# Common Advice Performance Management Reporting Framework

## 2020/21 Annual Report

Scottish Government
Riaghaltas na h-Alba
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improvement service

# Contents

# Local Authority Investment

In 2020/21 Scottish local authorities funded

**25**

internally delivered money and welfare rights advice services

Some services received

**additional funding**

in 2020/21 to support COVID-19 related activities

Externally delivered services reported

**£10.8m**

investment from local authorities

**62**

externally delivered services were commissioned by local authorities to provide advice

Local authorities reported

**£16.2m**

investment in internally delivered services

Approximately

**£7.8m**

income from other funders was secured in addition to local authority investment

# Who Accesses Advice and Why?

The proportion of clients in services across Scotland aged 60+ has fallen by

**7%**

between 2019/20 and 2020/21

An increasing proportion of money and welfare rights advice clients were from an **ethnic minority background**

The proportion of clients who stated they had a disability or long-term condition fell by

**4%**

between 2019/20 and 2020/21

**57%**

of clients were female, which is comparatively higher than 51% of the Scottish population

Clients from **higher income households** represented a larger proportion than in previous years

Clients who were unemployed and seeking work made up

**18%**

of money and welfare rights advice clients in 2020/21, an increase of 2% from the previous year

A total of

**10,532**

clients were recorded under child poverty priority groups in 2020/21

In 2020/21 clients more likely to present with **utility arrears** than in previous years

Claims for the Scottish Welfare Fund made up a larger proportion of the total claims supported by services, increasing

**2%**

between 2019/20 and 2020/21

# Demand for Services

**Welfare rights activity**

declined during 2020/21, with fewer claims, mandatory reconsiderations and appeals supported compared with the previous year

Overall services supported

**fewer debt clinics**

in 2020/21

There was a

**25%**

increase in the number of benefit entitlement checks carried out between 2019/20 and 2020/21

Between 2019/20 and 2020/21 the

**total number of clients**

supported by local authority funded money and welfare rights advice services reduced

**42%**

of initial contacts to services in 2020/21 were made by web channels, an increase from just 1% in 2019/20

**40%**

of clients were referred from other organisations/services in 2020/21, compared with32% in 2019/20

# Impact of Advice

In 2020/21, every £1 of local authority funding invested in money and welfare rights advice services resulted in

**£12**

financial gain for clients

Approximately

**61,153**

welfare benefit claims were awarded as a result of support from advice services

**Financial gain** from Universal Credit awards increased

**23%**

between 2019/20 and 2020/21

Approximately

**£315.6m**

verified financial gain was secured for clients in 2020/21

Clients self-reported improvements as a result of receiving advice,

"Invaluable support helping me to gain an insight into how to help myself and recognise triggers and implement strategies"

In

**75%**

of recorded debt client outputs, a debt strategy was agreed for the client

# Introduction

The Common Advice Performance Management Reporting Framework (CAPMRF) is currently in the seventh year of reporting. Having previously reported only on money advice between 2014/15 and 2016/17, this is the fourth consecutive year to also include welfare rights advice. The current 2020/21 iteration covers the first year of the COVID-19 pandemic, from April 2020 to March 2021, and demonstrates the impact this has had on the working practices of money and welfare rights advice services as well as the demand facing these services.

# Demand and delivery have changed since COVID-19

During the COVID-19 pandemic money and welfare rights advice services adapted quickly to home working to ensure that clients continued to receive this vital service.

> Despite the personal challenges many advisers would have been facing in their own home lives, services remained open and operated in new ways.

Whilst face-to-face appointments were not available throughout the majority of the year, services used a range of other methods to engage with their clients. Telephone appointments were used prior to the COVID-19 pandemic; however, these became more common and many services also offered digital appointments using video conferencing software, enabling a more visual engagement without the risks of meeting face-to-face. Although the overnight shift in approach presented challenges, services continued to meet the needs of their clients.

The COVID-19 pandemic has undoubtedly had an impact on the demand for local authority funded money and welfare rights advice services. Overall there has been a decline in the reported number of clients supported during 2020/21. This is likely due to the support measures available during this time. The furlough scheme ensured those in affected industries did not lose their employment, and payment breaks from many creditors meant that there was not the same urgency for people to address their outstanding debts. Therefore, in the short-term, fewer people may have needed the support of these services, however evidence from local authorities suggests this is now beginning to return to pre-pandemic levels.

