Money advice services across Scotland’s local authorities

Executive Summary
August 2013
About this report

The report has been published as part of a two-year action research project funded by the Money Advice Service and the Improvement Service.

The principal aim of the research was to provide an overview of money advice services delivered and commissioned by Scottish Local Authorities. A secondary research aim was to identify potential areas for improvement in money advice services, which could lead to enhanced positive outcomes for citizens and communities.

The content and findings of the report are derived from:

• desk research;
• a series of in-depth interviews with all 32 Scottish local authorities; and
• significant engagement with a wide range of other key stakeholders operating in the area of money advice, financial inclusion and financial education.

Further information on the ‘Improving Outcomes in Money Advice’ project can be accessed via the following links:

www.improvementservice.org.uk/moneyadvice

https://knowledgehub.local.gov.uk/group/improvingoutcomesinmoneyadvice

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Executive Summary

Introduction

This report sets out the first comprehensive overview of the provision of money advice services across Scotland’s councils in over a decade.

The report highlights the prime role that local authorities play within the money advice sector – both in terms of direct provision and through services commissioned and paid for by councils for delivery by other partners, principally Citizens Advice Bureaux.

The research identified that the estimated value of local authorities’ investment in money advice services is in the region of £20m per annum. This makes local authorities the single most significant provider/commissioner of money advice services in Scotland.

The research highlights a series of challenges confronting the money advice sector, including rising demand. The major drivers of increased demand for money advice services include:

- the ongoing impact of the recession /'credit crunch';
- the consequences of the rise of payday lending and other less affordable forms of credit provision;
- the significant levels of poverty and inequalities that continue to exist across Scotland; and
- welfare reform.

The landscape of money advice in Scotland is extremely diverse, with numerous service providers providing a wide range of services through various delivery channels. The report indicates that money advice services play an important role in supporting vulnerable individuals and families across Scotland. Effective and efficient money advice services can influence a range of important outcome areas, including those relating to financial capability, health and wellbeing, community safety, income maximisation, prevention of homelessness, mitigation of poverty, hardship and over indebtedness.

However, the report also highlights a lack of consistency regarding definitions and recording of activities, outputs and outcomes. This makes it difficult to estimate what exactly local authorities’ c. £20m investment in money advice services actually achieves. Individual councils do collate

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1 Previous research on the provision of money advice across Scotland was carried out by Money Advice Scotland in 2000 and 2002: Burrows, Bob (2000) Money Advice Services in Scotland – a time to reflect, Money Advice Scotland; Collard, Sharon and Burrow, Bob (2002) Good, bad or indifferent?: The quality of money advice in Scotland, Money Advice Scotland.

2 These figures are the best available estimates. Due to the nature of provision and/or cost allocation, some Councils were unable to disaggregate money advice funding from other linked services, such as welfare rights, income maximisation, dedicated financial education workers, etc. 14 out of 21 in-house services provided their figures as well as figures for funding to external money advice services from 28 out of 30 Councils. Taking the average and median for provision of ‘only in-house’, ‘only external’ and ‘both’ the approximate annual value of Local Authority funding was calculated.
statistics and there is no shortage of anecdotal and case study evidence of the positive impact that money advice services can have. However, due to the absence of a consistent, Scotland-wide approach to performance management, it is not possible to provide aggregated estimates of the total impact of local authority money advice services. It is recognised that the issue of measuring/aggregating the impact of money advice is always likely to be extremely challenging, for a range of reasons. Nevertheless, in an era of shrinking resources and competing demands, this is an area that requires to be strengthened in order to ensure that the benefits of money advice service provision are maximised and can be properly articulated.

The report concludes by highlighting a range of potential improvement areas. These are intended to further strengthen and increase the impact of money advice services, ultimately resulting in improved outcomes for service users and communities. Some of these recommendations concern systemic issues, aimed at Local Government in general and the wider range of stakeholders; other recommendations concern improving impact at a service level.

