

Held in November 2020


# BFC Core Contract Changes

01 July 2020 – 30 June 2021 (F21)



**BFC Team email address:** [Financial\\_Capability@msd.govt.nz](mailto:Financial_Capability@msd.govt.nz)

**Manaaki tangata, manaaki whānau**  
We help New Zealanders to be safe, strong and independent

 **MINISTRY OF SOCIAL DEVELOPMENT**  
TE MANATŪ WHAKAHIAŪ ORA

## Speaker's notes:

### BFC Commissioning Strategy

MSD came around with FinCap during their Spring Hui 2019 to talk about what the BFC team was doing and in particular, the BFC Commissioning Strategy. From our engagement with BFC Providers, it became evident that BFC sector workforce development is a priority for services. So we have also made this our priority as part of the BFC Commissioning Strategy.

Budget 20 and CRRF saw a significant increase in funding for the BFC sector. This is a great opportunity to invest in the sustainability of BFC services such as workforce development.

As a reminder:

\$9.7 million over four years to recognise the increasing costs of delivering BFC services and address immediate cost pressures to assist with continued delivery of BFC services. \$98.80 per session to \$118.70 per session ongoing.

Which at this moment equates to approximately 108,000 sessions per year nationwide.

Factsheet: <https://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/factsheets/budget/2020/sustaining-building-financial-capability-services.pdf>

# Building Financial Capability

BFC Commissioning Strategy tells us that BFC sector workforce development is a priority

Budget 2020 and the Covid Response and Recovery Fund (CRRF) have given the BFC sector significant additional funding



The Covid response and recovery fund (CRRF) gives us:

\$25.2 million over TWO YEARS, to support BFC services to become more financially sustainable and respond more readily to the potential increased demand resulting from COVID-19.

\$118.70 per session to \$170.50\* per session

108,000 sessions nationwide annually to (25,000\* additional sessions) 133,000 sessions nationwide annually.

\*These amounts are subject to change as you can see in the factsheet we have an extra \$2 million to allocate in F22

Factsheet: <https://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/factsheets/budget/2020/covid19-boosting-building-financial-capability.pdf>

This additional funding for the BFC sector is only being allocated to services that are currently contracted by MSD.

How do we show that the BFC sector is utilising the funds well and what is required to maintain this level funding on-going?

We need to collect meaningful data to tell the story. And part of the story is showing that in order to provide the best services to New Zealanders, the BFC sector needs to invest in their workforce. This is a long term goal and so we're looking to make incremental changes instead of one all out change.

The first of the incremental changes we are making is collecting additional reporting measures on staff and training and making minor changes in the BFC Service Guidelines. Please remember that none of these changes impact the service delivery of Financial Mentors or MoneyMates Facilitators.

## Additional reporting measures: Staff

Total number of Financial Mentors*	Actual number
Total number of paid Financial Mentors**	Actual number
Total number of volunteer Financial Mentors***	Actual number

\*Actual number of people who deliver financial mentoring services

\*\*Actual number of people who are PAID to deliver financial mentoring services

\*\*\* Actual number of people who are volunteers (i.e. NOT PAID) that deliver financial mentoring services



We need a baseline of information on how many Financial Mentors there are in the country and if they're paid or volunteer.

These numbers are regardless of whether Financial Mentors are part-time or full-time. We are just looking for whole numbers of actual people delivering Financial Mentor services in your services.

Please note: we do NOT ask for, or collect names or details of Financial Mentors (or any other staff).