# Slight changes in those seeking advice

Although overall demand appears to have reduced, evidence suggests that services were seeing increasing numbers of clients accessing support for the first time. The COVID-19 pandemic is likely to have caused financial vulnerability in those who previously had no need for money or welfare rights advice. This is apparent by the slight change in the type of people seeking support from these services, including increased proportions of younger clients, those without any disability or long-term condition and those from higher income households. Nevertheless, services continue to support some of the most vulnerable members of society.

# Services continue to deliver significant achievements

Despite the reduction in client numbers, services continue to deliver substantial benefits to these clients.

As evidenced in this report, significant financial gains continue to be achieved, representing excellent value for money with £12 of financial gain secured for every £1 invested.

Not only does the support from money and welfare rights advice services secure increased income for clients, but additional positive outcomes are also often achieved. Clients self-report improvements in wellbeing and stability and often note how they feel reassured by the support they receive from the service. These services can often prevent serious negative outcomes such as homelessness and court action and can act as a central point of reference for linking clients with other services to offer additional support.

Local authority funded money and welfare rights advice services played a pivotal role during the COVID-19 pandemic, providing advice for those in need as well as supporting COVID-19 related activities such as foodbank parcels and support with shielding.

These services worked closely with other local authority services and external organisations during this time to ensure that people were aware of the support available. This is evidenced by the increased proportion of referrals from other services.

The way in which these services operated changed overnight and advisers had to keep up with a continually changing landscape of new legislation and support available. This was recognised in some services, where additional funding was secured to support delivery of these additional activities. Additional investment is welcomed and can support some of the gaps in capacity some services were experiencing prior to the pandemic, however, even with additional investment, services are likely to continue facing challenges. Although there is a statutory duty on local authorities to provide aspects of advice services in certain circumstances arising from Parliamentary Acts[1], funding for advice services in general is not 'protected' by legislative requirement, nor is it explicitly set out as a policy priority for Scottish Government or local government in Scotland. This can mean services recruit advisers on short-term contracts which can make it difficult to attract good candidates with the necessary experience. With many services experiencing this same issue, there is increased competition to fill these vacancies. Furthermore, services must invest time in training new staff which is increasingly difficult with the ongoing changes over the past year, and the gap in unprompted knowledge which may be gained from working with colleagues in an office environment.

It is likely that services will face increased demand now that support measures are lifted, and creditors resume collections. Therefore, services will need to ensure adequate resourcing. Services will also be keen to ensure that some of the efficiencies of a multi-channel approach are retained, but that vulnerable clients are not excluded from accessing support.

1 COSLA. (April 2020). Fair Funding for Essential Services 2019/20. https://www.cosla.gov.uk/__data/assets/pdf_ file/0018/18225/fairfundingforessentialservices2019-20v2_1.pdf

# Methodology

The purpose of the CAPMRF is to report and analyse the investment made by local authorities in money and welfare rights advice services (covering both internal delivery and external commissioning) and to assess the outputs and impacts achieved for this investment. In doing so, the report aims to help 'tell the story' regarding the value of advice services, as well as provide a mechanism for councils to benchmark their performance against national trends and identify scope to further improve the impact and value for money of these services. This report has been produced by the Improvement Service (IS) in conjunction with Scotland's local authorities. The work has been made possible as the result of funding provided to the IS by the Scottish Government.

The framework is now in its seventh year of reporting. This iteration of the framework is the fourth in which indicators for welfare rights advice have been included, following the request of local authorities in 2017/18 to change the scope of the framework to reflect the shift towards generic working and funding in many services. This report analyses the returns submitted voluntarily by 30 local authorities covering the period 1st April 2020 – 31st March 2021.

This reporting period covers the first year of the COVID-19 pandemic and therefore reflects changes to service demand and delivery resulting from this crisis. As a result, there are some large changes in comparison to previous years which can be attributed to the economic context.

