
NORTH AYRSHIRE COUNCIL

8 September 2020

Cabinet

Title: Better Off North Ayrshire update

Purpose: To update members on the latest performance and financial position of the Better Off North Ayrshire programme and seek approval for the final financial settlement agreed with the funders.

Recommendation: Cabinet is invited to –

- (a) Note the end of the Better Off North Ayrshire programme and its achievements.
 - (b) Note the progress made in the past year to increase income from claims
 - (c) Note the remaining anticipated funding gap from the conclusion of the claims process which is almost complete.
 - (d) Note and approve the agreed position with the NLCF, whereby remaining funding gap of circa £706,200 will be fully re-imbursed by NLCF.
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1. Executive Summary

- 1.1 This report sets out the background to the Better Off North Ayrshire service, which is a financial inclusion service funded through a 3-year contract with the National Lottery Community Fund (NLCF).
- 1.2 Since launch of the programme in March 2017, the programme has experienced difficulties in securing income through the funders to reimburse costs. This situation has been mirrored with the other lead contractors across Scotland. These challenges have been reported to Cabinet previously and the Council successfully made the case for changes to the funding model during 2018. New Key Performance Indicators (KPIs) and payment triggers were agreed and formalised at the end of 2018. Despite these refreshed payment triggers, the Council has still not received a satisfactory income to cover our costs.
- 1.3 Through regular communications and agreed recovery actions with NLCF, required income has increased in recent months, however a funding gap remains. Recent positive communications with NLCF have now resulted in recognition that the outstanding income is in fact due to be paid to the Council and agreement has been reached which will see NLCF fully re-imburse the Council for agreed outstanding costs.

2. Background

- 2.1 The Better Off North Ayrshire service was launched in March 2017, through a 3-year contract with the Big Lottery Fund (now rebranded as the National Lottery Community Fund – NLCF). The contract had a total potential value of £3M, including programme management costs. North Ayrshire Council is one of five lead contractors in Scotland, with similar programmes operating in Argyll and Bute, Dundee, Inverclyde and Glasgow. The programme value across Scotland is circa £18M. The funding was provided to deliver innovative financial inclusion services.
- 2.2 North Ayrshire Council led a partnership of local 3rd sector partners to develop and deliver on the contract. The partnership included – Community Housing Advocacy Project (CHAP), Citrus Energy – a subsidiary of Cunninghame Housing Association, ANCHO and 1st Alliance Credit Union. North Ayrshire Citizens Advice and CLASP were involved in Year 1.
- 2.3 NLCF match funded the programme with European Social Funds (ESF), meaning that all activity is bound by compliance rules around ESF. The contract operates on a payment by results model, which incorporates compliance with ESF rules and NLCF contract stipulations.
- 2.4 Cabinet has received previous reports highlighting the difficulties experienced across the programme since its inception. These difficulties had led to very few contract payments being made by NLCF in the first 18 months of the programme. As a result, all five lead contractors became very concerned about the viability of the programme.
- 2.5 In November 2018, Cabinet approved the continuation of the programme based on a new agreement with NLCF, which substantially reduced contractual KPIs and provided a new payments model. The new arrangements were welcomed; however, it was recognised that risks remained which needed to be managed effectively.

2.6 Claims and income

- 2.6.1 NLCF make standard regular payments each quarter to cover NAC programme management costs, with original expectations that income would be sufficient to cover these costs. However, as the claims process ran for several months longer than expected, spend projections have increased and an overspend of £45,486 is now projected in the management costs
- 2.6.2 As part of the new funding model agreed in late 2018, NLCF made a one-off payment in January 2019 as a proportion of costs incurred to date. This provided income of £748,525, for the North Ayrshire programme. The remaining payments required NLCF to approve each case file we submitted. For every case file approved, a unit cost payment was received.
- 2.6.3 The projected funding gap is now circa £706,200. This amount could change as the final claim value is still being assessed by the funder but is unlikely to change materially.

2.7 Mitigating risk

- 2.7.1 The approach to mitigating risk has fallen into two main categories – increasing income and reducing costs.