**Summary of key research findings**

The findings of the report are derived from feedback obtained from a combination of the interviews with councils, engagement with wider stakeholders and from the desk research phase.

**Provision and funding of money advice services**

- There currently exists a diverse landscape of money advice provision, comprising national umbrella organisations, national providers, local networks, local authority providers and third sector providers.

- Benefits of having multiple providers can include greater innovation, improved choice and more effective targeting of niche groups and services. Equally, however, it can also result in elements of overlap, gaps, customer confusion and patchy provision.

- Progress has been made in some areas in seeking to introduce a more strategic approach to designing and rationalising money advice provision. This has been driven by a desire to ensure complementarity between different providers and services, and to achieve good overall value for money. This is an area where there is scope for further improvement. Major funders and/or commissioners of money advice provision - including Scottish Legal Aid Board (SLAB), Big Lottery, Scottish Government, Money Advice Service and local authorities - have both an opportunity and responsibility to ensure that further development or expansion of the sector takes place within a strategic framework that encourages joined-up, evidence-based and outcome-focused approaches.

- Local authorities are the major funders of money advice across Scotland (both in terms of in-house and external provision), spending an estimated total of £20m per annum.\(^3\)

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\(^3\) The figures highlighted in the report are the best available estimates. Due to the nature of provision and/or cost allocation, some councils were unable to disaggregate money advice funding from other linked services, such as welfare rights, income maximisation, dedicated financial education workers, etc. Nevertheless, 15 out of 21 councils were able to provide estimated spend figures on the cost of in-house council provision. Likewise, 28 out of 30 councils were able to provide figures for the amount spent on funding external money advice services. The average of the figures provided by those councils was then applied in order to factor in approximations for those councils that were unable to provide estimates. This enabled an overall aggregated estimate to be made
• The table below summarises the approximate annual value of local authority funding committed to money advice services. It shows the total investment broken down by provision that is directly delivered in-house by councils, and provision funded by councils and delivered by third parties. Wherever available, figures for individual councils are included in the Appendix.

<table>
<thead>
<tr>
<th>Local authority delivered</th>
<th>Local authority commissioned</th>
<th>Total</th>
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<tbody>
<tr>
<td>£8.2m</td>
<td>£11.8m</td>
<td>£20m</td>
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</table>

• Complete like-for-like comparison of local authority investment in money advice services relative to other key funders has not been possible as part of this research. Nevertheless, it is clear that councils’ collective annual investment in money advice is likely to be in excess of the total annual sum of investment provided by other funders/providers, including Scottish Government, Scottish Legal Aid Board and Citizen’s Advice Scotland.  

• In addition to councils, Scottish Government/SLAB and CAS, other funders/providers of money advice services in Scotland include NHS, Housing Associations and a range of other third sector charitable organisations, such as Macmillan Cancer Support.

• In terms of staffing input, a total of 180 FTE local authority staff are currently involved in the provision of money advice (Direct comparison of the scale of council staffing relative to third sector personnel is difficult, largely due to the extensive use of volunteers by the third sector. However, a 2009 study estimated around 130 FTE paid staff and 80 FTE volunteer staff undertake debt work within Citizen’s Advice Bureaux in Scotland. That study also referred to Scottish Government information from 2006 indicating around 125 FTE staff within local authorities were providing debt work in Scotland at the time.)

• Nineteen local authorities provide a mix of both council delivered money advice provision and third sector funding. Eleven local authorities solely commission money advice provision from third sector providers (mostly Citizens Advice Bureaux); two local authorities with council money advice services do not provide any funding to third sector organisations for money advice and rely wholly on their own in-house provision. The table below summarises:

<table>
<thead>
<tr>
<th>Solely council provision</th>
<th>Solely external provision</th>
<th>Mix of council and external provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 local authorities</td>
<td>11 local authorities</td>
<td>19 local authorities</td>
</tr>
</tbody>
</table>

For more background information and research on money advice funding across the UK please refer to the Literature Review in the Appendix to this report.