As with previous iterations of the framework, gaps do exist in the data. All 32 local authorities in Scotland provide either in-house money and welfare rights advice, fund an external provider to deliver these services or, indeed, do both. In 2020/21 Scottish local authorities funded 25 internally delivered services and 62 externally delivered services. This year was particularly challenging for services to report data due to the additional pressures on staff and resources as a result of the COVID-19 crisis. Furthermore, not all services fully recorded data during 2020/21 due to changes in working practices. Unfortunately, not all local authorities were able to provide data. A total of 4 local authorities were unable to provide data, 2 of these local authorities were missing data from one of the services they funded and the other 2 were unable to provide any data, and as a result 19 services, funded by these 4 local authorities are missing data for 2020/21. One of the local authorities unable to provide any data was Glasgow City, as they did not request this from their services during the pandemic, to alleviate the pressures they faced. As this local authority funds 15 services and represents a large proportion of the national picture, it was agreed that data from 2019/20 would be used as a proxy for the 2020/21 data. Therefore, changes in national data are reflective of the variations in other local authorities aside from Glasgow City.

Other gaps in the data exist where services cannot record certain indicators partly due to varying capabilities of the case management systems used. Gaps are identified where they exist in the analysis and must be considered when interpreting the findings. It should be noted that missing data are generally likely to contribute to underestimations of the workload and impact of the services.

Whilst gaps do exist in the data, the volume and quality of data reported by local authorities has continued to improve. This was achieved through some changes to the data collection process. In 2020/21 local authorities were all asked to submit a separate return for each of the services they funded. By doing so this meant that data for each service could be separately input by those with responsibility for the data, and the data could be more robustly validated, and gaps identified, before the data was combined into one return. To ensure consistency, services were asked at the start of the return to note that they had read and understood the indicator guide and had noted in their return where this guidance could not be followed.

The indicators included in the framework were also refined to ensure relevance and consistency in reporting. The data collection template this year took a priority vs. non-priority approach to reporting. Indicators which were identified as being more consistently reported across services and important to the framework, were labelled as priority for reporting by all services. Other indicators, which whilst important to understand, but cannot be reported consistently by all services, were labelled as non-priority and therefore were only to be reported by those services which were able to include these consistently. Full details of the indicators included in priority and non-priority groups are available in the Indicator Guide on the Improvement Service website[2]. Aggregate figures for indicators, such as total debt clients and total financial gain, were included as priority whilst non-priority indicators often included breakdown categories, such as a breakdown of financial gain by benefit type, which are typically underreported.

In previous years some indicators were only reported as breakdowns and therefore some additional aggregate categories were included this year to ensure a greater number of services could provide this information regardless of whether they could provide a breakdown. This approach proved to result in greater consistency with greater numbers of services completing priority indicators than previously.

However, in previous years when only breakdowns were available, some services may have included duplicate figures, for example when recording debt clients, services recorded the same individual client multiple times under each of the debts they presented with. This year services were asked to record this breakdown as well as a specific figure for the total number of individual debt clients. As a result, the totals are not necessarily comparable year on year as the total for previous years was an aggregate of what was provided in the breakdown, and therefore could have included duplicates. This issue should resolve in future iterations as totals continue to be reported.

As with the 2019/20 iteration of the framework, local authorities were again asked to confirm that the data included reflects only activity funded by the local authority. The purpose of the framework is to record local authority funded activity in money and welfare rights advice services. Some services have multiple funding streams and therefore it can be difficult to extract data that specifically relates to local authority funded activity. Following workshops in December 2019, there was agreement that this was a concern across local authorities and that going forward there is a need to ensure that figures reflect local authority activity only.

Some services can more easily extract data relating to local authority funded activity only. For example, in some services local authority funding is used to fund a specific post or posts, therefore the data reported here would include only the work carried out by these posts. However, in other services local authority funding may be spread across different resources and therefore multiple funding streams contribute to the work of advisors. In this case, it was agreed that the most consistent approach was to apportion this data so that the level of activity reflects the level of local authority investment. As part of the 2020/21 return, each service was asked to confirm if the data included local authority activity only and how this was achieved. For services who were unable to

2 https://www.improvementservice.org.uk/products-and-services/performance-management-and-benchmarking/common-advice-performance-management-framework/campf-indicator-guide-and-return-template

extract data for local authority funded activity only, they were encouraged to use the apportioning process outlined above, and for some services the IS carried this out on their behalf.

