

The Improvement Service

ELECTED MEMBER BRIEFING NOTE

# Money Advice Services— Investing in the Future



# What is the purpose of the briefing note series?

The Improvement Service (IS) has developed an Elected Members Briefing Series to help elected members keep pace with key issues affecting local government.

Some briefing notes will be directly produced by IS staff but we will also make available material from as wide a range of public bodies, commentators and observers of public services as possible.

We will use the IS website and elected member e-bulletin to publicise and provide access to the briefing notes. All briefing notes in the series can be accessed at [www.improvementservice.org.uk/elected-member-guidance-and-briefings.html](http://www.improvementservice.org.uk/elected-member-guidance-and-briefings.html)

## About this briefing note

This briefing note seeks to highlight how community-based money advice services, targeted at individuals who are the most socially and economically disadvantaged, can make a significant contribution to reducing poverty and improving individual health and wellbeing.

# Money Advice Services

## Investing in the Future

### Tackling Poverty & Inequality



Money advice services contribute significantly to alleviating poverty & addressing inequality: every £1 invested generates £4-9 in financial gain for clients

### Rising Pressure on Service

While demand for money advice is increasing, local authority investment is decreasing, so new approaches are required to sustain the service



### Key Leadership Role



As a major funder, local authorities have a key leadership role to play in the future direction of advice provision in Scotland by ensuring that services meet clients' needs

### Service Transformation

Expansion of channel choice & advice provision within community settings offer cost effective service delivery & improved outcomes for clients



# What is the issue?

## Poverty levels in Scotland are rising.

*“19% of people in Scotland were living in relative poverty after housing costs in 2014-17. Overall poverty rates seem to be rising slowly.”<sup>1</sup>*

At the same time as increasing numbers of individuals and families are living in poverty, the gap in income inequality is widening. In the next five years those most likely to see a fall in income are larger families, single parents and out of work households.<sup>2</sup>

Whilst workless household are more likely to experience poverty, being in work does not guarantee financial sufficiency. Around 7 in 10 children living in poverty live in a household where at least one adult is working<sup>3</sup> and this figure rises to almost three quarters in households in which no-one is in paid employment.<sup>4</sup> Whilst poverty affects all, the impact on children is particularly pronounced.<sup>5</sup> The latest data shows that in 2014-17, after housing costs are taken into consideration, 230,000 children were living in poverty in Scotland. This is equivalent to one in every four children.<sup>6</sup> The Institute for Fiscal Studies (IFS)<sup>7</sup> predicts that by 2021 the number of children living in poverty in the UK will have increased by 50%.

Poverty has an adverse effect on individual health and wellbeing<sup>8</sup> and restricts potential and reduces opportunities.<sup>9</sup> In the long term, it is suggested that around £1 in every £5 that is spent on public services is required to address the damage caused by poverty.<sup>10</sup>

## Access to advice services is a key part of anti-poverty strategies

Providing money advice and related services can do much to reduce the effects of poverty both for individuals<sup>11</sup> and the communities<sup>12</sup> in which they live. The benefits of advice are well documented and wide ranging.

1 [www.gov.scot/Publications/2018/03/3017](http://www.gov.scot/Publications/2018/03/3017)

2 [www.resolutionfoundation.org/app/uploads/2018/02/Outlook-2018.pdf](http://www.resolutionfoundation.org/app/uploads/2018/02/Outlook-2018.pdf)

3 [www.gov.scot/Publications/2018/03/3017](http://www.gov.scot/Publications/2018/03/3017)

4 [www.cpag.org.uk/scotland/child-poverty-facts-and-figures](http://www.cpag.org.uk/scotland/child-poverty-facts-and-figures)

5 Ibid 2

6 [www.gov.scot/Publications/2018/03/3017](http://www.gov.scot/Publications/2018/03/3017)

7 [www.ifs.org.uk/publications/10028](http://www.ifs.org.uk/publications/10028)

8 [www.bma.org.uk/-/media/files/pdfs/collective%20voice/policy%20research/public%20and%20population%20health/health-at-a-price-2017.pdf?la=en](http://www.bma.org.uk/-/media/files/pdfs/collective%20voice/policy%20research/public%20and%20population%20health/health-at-a-price-2017.pdf?la=en)

9 [www.local.gov.uk/marmot-review-report-fair-society-healthy-lives](http://www.local.gov.uk/marmot-review-report-fair-society-healthy-lives)