Based on figures provided by all 21 local authorities that deliver council money advice services; this includes money advisers, but also, for some councils, also includes assistants and admin support. It is also noted that some councils include wider functions, such as income maximisation and welfare rights as part of generic job descriptions for money advisory staff.

http://www.infohub.moneyadvicetrust.org/content_files/files/spiu_funding_money_advice___full_report11.pdf
• There is generally a need to develop a more consistent approach within the sector to strengthening partnership working and outcomes-focused contractual agreements between funders and providers. Some funding of third party money advice providers is provided on ad-hoc, gifted arrangements or as grant funding; whereas other approaches include more formalised service level agreements and other types of more defined, qualitative contractual agreements, some of which include robust quality assurance and performance monitoring arrangements.

Access

• There is a recognised need to improve access and reach of money advice provision for specific target groups, especially the most vulnerable clients.

• There is some scope for ‘channel shifting’ in order to better target resources to reach the clients in most need. This could include improving access to and encouraging use of telephone or website-based advice and (assisted) self-help. This type of approach could improve efficiency and free-up front line advisers’ time to be able to deal face-to-face with more vulnerable clients who require more intensive support.

Visibility

• The majority of council service providers feel that the visibility of money advice services needs to be improved, and some feel this could be achieved by a national campaign, such as one co-ordinated via the Money Advice Service.

• Citizens Advice Bureaux generally feel that they represent a well-known brand and are also recognised for their joint working with the Money Advice Service in providing budgeting sessions as an addition to CABx debt advice.

Demand

• Most money advice services operate in a demand-led way, making them particularly susceptible to shifts in demand and needs.

• Existing demand is seen to be ‘high’ or ‘very high’ by most service providers and funders.

• The majority of providers reported significant increases in recent years due to the impact of the recession and restricted access to affordable credit.

• The majority of service providers and funders expect another significant increase in demand as a result of the current UK Government’s welfare reform changes, as they are rolled out.

• Many service providers are unsure how they will manage an additional increase in demand, particularly if seeking to combine that with a shift to more preventive approaches.

• A distinction also has to be made between tackling existing demand, which might be very different from the potential current need of a local area and future anticipated need. While managing further increases in demand will be challenging for many council and third sector
providers, identifying and targeting unmet need also poses an additional challenge.

• A number of councils are actively responding to increased demand by recruiting additional money advisers or creating new roles targeted around financial inclusion and financial capability. However, there is also evidence from the interviews that a number of councils are considering eligibility criteria or reducing money advice capacity as part of their budget cuts, despite significant evidence of growing demand.

Referrals

• There is a significant need to improve the referral process between money advice providers and other partners at both local and national level. However, issues of data protection, confidentiality, robust processes and systems for tracking customer contact and referrals, outcomes and reporting all require to be considered at a strategic level in order to take this issue forward effectively.

• ‘Single tracking referral systems’ have the potential to improve areas such as partnership working, visibility and access to services, tracking of clients and measuring of outcomes, offering a more robust holistic approach both in terms of meeting clients’ needs and assessing the performance of money advice services.

• More generally, there is seen to be an opportunity to simplify the ‘customer journey’ and ensure, via an effective triage system, that need is properly identified and acted upon efficiently.

Targeting

• Some services target specific client groups, which is mostly done via smaller projects, but, overall, there are relatively few consistent and sustainable approaches to targeting.

• Many money advice services - both council and third sector - are largely reactive in nature rather than proactively targeting different client groups and identifying and addressing unmet needs.

Affordable credit

• Access to affordable credit has become increasingly difficult for many people on low income/benefits. The situation was exacerbated following the ‘credit crunch’, when many lenders tightened their lending criteria. Whilst there does exist a growing range of more sustainable/affordable solutions (e.g. Credit Unions, Community Development Finance Institutions, etc), high cost alternatives such as payday lenders have expanded significantly in recent years in order to meet demand for credit.