In 2020/21 67% of services were able to confirm that the data provided included local authority funded activity only. Of these services, 33% used the apportioning method and the remainder were able to extract data for local authority funded activity only. Those who were able to extract this highlighted that data is typically recorded with a specific project name and the case management system can filter data to the specific funding stream. For the services who were unable to confirm the data included local authority funded activity only, most chose not to make adjustments as due to the complexity of the funding there was not a reliable way of estimating the proportion of activity funded by the local authority. Nevertheless, the majority of data in 2020/21 reflects activity funded by the local authority. As this process was also carried out for the 2019/20 data, 2020/21 data is more comparable to 2019/20 data than years prior to this. However, given the gaps in the data and changes over time in how data is recorded, comparisons over time should still be treated with caution. As such this report focuses on proportional breakdowns of measures and the direction of change over time but does not comment on the extent of changes where it is deemed unreliable.

The data received from each local authority in Scotland, upon which this analysis is based, is publicly available in the form of individual statistical summaries on the Improvement Service website[3], as is a national statistical summary which provides a more detailed breakdow breakdown of the figures highlighted in this report.

These reports highlight in detail where gaps and caveats exist in the data and where figures should be treated with caution. An indicator guide is also available on the Improvement Service website which outlines the measures included in the framework and how these are recorded. The Improvement Service will continue to review the framework and the collection process with stakeholders to further strengthen the robustness of the data and ensure there is a focus on indicators that are most relevant and reliable. The figures are strengthened each year and continue to demonstrate the value of local authority investment, and given the caveats, it is likely this investment is delivering more than demonstrated here.

3 https://www.improvementservice.org.uk/products-and-services/performance-management-and-benchmarking/common-advice-performance-management-framework


balance enquiries
CASH
MACHINE

# Demographics

The data in this report relates to the 2020/21 financial year. Much of this year was impacted by the COVID-19 pandemic and the associated lockdown restrictions, with many families unable to work. As a result, it is likely that some households were seeking additional financial support who may not have done so previously. The demographic groups in the current report remain broadly similar to previous years, however there are slight changes which may indicate a change in the type of person seeking money and welfare rights advice.

As in previous years, the majority of money and welfare rights advice clients in 2020/21 were female. However, this group is proportionally higher than in previous years, increasing from 55% of clients in 2019/20 to 57% of clients in 2020/21. As shown in figure 1, when comparing with the most recent Scottish Household Survey results[4], there is a higher proportion of female clients than in the Scottish population, where 51% are female. There is evidence to suggest that females were more likely to be financially impacted by the COVID-19 pandemic[5] and therefore this may have contributed to the increase of those seeking advice.