10 [www.jrf.org.uk/report/counting-cost-uk-poverty](http://www.jrf.org.uk/report/counting-cost-uk-poverty)

11 [www.lowcommission.org.uk/](http://www.lowcommission.org.uk/)

12 Fraser of Allander Institute—Economic Benefits of Advice. Available at [www.cas.org.uk/system/files/Fraser%20of%20Allander%20report%20to%20CAS%20The%20continuing%20financial%20benefits%20of%20advice%20provision%20to%20the%20common%20good%20November%202014%20PDF.pdf](http://www.cas.org.uk/system/files/Fraser%20of%20Allander%20report%20to%20CAS%20The%20continuing%20financial%20benefits%20of%20advice%20provision%20to%20the%20common%20good%20November%202014%20PDF.pdf)

*“The direct, financial, benefits of provision are effective in mitigating the worst effects of poverty, for example by raising disposable incomes through benefit take-up or by helping people to restructure their debt repayments. Studies also indicate a wide range of beneficial non-financial effects including in respect of housing, education, training and employment, health, and relationships.”<sup>13</sup>*

Scottish local authorities are key funders<sup>14</sup> of advice services. Data returned by all Scottish local authorities for the Money Advice Performance Management Framework (MAPMF) for 2016-17<sup>15</sup> suggests that 31% of individuals accessing local authority funded money advice services had a disposable household income of less than £6,000. As a result of accessing these services, individuals in Scotland gained £101m. This equates to a financial gain per client of between £4 and £9<sup>16</sup> for every £1 that was invested by local authorities.

## Local authority investment in advice services is reducing

Despite the proven benefits that access to money advice services offers, local authority investment in this small yet effective service is reducing. In 2016-17, investment by local authorities in money advice services totalled £11.72 m— this represented a reduction of 5% on the previous year’s funding.<sup>17</sup> At the same time as funding is falling demand is rising and, in the same period, the number of service users increased by 5%. With welfare reform and the roll-out of universal credit, demand for advice is likely to increase significantly in the immediate future.<sup>18</sup>

Sustaining services and attempting to meet increased demand when faced with reductions in public spending is challenging. The Local Government Benchmarking Framework (LGBF) highlighted that, over the past seven years, funding for Scottish councils has reduced by 7.6% in real terms.<sup>19</sup>

In the current financial situation as increasing, or indeed maintaining, investment may not be an option, several local authorities are considering how to deliver services differently.

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13 <http://advicestransition.org.uk/>

14 [www.improvementservice.org.uk/documents/money\\_advice/MASQI-report.pdf](http://www.improvementservice.org.uk/documents/money_advice/MASQI-report.pdf)

15 [www.improvementservice.org.uk/2016-17-report.html](http://www.improvementservice.org.uk/2016-17-report.html)

16 The lower figure relates to verified gain (evidence of gain checked) and the higher figure reflects unverified gain (evidence of gain not checked)

17 Ibid 11

18 [www.i-m-a.org.uk/media/ima-ljdoc-212-11.pdf](http://www.i-m-a.org.uk/media/ima-ljdoc-212-11.pdf)

19 [www.improvementservice.org.uk/councils-continue-to-perform-well-despite-sharp-reduction-in-spend.html](http://www.improvementservice.org.uk/councils-continue-to-perform-well-despite-sharp-reduction-in-spend.html)

# What does this mean for elected members?

Elected members are asked to recognise the impact that accessible money advice services can make to improving the quality of life, and creating equality of opportunity both for individuals and the communities in which they live.

To enable their potential to be fully realised, it is important that the contribution made by money advice services to achieving the priority outcomes set out within the strategic documents of local authorities, Community Planning Partnerships, Scottish Government and Health and Social Care Partnerships is recognised and referenced.

Any short-term savings achieved by cutting money advice services are likely to be of limited value and may result in increased costs via reduced revenue streams for Council Tax/council rent and increased spending on costs related to poverty and debt in areas such as housing, social work and health.

Although perceived as a discretionary service, councils have a statutory duty to provide advice services, albeit this is defined across a range of legislation pertaining to particular client groups.<sup>20</sup> Money advice services have a key role to play in helping tackle poverty. The way services are provided and delivered reflects local needs and priorities. Taking this into account, consideration could be given to adopting different models of service delivery which can be more cost effective and better meet individual needs.