• Likewise, access to mainstream bank accounts continues to be problematic for many individuals. Low income individuals are typically not an attractive target group for commercial banks. Individuals – especially those with chaotic lives due to issues such as addiction, homelessness, etc. may also have difficulties in fulfilling certain criteria for opening a bank account.
• The issue of financial exclusion could be tackled more effectively by a range of measures, including improved partnership working between money advice services and Credit Unions, the expansion of Community Development Finance Institutions and banking alternatives linked to money advice and financial capability provision.

• More generally, however, it is recognised that the basic problem of individuals/families simply not having enough income is often the root cause that leads to the need for money advice. As such, money advice services require to be considered in the broader context of the significant level of poverty and inequalities that continue to exist throughout Scotland.

National Standards

• Currently five local authority money advice services are accredited under the Scottish National Standards for Information and Advice Providers (SNSIAP) for Money and Related Advice. Other councils are accredited for the Housing or Benefits part of the SNSIAP. Many council money advice services are working towards the SNSIAP but would require additional support/resources to help them achieve accreditation. This issue is potentially of concern to many interviewees, as the quality of advice provided will clearly have a major bearing on the efficacy of the service and outcomes for clients.

Performance management

• Differences in casework and reporting systems, issues with IT support and double entry into different systems require to be addressed as they result in a range of inefficiencies and frustrate aggregation of data. An ideal aspiration would be for a common system that could be used by all money advice services in Scotland. This would be regarded as a welcome improvement by most interviewees. However, it is also recognised that there may not be an easy solution for this issue due to the likely cost of new investment, linkages required to other systems, legacy issues, migration costs, etc.

• Most providers (both council and third sector) are in favour of consistent statistics on money advice being gathered at a national level to facilitate benchmarking and to provide a better overview of aggregated money advice activity. It was noted that some councils continue to collate data for their own use, based on the system that was previously co-ordinated by the Scottish Government. Further discussion is required to consider how best to take forward the aspiration of a common performance management system which would enable better comparison, benchmarking and aggregation of data.

Outcomes

• The Christie Commission report on the future delivery of public services gathered evidence which demonstrated the need for public services to become more outcomes-focused, integrated and more efficient and effective in working collaboratively to achieve outcomes.

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7 The SNSIAP recognise that many services may comply with other quality frameworks. Where the service complies with other appropriate standards, it can use evidence of this to minimise any duplication of work. At the moment, the accreditation process that is recognised by the SNSIAP is that of the Citizens Advice Scotland’s membership scheme for Citizens Advice Bureaux. This ‘passports’ Bureaux through the organisational process audit.

8 [http://www.scotland.gov.uk/About/Review/publicservicescommission](http://www.scotland.gov.uk/About/Review/publicservicescommission)
To achieve an outcomes-focused approach, public services require considering a wide range of matters, including the actual needs of people, energising and empowering communities and public service workers to find innovative solutions, providing a holistic approach and building personal and community capacity, resilience and autonomy.

- It is recognised that defining and measuring outcomes in money advice is not straightforward. The absence of a common performance management/reporting and client follow-up system means that data on outcomes achieved by money advice services is generally limited. Most interviewees indicated that they would welcome a common system and would benefit from support in defining and measuring outcomes for clients and building this approach into existing processes and systems.

- The Money Advice Service is developing a debt advice quality framework with a focus on measuring the outcomes of money advice. This framework will be used to evaluate the impact of their own services and the Money Advice Service will also encourage its wider use by other funders across the sector. The outcomes used in the framework will build on those published in the Money Advice Service user need research in 2012.

**Financial education**

- Financial education is considered to be a key component of early intervention and prevention of debt by the majority of money advice services. It is also seen to be a key means of managing down repeat demand in the future.

- Despite this, provision of financial education is currently sporadic throughout the country, with no consistent approach in the education, advice and community learning and development sector. There is seen by many interviewees to be a major opportunity to rectify this position via better and more consistent roll-out of financial education in schools through the Curriculum for Excellence.