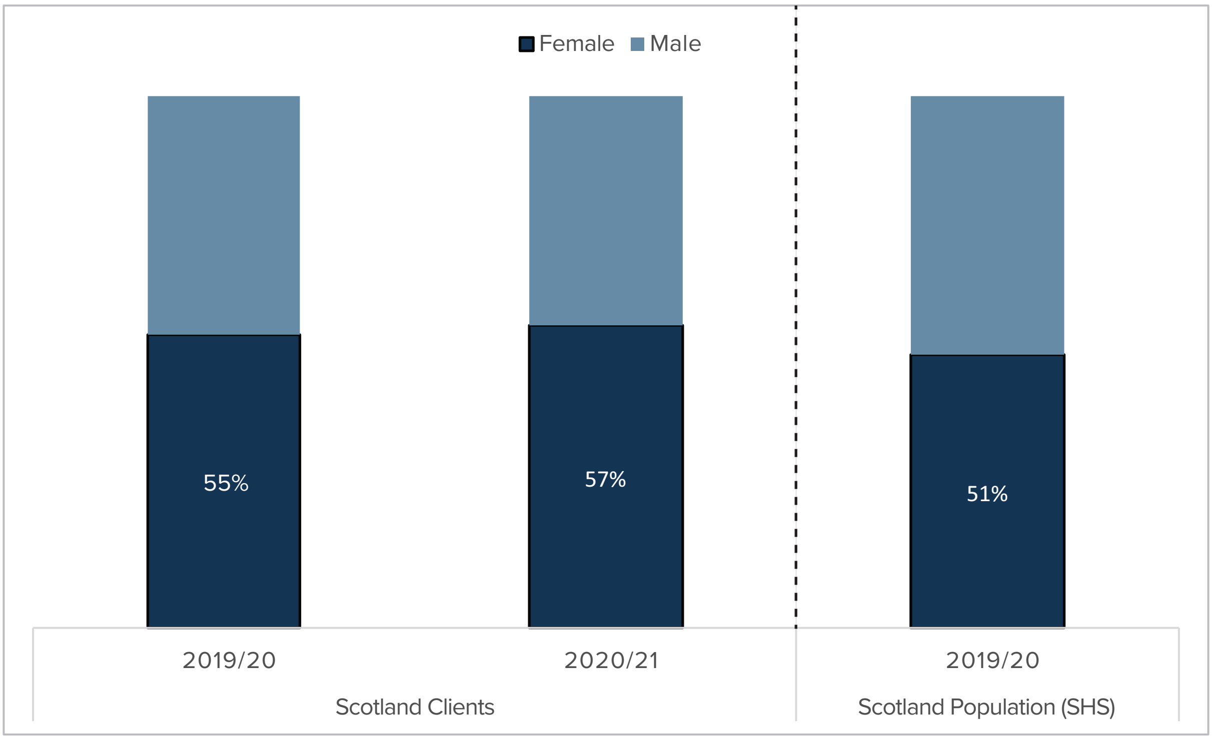


Figure 1- Proportion of money and welfare rights advice clients by gender compared with the Scottish population, 2019/20 to 2020/21

The household composition of those receiving advice has changed only marginally. Single adults remain the largest group making up 46% of all clients. Households with children made up 29%

4 Scottish Government. (September 2020). Scottish Household Survey 2019: Annual Report. https://www.gov.scot/publications/scottish-household-survey-2019-annual-report/

5 Scottish Government. (September 2020). The Impacts of COVID-19 on Equality in Scotland. https://www.gov.scot/publications/the-impacts-of-covid-19-on-equality-in-scotland/

of all clients and this was evenly split between single parent households (15%) and two parent households (14%). This year services were asked to record the number of clients falling under each child poverty priority group, as defined by the Scottish Government[6]. A total of 10,532 clients fell into these categories, representing approximately 5% of the total 2020/21 clients. However, this figure is likely an underrepresentation as not all services are able to report on child poverty priority groups. Clients may fall into more than one category, but the predominant category was single parent families with 68% of clients in child poverty priority groups falling into this category. There was also a large proportion of families which include a disabled adult or child (26%) and families with a child under 1 year old (20%).

The proportion of clients with a disability or long-term condition fell this year, following two years of continued growth. In 2020/21 57% of clients had a disability or long-term condition, compared with 60% in 2019/20. This fall may be reflective of the increase in clients without disabilities who, prior to the pandemic, may have not used the support of money and advice services. Nevertheless, as seen in figure 2, people with disabilities or long-term conditions are over-represented when compared with the Scottish population.

Whilst those without disabilities may have accessed advice services for the first time during 2020/21, people with disabilities experienced large inequalities during the pandemic[7] and therefore advice services continued to offer a vital service to support these groups.