The way money advice services are funded and provided is under consideration by a range of key stakeholders. The Scottish Government is currently carrying out another review of publicly funded advice services in Scotland.<sup>21</sup> At the same time, the findings of an 'Independent Review of the Funding of Debt Advice', led by Peter Wyman, that considered the issues that affect some of the most financially vulnerable people in society and made recommendations for an appropriate funding framework for the future has recently been published.<sup>22</sup> Legislation has been enacted to create a single financial guidance body which, later this year (2018), will replace the Money Advice Service. This includes provision to devolve funding for debt advice to the Scottish Government. At a time of significant change for the sector, given their role and experience, local authorities are in a good position to influence and direct the future development of money advice services.

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20 Social Work (Scotland) Act 1968: The Bankruptcy and Debt Advice (Scotland) Act 2014: Carer's (Scotland) Act 2016 and Child Poverty (Scotland) Act

21 [www.gov.scot/Publications/2018/02/6265/0](http://www.gov.scot/Publications/2018/02/6265/0)

22 [https://masassets.blob.core.windows.net/cms/files/000/000/900/original/Peter\\_Wyman\\_Review\\_of\\_Debt\\_Advice\\_Funding\\_2018.pdf](https://masassets.blob.core.windows.net/cms/files/000/000/900/original/Peter_Wyman_Review_of_Debt_Advice_Funding_2018.pdf)

# What does good practice look like in this area?

## Funding for impact

In deciding which money advice services to fund, local authorities may wish to apply the principles contained in the 'Framework for Funding of Public Advice'.<sup>23</sup> This sets out the key elements that funders ought to consider when reviewing their current funding arrangements with advice services, and when funding new projects.

To ensure that their investment creates the impact sought, a Common Advice Performance Management Framework<sup>24</sup> has been developed with Scottish local authorities. Using data supplied by individual local authorities, the framework measures the performance for the money and welfare rights advice services that they fund on both an in-house and commissioned basis. The IS uses the data provided to produce individual reports for each local authority area along with an annual Scotland wide overview report.<sup>25</sup>

The majority of funding is currently used to support traditional models of advice service delivery based on the provision of face to face advice services from a centrally based office. Whilst this model is effective, there is a need to consider alternative approaches. Looking to the future, delivering services using a variety of models will be more cost effective and will result in improved engagement with service users.

## Service transformation (1)—Channel Choice

Increasingly, individuals are using digital media to access a range of services. Whilst some individuals will always need face to face contact, others prefer to use online or telephone channels.<sup>26</sup> Having a choice of access points is critical to improving the customer journey to advice services. There are several examples of this, one of which is the model used by Stirling Council. Stirling Council's Advice Services Team is committed to expanding the channels available to service users and hence to improve accessibility.<sup>27</sup> A flexible approach is taken and service users can use multiple channels to contact the service, including a digital channel called BetterOff. The local authority recognises that an essential element in encouraging wider channel choice involves raising awareness of those that may be less commonly used.

## Service transformation (2)—Services for Communities in Communities

There is compelling evidence that community based models of service delivery (e.g. based in

23 [www.improvementservice.org.uk/framework-for-public-funding-of-advice.html](http://www.improvementservice.org.uk/framework-for-public-funding-of-advice.html)

24 [www.improvementservice.org.uk/common-advice-performance-management-framework.html](http://www.improvementservice.org.uk/common-advice-performance-management-framework.html)

25 [www.improvementservice.org.uk/documents/money\\_advice/MAPMF/mapmf-annual-report-201617.pdf](http://www.improvementservice.org.uk/documents/money_advice/MAPMF/mapmf-annual-report-201617.pdf)

26 [www.improvementservice.org.uk/documents/money\\_advice/ma-customer-journey-mapping.pdf](http://www.improvementservice.org.uk/documents/money_advice/ma-customer-journey-mapping.pdf)

27 [www.improvementservice.org.uk/documents/money\\_advice/ma-case-study-stirling-channel-choice.pdf](http://www.improvementservice.org.uk/documents/money_advice/ma-case-study-stirling-channel-choice.pdf)

libraries, medical practices or schools) lead to improved engagement with those individuals who are most socially or economically excluded at an earlier stage before crisis point is reached.