Increasing Income

- 2.7.2 Since the last progress update to Cabinet in June 2019, the Better Off programme has been the subject of a review by North Ayrshire Council's internal audit team and received assurance "good practice in project management and risk management had been demonstrated" No actions to improve the management of the programme were identified.
- 2.7.3 North Ayrshire Council also commissioned an independent risk assurance auditor, with experience of ESF compliance regimes. This risk assurance company was recommended as a support measure by the NLCF. A selection of case files were examined and the independent expert did not express any major concerns with the quality of files in relation to ESF compliance.
- 2.7.4 North Ayrshire Council officers believe both the above audit exercises provide additional evidence that the programme has been managed and delivered to a good standard and have allowed us to present a strong case to the funders that any financial shortfall through the claims process, should be mitigated by the funders.
- 2.7.6 In early 2020, NLCF made a commitment to take a contingency plan proposal to their funding board in April 2020. This sought board approval to utilise uncommitted Lottery match funding to underwrite any funding gap. The board approved this in principle and delegated officers to agree a final arrangement.

Reducing costs

- 2.7.7 The report to Cabinet in June 2019 set out a plan to mitigate risk by reducing our projected spend by £300,000. This plan was implemented in the final year of the programme, with the co-operation of local partners.

2.8 Performance

- 2.8.1 The contractual financial performance, in relation to Programme costs and income generated, has been noted above but outwith this the service has been extremely successful and has achieved the following –
- 2911 people in total benefitted from Better Off services
 - £2,332,933 in personal financial gains for residents have been recorded, through debts written off, energy savings, income maximisation, reduced outgoings and savings built.
- 2.8.2 In addition to these outcomes, both the providers and programme management team regularly receive feedback from residents supported through the scheme. Customer satisfaction sits at 97% scoring the service as 'very good' or 'excellent', supported by positive comments on exit and feedback forms. As all programmes across Scotland have struggled with the funding arrangements, we believe the issues are systemic to

the programme and not reflective of a service which has supported many people and through which there is strong evidence of an excellent service having been received.

“None of this would have been possible without the help of my case worker, I am now debt free, I now have a savings with 1st Alliance. I do not need to sit and worry about anything as I know they are there to help and assist me”

“I’m very happy with the service I received, I now know what my next steps are and how to better manage my finances in the future”

“I am so grateful for everything you have done for me, I can’t believe all my debt has gotten written off and I now have money left over each month. Thanks”

“Without the help, advice and comfort I received from [case worker] and the team at Better Off, I am convinced I would now be either homeless or hospitalised. They were and are my wee bit of light and hope when others wouldn’t help”

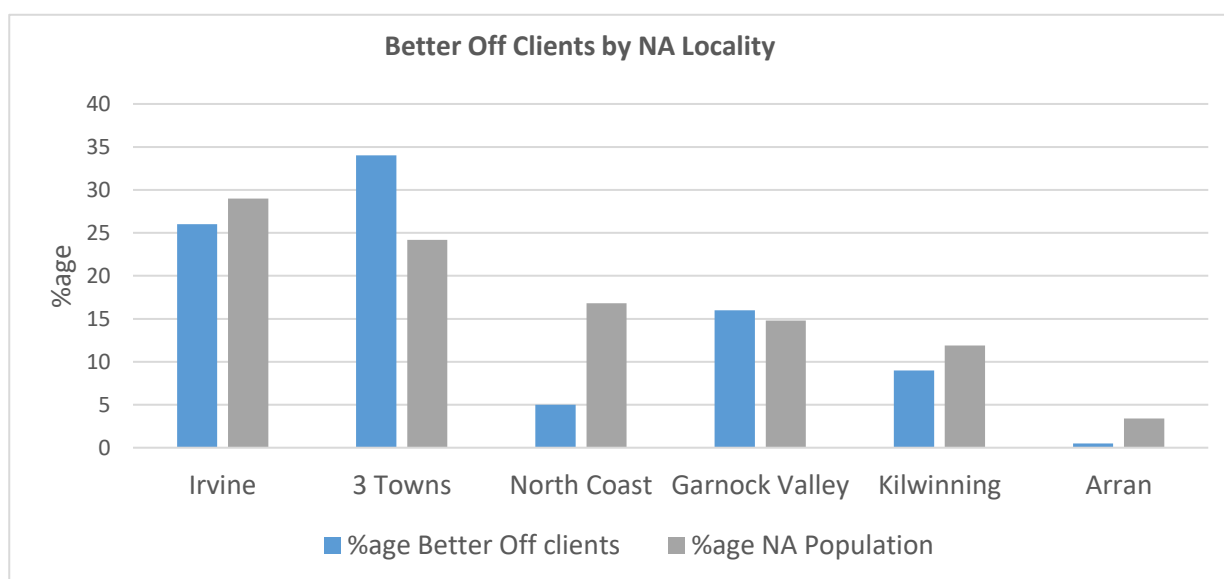
2.8.3 The number of clients who achieved positive outcomes from the range of services offered is detailed below (please note that most clients had multiple outcomes)