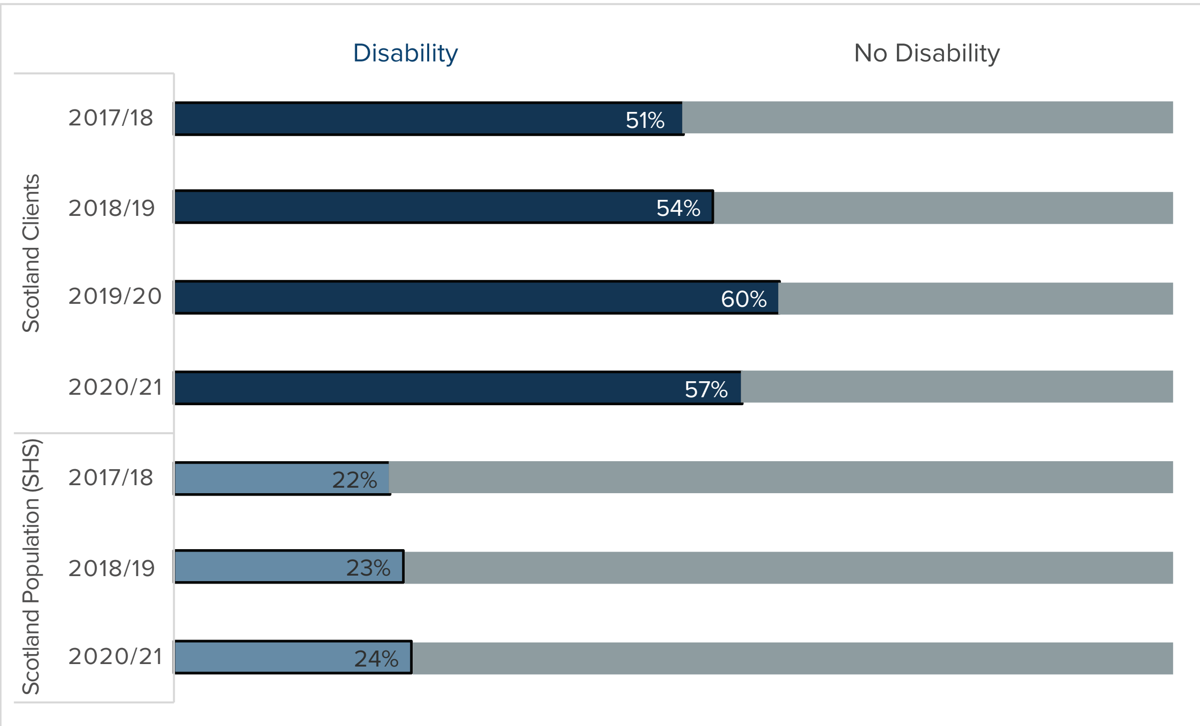


Figure 2 - Proportion of money and welfare rights advice clients reporting a disability or long-term condition compared to the Scottish population, 2017/18 to 2020/21

6 Scottish Government. (March 2018). Every child, every chance: tackling child poverty delivery plan 2018-2022. https://www.gov.scot/publications/child-chance-tackling-child-poverty-delivery-plan-2018-22/pages/3/

7 Scottish Government. (September 2020). The Impacts of COVID-19 on Equality in Scotland. https://www.gov.scot/publications/the-impacts-of-covid-19-on-equality-in-scotland/

There are some other small changes in the demographics of clients this year which may indicate a shift in those seeking support.

The age of clients has shown a reduction. Whilst those aged 60 and above continues to make up the largest proportion of clients, this has reduced from 38% in 2019/20 to 30% in 2020/21.

Those aged 35-44 increased 3 percentage points over the same time period and now represent a larger proportion than in the Scottish population, making up 19% of clients compared with 15% of the population. Whilst the changes to the age of clients may partly be due to changes in demand, it should also be noted that older people are less likely to use the internet[8] and therefore may have faced more difficulties accessing services since the shift from face-to-face services. It will be important to assess the impact of this for future service delivery models.

As shown in figure 3, there has also been a slight shift in the income of clients with a greater proportion of clients from higher income households. Clients with an income above £15,000 previously represented 23% of clients (2019/20) but now represents 28% (2020/21), the highest proportion this category has been over the past 4 years. It is likely this is due to a greater demand from households who found themselves out of work during COVID-19 restrictions. This year's data does suggest there was a small increase in clients who were in some form of employment. In 2019/20 24% of clients were in some form of employment (self-employed, employed full-time, employed part-time) compared with 27% in 2020/21. However, the proportion in employment was as high as 29% in 2018/19, therefore this change may only represent year-on-year fluctuations. Nevertheless, the proportion of clients who were unemployed and seeking work also increased. This group made up 16% of clients in 2019/20, increasing to 18% in 2020/21, which is the highest proportion in the past 4 years. There was a small increase in the proportion of clients from an owner-occupied housing tenure (24% 2019/20 to 25% in 2020/21), however, social rented accommodation continues to make up the largest proportion of clients at 47%. Further breakdowns of demographic groups are available in the national statistical summary on the Improvement Service website[9].

8 Scottish Government. (September 2020). The Impacts of COVID-19 on Equality in Scotland. https://www.gov.scot/publications/the-impacts-of-covid-19-on-equality-in-scotland/

9 https://www.improvementservice.org.uk/products-and-services/performance-management-and-benchmarking/common-advice-performance-management-framework