**Partnership working**

- Clients of money advice services often encounter multi-faceted challenges and this requires an holistic, joined-up response by partner agencies. For example, money problems may arise from - or result in - impacts on health, relationship difficulties, etc. This, in turn, may require effective support to be delivered by a range of partners in order to achieve sustainable positive outcomes for clients.

- Generally, partnership working in money advice could be strengthened further in order to achieve genuine complementarity, to ensure successful referrals and to avoid duplication and/or ‘revolving door’ issues. There are a number of examples of more effectively joined up services being facilitated via a more structured approach to commissioning/planning of services.

- Likewise, ensuring a strong strategic link of money advice services into Community Planning Partnership structures and relevant strategies concerning tackling poverty etc. is more likely to ensure effective use of public funding.
Conclusion and recommendations

This report provides a detailed overview of the provision of money advice across Scotland. It highlights the key role of local authorities in this area, both as direct providers and funders of money advice and related services.

Based upon feedback from councils, other stakeholders and from wider desk research, the report also identifies a range of potential areas for further improving the operation and impact of money advice services.

The report includes a number of recommendations; some concerning ‘system-wide’ issues and some focused on improvement areas that individual Councils may wish to focus on. It is proposed that the report be taken to a range of stakeholders for consideration, including CoSLA, SOLACE and the Scottish Government.

Finally, it is noted that a number of the proposed improvement actions set out within the report will now be further developed in the second phase of the Money Advice Outcomes project.

List of recommendations
(The recommendations are not necessarily listed in any order of priority)

Provision and funding

- Major funders/commissioners of money advice provision have an opportunity and responsibility to ensure further development of the sector takes place within a strategic framework that encourages joined-up, evidence-based and outcome-focused approaches, which respond to need and complement existing provision.
- This should include developing more consistent approaches to strengthen partnership working and contractual agreements between funders and providers - at both national and local levels.

Access and visibility

- Scotland’s local authorities are the major funders and providers of money advice. The local authority sector should explore ways of increasing its collective visibility and exert greater influence and leadership in shaping the future direction of the money advice sector.
- There is potential to look at channel shifting clients to more telephone and online advice to free up space for the most vulnerable clients requiring face to face access and support.
- There might be potential for a national ‘triage’ service approach.

Demand

- There is a need to explore opportunities for using existing resources more effectively to manage increasing demand and target need that is currently unmet. This should include a greater emphasis on prevention and early intervention.
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**Referrals**
- There is a need to strengthen referral networks between money advice providers and other partners at both local and national level. ‘Single tracking referral systems’ have the potential to improve collaboration between agencies, strengthen partnership working and make better use of collective capacity. This should be explored by local and national funders and providers.
- There is also a need to strengthen referral networks and partnership working with the health sector.

**Targeting**
- Greater account of the Christie Report recommendations is required to improve the access and reach of money advice provision for specific disadvantaged target groups.

**Affordable credit**
- There is a need to significantly improve access to affordable credit and sustainable solutions for individuals excluded from mainstream banking options. Key agencies should explore how best to progress this.

**Quality**
- Local authority money advice services need additional support and resources to achieve accreditation under the Scottish National Standards of Information and Advice Providers.
- Funders of money advice need to recognise the importance of quality standards and build these into contract agreements.

**Performance management**
- Gathering common statistics at national level would allow for benchmarking and provide a better overview of money advice activity across Scotland.
- Creating a common system for case recording and reporting would be an improvement however this is not an easy solution. However, there is an appetite for improvement in this area.
- Achievement of common reporting and statistical analysis will require leadership from key agencies within the money advice sector.

**Outcomes**
- Linked to the above, funders and providers need support in defining and measuring outcomes and building this into existing processes and systems.
**Financial capability**

- There is a need for more consistency and joined-up approaches to financial capability, financial inclusion and financial education across the sector. Key agencies should explore how best to progress this, including consideration of developing a national financial capability strategy.

**Partnership working**

- There is a need to strengthen partnerships between money advice services and other agencies providing support on a range of issues that can be related to debt problems (e.g. health, education, social work); Taking a holistic approach and facilitating the development of wider referral systems will be important in this.