## Additional reporting measures: Training

Of the total number of Financial Mentors (paid and volunteer) you have reported, how many have completed FinCap's Financial Mentor Introductory Course (FMIC)	Actual number
Of the total number of Financial Mentors (paid and volunteer) you have reported, how many have completed professional development training (more than 1 day) provided by FinCap in the reporting quarter	Actual number Specify course
Of the total number of Financial Mentors (paid and volunteer) you have reported, how many have completed professional development training (less than 1 day) provided by FinCap in the reporting quarter	Actual number Specify course
Of the total number of Financial Mentors (paid and volunteer) you have reported, how many have completed professional development training not provided by FinCap (more than 1 day) in the reporting quarter (specify course)	Actual number Specify course
Of the total number of Financial Mentors (paid and volunteer) you have reported, how many have completed professional development training not provided by FinCap (less than 1 day) in the reporting quarter (specify course)	Actual number Specify course



As part of the COVID-19 Response and Recovery Fund (CRRF) we need to show that the additional funding has achieved positive outcomes for people experiencing financial hardship. We also acknowledge that as a result of COVID-19 the complexities of the people accessing BFC services is changing. To support this, we are investing in the BFC workforce to help meet this challenge.

The staff and training information will give us a better understanding of what the current BFC workforce looks like and helps us better support BFC services. We want to know what it looks like for staff who are delivering BFC services to people, families and whanau when they have a minimum amount of training which we've deemed at this point in time is the Financial Mentor Introductory Course (FMIC). We will also accept the Budget Advisor Introductory Course (BAIC) plus strengths-based training instead of FMIC if you or any of your staff were part of the Federation. We also want to understand what professional development courses financial mentors are attending where they believe these additional courses will help them do their jobs.

Why are we collecting this information?

- This information will help us better support BFC providers with the right training opportunities, the right professional development and the right level of funding to cover these needs.
- We only have \$25.2 million for two years and we need evidence to show that in order to have good BFC Services, we need this funding on-going.

Why are we using this mechanism to collect Workforce Data?

- We have tried via the Malatest Workforce Surveys and the FinCap registration, but both have proven insufficient.
- This will be a one-off for us to collect the Workforce Data in this way.

This is the only year we plan to ask for this information using this mechanism to collect it. We are working on a better mechanism for us to collect this information within the BFC sector on an on-going basis.

## Other changes: Provider narrative questions

<p>What internal factors or barriers relating to your service delivery effect results for clients?  <i>Internal factors could be: referrals, waiting lists, staffing, professional development, general service delivery.</i></p>
<p>What activities are you engaging in to address barriers and issues relating to service delivery to achieve better results for clients?</p>
<p>What external factors or barriers relating to clients' situations effect results for clients?  <i>External factors could be: access (transport, hours of service, location), limited language access or cultural differences, social norms and attitudes.</i></p>
<p>What activities are you engaging in to address barriers relating to the clients' situations to achieve better results for clients?</p>
<p>Who are your partners that help you achieve results, and what joint activities have you participated in?</p>
<p>Provide examples of strategies or practices used to encourage 'hard to reach' clients to engage.</p>
<p>Provide an explanation of the variances (if any) between volumes contracted and volumes delivered.</p>

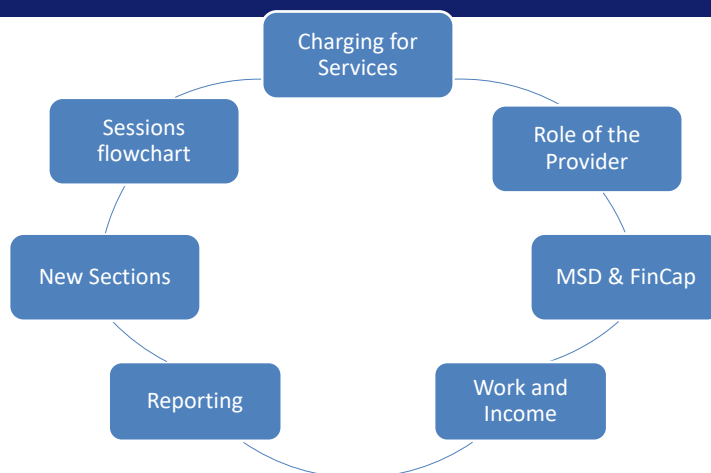


The provider narrative is the most important part of your reporting because it supports the quantitative data you report back to the Ministry. We have tweaked the information requested as part of the provider narrative to take into account the current state of the nation in this COVID-19 world.