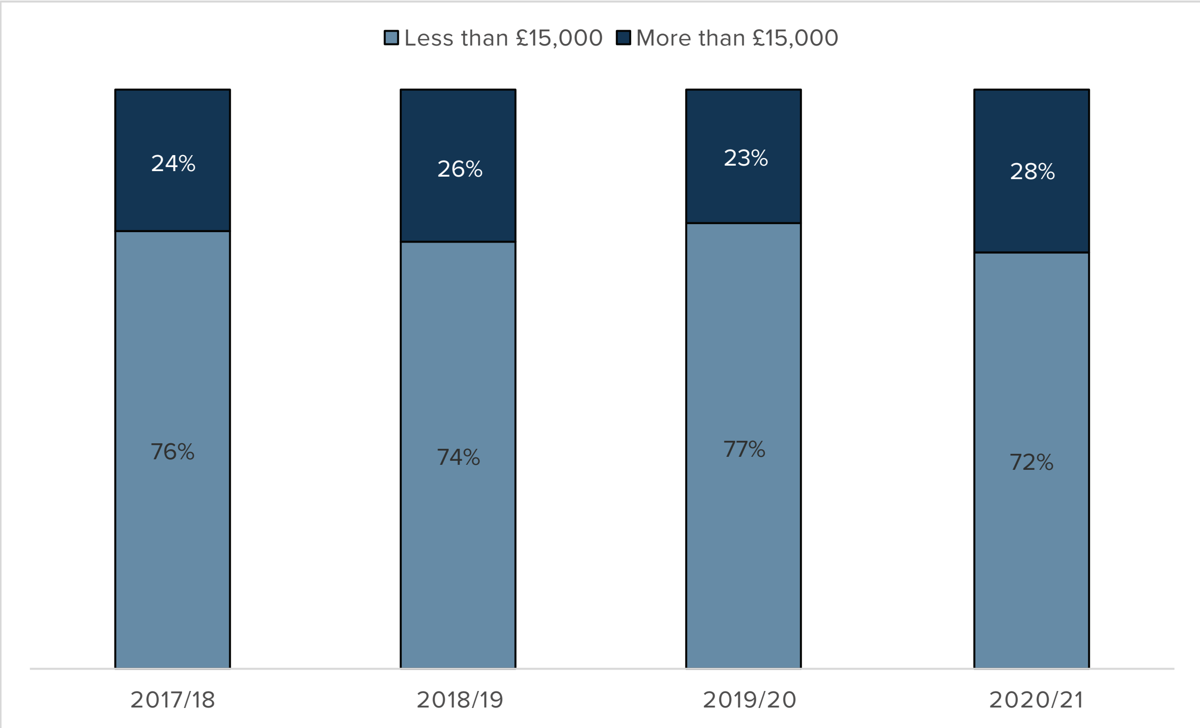


Figure 3 - Proportion of money and welfare rights advice clients by income, 2017/18 to 2020/21

The proportion of ethnic minority clients has continued to grow in the most recent year. Total ethnic minority groups made up 8% of clients in 2020/21 compared with 6% in 2019/20. As shown in figure 4, the largest increase within these groups was for Asian, Asian Scottish or Asian British clients. This group increased from 2.6% to 3.1%. Whilst previously underrepresented within advice services, this group of clients now make up a larger proportion than in the Scottish population. This group was particularly vulnerable to the economic impacts of COVID-19 restrictions[10] therefore this increase may reflect both an increased demand from this ethnic group as well as successful targeting of support from advice services.

10 Scottish Government. (September 2020). The Impacts of COVID-19 on Equality in Scotland. https://www.gov.scot/publications/the-impacts-of-covid-19-on-equality-in-scotland/

