

Agenda Item	13
Report No	RES/12/16

Citizens Advice Bureaux: Transitional Project Funding

Report by Director of Finance

Summary

This report details the current funding arrangements for two projects that are being delivered by Citizens Advice Bureaux to support pregnant mums and those with mental ill health. This report sets out options for transitional project funding arrangements until such time as the European Social Fund Priority 2 projects are selected.

1. Background

- 1.1 In November 2014, Members agreed to provide £163,920 project funding from the welfare fund to enable the Citizens Advice Bureaux (CABx) to provide welfare support and advice for those experiencing mental ill health. The project commenced on 1 January 2015 with an agreed project end date of 31 March 2016.
- 1.2 At the Resources Committee in February 2015, members agreed to provide £90,000 project funding from the welfare fund to enable CABx to provide welfare support and advice for pregnant mums. The project commenced on 1 June 2015 with an agreed project end date of 31 May 2016.
- 1.3 At the November 2015 meeting of the Resources Committee, members agreed to ring-fence the remainder of the council's welfare fund (£649,000) to provide a major element of the match funding required for the European Social Fund Priority 2 funding. Although the ESF Priority 2 application offers **significant** benefits across the Highlands, a consequence of ring-fencing the welfare fund is that it does remove flexibility to extend funding for existing projects beyond their agreed end dates. The conditions attached to European funding mean that existing services and projects, including those referred to in paragraphs 1.1 and 1.2, cannot be supported or continued in their current form by ESF funding. To satisfy these conditions therefore, existing projects will need remodeled.
- 1.4 Members agreed that officers would identify options for transitional funding for these two projects to continue until the projects and initiatives that will form part of ESF2 commences, and report these options to Members.
- 1.5 The combined total funding for both projects to their current end dates is £253,920. Both projects have achieved positive feedback and outcomes for customers. The project to support pregnant mums is being promoted across Scotland as an exemplar and steps are now being taken to share the project aims and outcomes with the District Partnerships. These initiatives are live running, and formal evaluations of the projects will be completed post project closure.

2. Core Funding Arrangements

- 2.1 The council contracts each CAB in Highland to provide specialist advice and information and representation in respect of issues relating to money and housing. The contract also makes provision for bureaux to provide a sign posting service for employment related issues.
- 2.2 In addition to the funding streams detailed in paragraphs 1.1 and 1.2 above, the council provides core funding of £1,222,765 per annum to the CABx which includes £102,804 to mitigate the impacts of welfare reform.

3. Transitional Project Funding

- 3.1 The advice and support provided by these 2 projects (as reported at 1.1 and 1.2) are also provided via the council's core contracts with CABx. Members will wish to note that the targeted recipients of both projects (pregnant mums and those with mental ill health) have always been able to, and will continue to, have access to relevant advice and support from their local bureau through the main contract funding. To further mitigate the impacts of Welfare Reform, project funding **created capacity** within bureau for more targeted services; provided for additional outreach services and co-location with NHS; and was the catalyst that enabled relationships and referral mechanisms to be developed between bureaux and health professionals.
- 3.2 Following the November 2015 meeting of the Resources Committee, there has been a significant shift in the council's budgetary position; a reduction of around 4% in grant funding for 2016/17 and a budget gap of £37.966 million.
- 3.3 The following factors have been taken into account to inform the transitional funding options set out below:
- the council's current budget deficit of £37.966 million;
 - the core advice and information contracts between the council and CABx satisfy Section 12 of the Social Work (Scotland) Act 1968 which places a duty on local authorities to provide advice and information on a scale appropriate for their area;
 - the main advice and information contract between the Council and each of the CAB will continue to provide support to those accessing the service, including but not limited to pregnant mums and those experiencing mental ill health;
 - relationships and referral mechanisms between bureaux and health professionals are now established;
 - although the outcomes cannot be predicted, there will be scope for the CABx to submit funding applications to the ESF Priority 2 fund at the appropriate time for projects that promote social inclusion and combat poverty and discrimination;
 - the broader measures being undertaken by the council to enable the council to deliver a balanced budget, including the in depth review of the council's provision of services and the decisions to implement a recruitment freeze for non-essential posts and to offer voluntary severance to the majority of council employees;
 - the flat-line core funding of £1.22m provided to CABx for 2016/17;
 - formal evaluation of the project will be undertaken post project closure.