For example, Glasgow City Council provide advice services in libraries, and both Dundee and Edinburgh City Councils are testing advice delivery in schools targeted at parents. Early indications from evaluations, yet unpublished, of both these approaches suggest that they support greater access to advice services at an earlier stage.

When money and welfare rights advisors with consensual access to medical records are ‘embedded’<sup>28</sup> in health centres, service users, staff and funders all experience multiple benefits. This way of providing advice services has been adopted in several areas across Scotland.

An evaluation of this approach in the Deep End Practices<sup>29</sup> in Glasgow found that 85% of patients using the service had never previously attended an advice service and that, as a result of receiving support, around 50% were connected to sources of support in their community. A social value study<sup>30</sup> predicted that every £1 invested in delivering advice in medical practices in Edinburgh and Dundee would generate around £39 of health, social and economic benefits. Service users said that they experienced improved health and wellbeing, felt less stigmatised, and had better and earlier access to services. Medical practice staff were able to make better use of their time and to focus on medical interventions and funders were able to target resources at priority groups.

A part time post,<sup>31</sup> funded by the Scottish Government, to support the roll out of this model is hosted by the Improvement Service.

Delivering community-based services often does not increase costs or require additional funds<sup>32</sup>—it involves using existing resources in a different way.

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28 The worker is hosted by the health centre and operates as part of the staff team.

29 General Practitioners at the Deep End work in 100 general practices serving the most socio-economically deprived populations in Scotland

30 [www.improvementservice.org.uk/documents/money\\_advice/SROI-co-location-advice-workers.pdf](http://www.improvementservice.org.uk/documents/money_advice/SROI-co-location-advice-workers.pdf)

31 [www.improvementservice.org.uk/wasf-publications.html](http://www.improvementservice.org.uk/wasf-publications.html)

32 A limited initial budget for capacity building may be required.



## Key issues to consider

In considering how best to support the provision of money advice services local authority members might wish to consider using the following statements as a simple self-assessment checklist approach to help make decisions about future investment in money advice services by their local authority.

- The role of money advice services is clearly identified, valued and understood by the local authority and community planning partners and is connected to other relevant strategies and plans.
- In determining the funding and delivery of services there is evidence that appropriate engagement and consultation, involving service users, has taken place.
- Investment in services is based on achievement of agreed outcomes, activities and outputs.
- There is robust evidence that the interventions supported by the service are successful and cost effective and reflect service user needs and local authority priorities.
- Regular performance reports are submitted to the relevant elected members to facilitate scrutiny and support strategic decision making.

## Summary

Money advice services can make a significant contribution to alleviating poverty and addressing inequality. For every £1 that was invested by local authorities in money advice services in 2016-17, clients achieved financial gains of £4-9.<sup>33</sup>

Investment in money advice services is reducing at the same time that demand for the service is increasing. To sustain this small, yet vital, service new approaches to service delivery are required.

Increasing the channels through which individuals can contact services increases accessibility and offers value for money. Providing services in community settings increases engagement, supports earlier intervention and delivers multiple benefits.

As the Scottish Government prepares to assume responsibility and resource for activities previously delivered by the Money Advice Service, it has recently commissioned a national review of advice services. As major funders and with significant experience of successfully delivering advice services, local authorities have a key leadership role to play in setting the future direction.

## Further support and contacts

The IS has a dedicated project funded jointly with the Money Advice Service. The Improving Outcomes in Money Advice webpage contains information that may be of interest.

To discuss this paper further contact Karen Carrick at [karen.carrick@improvementservice.org.uk](mailto:karen.carrick@improvementservice.org.uk). For more general enquiries please contact [moneyadviceoutcomes@improvementservice.org.uk](mailto:moneyadviceoutcomes@improvementservice.org.uk) and the relevant member of the team will get in touch.

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33 Ibid 14

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The Improvement Service is devoted to improving the efficiency, quality and accountability of public services in Scotland through learning and sharing information and experiences.

The logo consists of the letters 'is' in a bold, lowercase, sans-serif font. The 'i' is blue and has a red dot above it. The 's' is blue and has a red dot at its bottom right end. Below the 'is' is the word 'improvement' in a smaller, lowercase, sans-serif font, followed by the word 'service' in a bold, lowercase, sans-serif font. The 's' in 'service' is red, matching the red dots in the 'is' above it.  
improvement **service**