It is important for us to understand internal impacts on service delivery so that we know how we can better support services.

It is also important for us to understand external impacts relating to clients' situations so that we understand what our current clients look like.

## Changes to the BFC Service Guidelines



Guidelines available at:

<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/service-guidelines/index.html#b>



### Key changes to the 2020 BFC Service Guidelines that are the most important to note:

- Charging for services (page 16) – We've added more information to this part to emphasise that BFC services are free for all New Zealanders.
- Role of the Provider (page 18) – We are trying to move the BFC workforce into a space where it's an appealing career option. So we've moved some information around to try and highlight training and professional development more. Please remember that these are suggestions not mandatory requirements unless otherwise stated.
- Role of MSD and FinCap (page 21) – BFC Providers advised that they don't know the difference between MSD and FinCap, so we've tried to make this a bit clearer within the Guidelines.
- How to work with Work and Income (page 22) – because of the legislation changes last year, more work needs to be done to maintain good relationships with Work and Income. We've tried to provide some tips on what controls BFC Providers have to manage the relationship with Work and Income. In the meantime, Kaye is continuing to work with Service Delivery within MSD to make sure our Work and Income colleagues are also knowledgeable about BFC services.
- Measuring results and reporting (Section 5) – This has had a major overhaul to make it a little easier for BFC Providers to understand what we're measuring and reporting on. We've removed a lot of information about the client outcomes measurement tool (COMT) and provided weblinks instead. We've also made it easier to understand what a session is (Pages 26-27)
- Added two new sections: Section 6 is a Definitions page and Section 7 is More information and useful web links
- Appendix three (page 41) is a flowchart to help BFC providers determine if their interactions with people are considered sessions.

In December, we will update the BFC Service Guidelines again to account for the upcoming changes to the Privacy Act 2020, so please save the webpage and we'll notify you when the updated BFC Service Guidelines are available.

# Contracts for F21

(the year 1 July 2020 to 30 June 2021)

- Demand allocation model for F21
- Under-delivery and Over-delivery



## Contracts for F21

Your original two-year contract covers the period 01 July 2019 to 30 June 2021. You have received/will shortly receive a Variation for the year 01 July 2020 to 30 June 2021. The only changes to your contract in this Variation is your funding levels and the aforementioned additional measures to report back on the additional funding you are receiving.

All BFC providers should know the updated contract funding amounts from their Oranga Tamariki contract managers. Once you receive your physical contract and agree to it by signing, you will receive your payment (including the backdated additional funding to 01 July 2020) soon after.

### Additional funding allocation

We used the following indicators across territorial authorities to allocate additional demand (i.e. additional sessions):

- Proportion of the population who are Māori
- Proportion of the population who are Pacific
- Relative poverty
- Service accessibility
- 2019 benefit numbers
- First-time beneficiaries during 2020
- 2020 special needs grants (MSD)
- 2020 supplementary benefit grants
- 2020 advances on main benefits and recoverable assistance payments.

We have applied the model to allocate funding for demand for 2020/21 only. To allocate the funding for 2021/22, we will refresh the data in the model with the most up-to-date data sets early 2021.

More information on Budget 2020 here: <https://www.msd.govt.nz/what-we-can-do/providers/building-financial-capability/funding-for-bfc-services-through-budget-2020.html>

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(the year 1 July 2020 to 30 June 2021)

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## **Under-delivery of session numbers for F21:**

You'll recall back in March that the Ministry of Social Development and Oranga Tamariki advised providers that we would be honouring F20 (01 July 2019 – 30 June 2020) contract funding and would be flexible about achievement of contracted outputs due to COVID-19. This uncertainty looks like it's continuing for some time, so we now have further advice about the ways we can support BFC providers through the ongoing situation.