Option	Description
1	Do not continue these projects beyond the current agreed project end dates as set out in paragraphs 1.1 and 1.2
2	Extend both projects at the current rate until ESF Priority 2 projects are selected or to November 2016 whichever is the earliest (additional funding of £130,534 will be required)
3	Combine the projects and provide 50% project funding to November 2016 (additional funding of £65,267 will be required)
4	Combine the projects and provide 25% project funding to November 2016 (additional funding of £32,634 will be required)

3.4 Each of these options is explored in more detail below.

Option 1 Do not continue funding beyond agreed project end dates

This will avoid the need to identify funding at a time when the Council already has significant budget challenges. This would mean that both projects terminate as originally planned (March and May 2016) and pregnant mums and those experiencing mental ill health continue to access advice and information via the provision available from the core contract funding of £1,222,765 per annum.

The disadvantage is one of losing the additional capacity the project funding has delivered. This could be mitigated by the CABx using part of the welfare reform funding (£102,804) for this purpose. For 2015/16, the welfare reform mitigation funding has been targeted to support those claiming and in receipt of Universal Credit and Personal Independence Payments.

Option 2 Extend both projects at the current rate until ESF Priority 2 projects are selected or to November 2016 whichever is the earliest (further funding of £130,534 is required)

This allows both projects to continue beyond their current end dates until the ESF Priority 2 funding/application process is commenced or to November 2016, whichever is the earliest. CABx may wish to submit proposals at the relevant time for consideration to be one of the external service providers thereafter.

The disadvantage is that to fund these projects at the current rate to November 2016 will require further funding of £130,534 which will need to be funded by the Council. Such funding will require to come from savings and efficiencies identified elsewhere within the Council and as part of the overall requirements to deliver a balanced budget for 16/17.

Option 3 Combine the projects and provide 50% project funding to November 2016 (further funding of £65,267 is required)

This option would provide each of the 8 CABx with a share of this budget. It is in effect a compromise between Options 1 and 2 and therefore the advantages and

disadvantages continue although the funding to be identified is less at £65,267.

Option 4 Combine the projects and provide 25% project funding to November 2016 (further funding of £32,634 is required)

This option is the same as Option 3 with the exception that 25% funding is provided. A budget of this scale is likely to result in all CABx reviewing their service delivery models for these projects (and possibly others if necessary) which would likely include the withdrawal of some outreach services and co-locations with the NHS. This would however result in £32,634 requiring to be funded as part of the Council's requirements to deliver a balanced budget, compared to higher sums via Options 2 and 3.

- 3.5 Given that the previous meeting of this Committee agreed to ring fence the Welfare Fund to maximize the match funding for ESF2, the only way to provide a continuation of funding for these projects between 25 and 100% is to utilise year-end underspends. The budget report being presented to Council on 25 February includes a proposal to use earmarked and non-earmarked funds to cover the cost of voluntary severance. This cost is significant and any decision to ring-fence part of the year-end forecasted underspend will have implications for the affordability of voluntary severance.
- 3.6 Given the availability of core service provision through CABx, and the significant pressure on reserves, officers would recommend that the funding for these two projects is not extended beyond the current timeframe.

4. Implications

- 4.1 Resource, risk and legal implications are set out in the paper.
- 4.2 Rural Implications - local delivery of these services provides positive rural impacts. Reductions in project funding may create negative impacts for those involved in delivering these projects. Customers will be able to continue to access advice and support via the core contract.
- 4.3 Equalities - the key objectives of the core contract funding and additional project funding include increasing the financial capacity of the most disadvantaged.
- 4.4 Poverty - the core services provided by CABx seek to tackle poverty and increase the financial capacity of the most disadvantaged.
- 4.5 There are no climate change/Carbon Clever or Gaelic implications.

5. Recommendations

Members are invited to:

- 5.1 Consider the report;
- 5.2 In light of the options presented, consider the resource implications as outlined in paragraph 3.5;
- 5.3 Note the officer's recommendation as per paragraph 3.6;
- 5.4 Determine whether additional funding to continue these projects should be awarded, and if so agree which of Options 2,3 or 4 is to be accepted, noting the financial implications of each.

Designation: Director of Finance

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