan/pages/7/>

⁴ <https://www.gov.scot/publications/scotlands-public-health-priorities/pages/1/>

Outcome (Resulting from activity)	Indicator
Improved health/wellbeing	Number of services users who report improved health and wellbeing
Improved accessibility	Number of service users who said they found it easier to use welfare rights and money advice services as a result of the activity
Reduced stigma	Number of service users who stated they felt that there was reduced stigma, or embarrassment, in accessing welfare rights and money advice services when delivered in this way
Earlier intervention	Number of service users who stated that they would seek advice before problems got out of control in future
Increased awareness and use of other services	Other services that services users have used, or would be likely to use, as a result of accessing welfare rights and money advice

Next Steps

The preliminary report, referred to in the introduction, identified other areas that required further investigation in relation to distributing levy funding through direct grants to local authorities. These were, firstly, conditionality (or guaranteeing that any devolved funding was spent solely on debt advice) and, secondly, ensuring that any funding was distributed by local authorities on the basis of fairness and equity.

Initial discussions have taken place with participating local authorities to discuss how they would make certain that, should this funding model be 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 is apportioned between individual local authorities will require further discussion. One option which could potentially address any concerns related to allocation and ring fencing, and will be explored further in a wider context, is the creation of an advice partnership between national and local government. This is considered further in the IS report, *'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'*.

Whilst there may be concerns in some third sector organisations that local authorities would not distribute levy funding fairly, this should be considered in the context that local authorities allocate annual funding of £11.1 million to external organisations providing money and welfare rights advice services.⁵ Currently local authorities fund 71 external welfare rights and money advice services across Scotland. Out of 32 Scottish local authorities, four fund only internal services, whilst six fund only external services. As has already been indicated,

⁵https://www.improvementservice.org.uk/_data/assets/pdf_file/0015/11751/capmrf-annual-report-2018-19-final.pdf

local partnership arrangements, which could potentially involve both public and third sectors, are one of the assessment criteria in the 'test of change'.

Three of the local authorities that have been awarded funding are located in the Forth Valley area and it has been agreed with them that this will offer an opportunity to explore the processes and possibilities that might be entailed in establishing self-assembling regional groups prior to a wider consultation taking place.

A final report on the findings and recommendations of the evaluation of the 'Test of Change' in relation to distributing debt levy funding by giving direct grants to local authorities will be produced in 2021.

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