If BFC providers under-deliver on their contracted session numbers in F21 (01 July 2020 – 30 June 2020), we will continue to be flexible – the Ministry does not intend to recover funding where contracted session numbers have not been met. Instead we will work with you and your Oranga Tamariki contract managers on the best way forward. It is more than acceptable if you invest any unspent money on other ways that support your services to become more financially sustainable and able to readily respond to the increased demand of individuals, families and whanau that may need help as a result of the economic impacts of COVID-19.

## **Over-delivery of session numbers for F21:**

If you reach your targeted session numbers for F21 before 30 June 2021 and require more funding, please contact your Oranga Tamariki contract manager. We will manage these on a case-by-case basis with your service and your contract manager. Please ensure you continue to report on your session numbers even after you've reached your targeted session numbers to give us a realistic picture which will continue to help us with our demand allocation process for F22.



## Contracts for F22

(the year 1 July 2021 to 30 June 2022)

- No tender process needed
- The default is to continue 'as is' subject to performance
- More information by 07 December 2020

*(since moved to the week of 14 December)*



### Contracts for F22

Details for BFC contracts for the period from 01 July 2021 are yet to be ironed out. Specifically the additional funding allocation. As per the factsheet, there is an additional \$2million to be allocated to the BFC sector. Your reporting and feedback on what is happening in the BFC sector is important for us to be able to allocate the funding appropriately.

We will not be carrying out a tender process for F22 contracts, so we will renew your contracts 'as is' subject to performance. If you significantly under-deliver or over-deliver on your BFC session numbers, we will work with you and your Oranga Tamariki contract manager on an appropriate way forward.

There may be some more minor changes to the contracts to take into account the workforce development priority, but we will notify you if/when these will take effect.

We will give you more information on F22 contracts by 07 December 2020 **(since moved to the week of 14 December 2020)**.

# Debt Solution services

- Covid-19 response
- 'Specialist interventions' you can call on for clients with unsustainable debt

## Debt services

1. Debtfix
2. CAP Debt Help

## Debt consolidation

1. Ngā Tāngata Microfinance
2. Debt Solve from Good Shepherd



### **Debt Solution services are now available – soft launch 02 November 2020.**

These services have been set up as part of the response to COVID-19 and are currently available for two years.

There are two Debt Solution services which we are calling “Debt Services” and “Debt Consolidation”. Each Debt Solution service has two providers:

1. Debtfix (their range of insolvency and payment agreements, including Shipshape agreements)
2. CAP Debt Help
3. Ngā Tāngata Microfinance is now fully MSD funded – loans up to \$3000 interest free
4. Debt Solve from Good Shepherd up to \$10,000 (smaller loans interest free, these loans 6.99% p.a.)

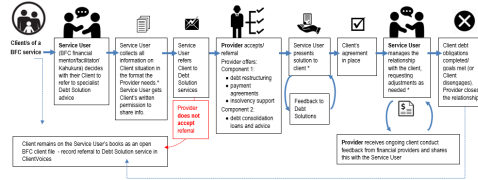
These are specialist interventions you can refer your clients to if they have complex and unmanageable debt. If your service already offers help to clients for complex and unmanageable debt, please feel free to continue. But if you don't offer this service OR you don't have the capacity due to increased client demand, please use these services.

We are also carrying out service design for Debt Solution services. This will involve testing real demand for the services and how they will work for BFC providers and clients.

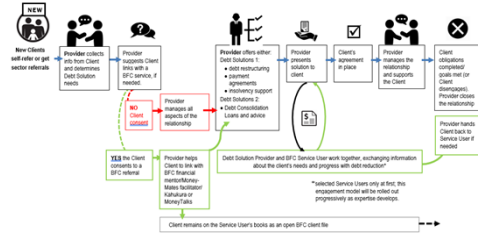
More information will come out in this month's BFC sector e-newsletter.

# Debt Solution services

- Pathways for current BFC clients



- and clients who are new to BFC



These two diagrams are from the Service Guidelines for the new services (available on the MSD website now if you are interested).

This shows there are multiple pathways in which New Zealanders can access Debt Solution services and how it's intertwined with BFC providers.

# END

**Any further  
questions?  
Contact us below**

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