Advice and Support Provided	No of Clients
Energy advice, support with energy debts, reduced outgoings	1626
Digital support to improve financial capability	1298
Budgeting Advice & Support to reduce outgoings	1229
Benefits advice and support to maximise income	1191
Affordable Loans	299
Debt Advice and Support	294

2.8.4 Better Off succeeded in reaching many of the most disadvantaged residents across the North Ayrshire localities:

- 65% of all clients were unemployed, with 42% unemployed 12 months +
- 63% were low-skilled
- 36% had a (self-declared) disability
- 20% had long-term illness

Geographic reach is illustrated below:



2.8.4 Early in the programme an ambitious quality target was set, for first appointments to be within one week of receiving the referral. This was achieved in 79% of cases, with another 16% of appointments within 2 weeks.

Exit strategy

2.9.1 Delivery ceased completely on 19th February 2020, as this is when the contract with the funders ended. The service stopped taking new registrations at the end of September 2019 and the remaining delivery staff worked intensively with the existing caseload to ensure that residents' financial situations improved and that cases are closed to the satisfaction of customers and the funders before the end date.

2.9.2 It should be noted that although contracted delivery ceased in February 2020, the programme allowed for several months after this point for the submission of financial claims. The programme management team have been contracted until the end of October 2020 to allow time to undertake any required corrective work associated with the final claim (submitted at the end of July), to complete and agree the final programme report with the funders and complete archiving of case files and other key documents.

2.9.3 Officers are considering how financial inclusion and advice services can best be delivered in the future and have reviewed the most vital elements of Better Off North Ayrshire provision, and assessed how existing council provision could be developed to respond to any gaps that exist. There is a pressing need for more debt advice provision in the area. Economic Development and Regeneration Services have successfully bid for £25k of funding from the Improvement Service to fund a debt advice worker, who is integrated with employability services as a "test of change" to develop new ways of working. In addition, a demonstrator project has been scoped out and will be considered shortly for implementation as a test of concept for a fully integrated money advice service, and provide evidence on the best way to deliver advice services in the future.

3. Proposals

3.1 The Cabinet is invited to –

- (a) Note the end of the Better Off North Ayrshire programme and its achievements.
- (b) Note the progress made in the past year to increase income from claims.
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4. Implications/Socio-economic Duty

Financial

- 4.1 Programme Delivery and Management costs are projected at £2,583,695 and the objective is to achieve full income to cover this. It is anticipated the claims process will recover £1,877,495, with the final claim currently being assessed. The funder has indicated a commitment to fund the remaining amount through a final one-off payment, anticipated to be circa £706,200. The effect in the 2020/21 accounts following receipt of the £706,200 and after adjusting for prior year reported General Fund deficits and available earmarked reserves is a balance of £405,000.

Human Resources

- 4.2 The Council employs 2 staff directly to manage the programme. These staff are contracted to end of October 2020. Plans are being taken forward to re-deploy these staff within Employability and Skills team.

Legal

- 4.3 The Council signed a contract with Big Lottery Fund in 2017 and a variation to that contract to reflect new arrangements was signed in January 2019. Officers in Legal services have been involved in examining the contract to protect the Council's position.

Equality/Socio-economic

- 4.4 At the heart of the Better Off North Ayrshire programme are issues of equality, with a focus on providing support to those financially excluded.

Environmental and Sustainability

- 4.5 Sustainability is a key horizontal theme which applies to all EU programmes and the programme has required to regularly report on how sustainability has been addressed.

Key Priorities

4.6 There is significant evidence that individual and family financial situations impact on many areas of their life. The Better Off Programme directly responded to the following priorities in the draft council plan –

- North Ayrshire has an inclusive, growing and enterprising economy.
- North Ayrshire's residents and communities enjoy good life-long health and well-being.

Community Wealth Building

4.7 The project itself delivers extensive benefits to the wider community and particularly those experiencing financial hardship. Performance detail is set out at paragraph 2.9 of the report.

5. Consultation

- 5.1 Officers have continued to discuss the programme on a regular basis with the local contracted providers. Colleagues in Financial Services have also been consulted regularly.
- 5.2 Colleagues in the Money Matters Service and the Council's Welfare Reform Team have been informed of the exit strategy of the programme.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **Greig Robson, Senior Manager (Employability & Skills)**, on **01294 324951**

Background Papers

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