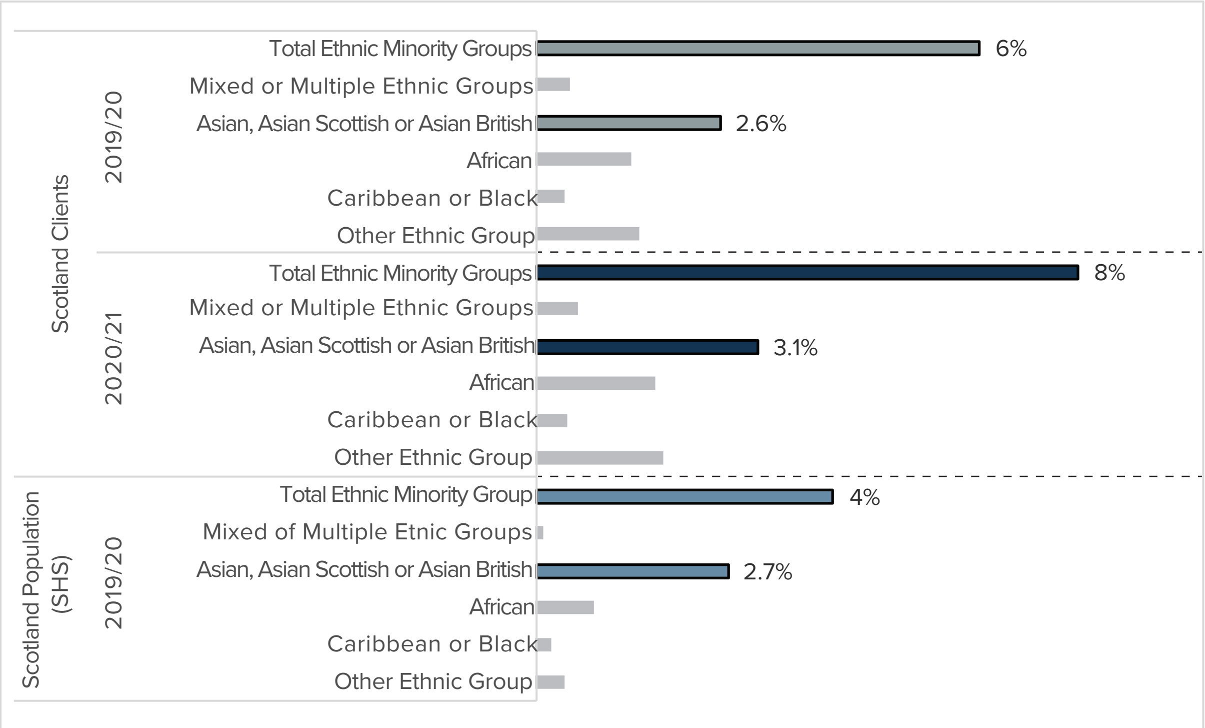


Figure 4 - Proportion of money and welfare rights advice clients by ethnicity compared to the Scottish population, 2019/20 to 2020/21.

Whilst the demographic profile of clients in local authority funded money and welfare rights advice services remains broadly similar to previous years, there have been slight changes which may reflect the variance in demand resulting from the economic uncertainty of the last year. As the economic fallout of the COVID-19 pandemic continues to unfold, and support measures are wound down, it is possible there may continue to be changes in the coming years. This will also be dependent to some degree on the type of outreach activities services carry out in order to ensure those who find themselves newly in need of services are aware of the support available.

# Debt Clients and Amount Owed

The COVID-19 pandemic has had a large impact on money and welfare rights advice services in the way they operate as well as the demand and nature of advice given. As a result, the 2020/21 reporting year showed an overall drop in the number of debt clients, as shown in figure 5. In 2020/21, services reported supporting a total of 15,155 debt clients. Looking only at services able to report each year, the total number of debt clients reported across services has reduced 63% in the last year and 79% over the past 4 years. There are several factors contributing to this.

During the COVID-19 pandemic many creditors did not pursue outstanding debt and payment holidays were also available in some cases. Government support schemes such as the furlough scheme also protected income for people who were unable to work and therefore helped to prevent people from falling behind on household bills or accumulating debt. The furlough scheme supported a total of 911,900 individuals in Scotland whilst it was active between March 2020 and September 2021[11] . Advice services have indicated that this led to a reduced demand for debt advice in the short term.

However, the majority of these schemes have now come to an end and there is growing concern that demand for debt advice could significantly increase. Creditors will continue to pursue outstanding debt and even with payment holidays these debts will have accrued interest[12]. Furthermore, although the furlough scheme went a long way in protecting jobs and incoms, this only covered a proportion of an individual's income, therefore with prolonged use, some individuals would have been left with a substantial gap in their budget, leaving them financially vulnerable. At the end of the furlough scheme in September 2021, 3% of eligible employments (or 80,800 employments) in Scotland were furloughed[13]. This highlights the vulnerability some people still face.

11 HMRC. (December 2021). Coronavirus Job Retention Scheme Statistics: 16 December 2021. https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-16-december-2021/coronavirus-job-retention-scheme-statistics-16-december-2021

12 Financial Conduct Authority. (April 2020). Coronavirus: information for consumers with personal loans, overdrafts and other forms of credit. https://www.fca.org.uk/consumers/coronavirus-information-personal-loans-credit-cards-overdrafts

13 HMRC. (December 2021). Coronavirus Job Retention Scheme Statistics: 16 December 2021. https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-16-december-2021/coronavirus-job-retention-scheme-statistics-16-december-2021

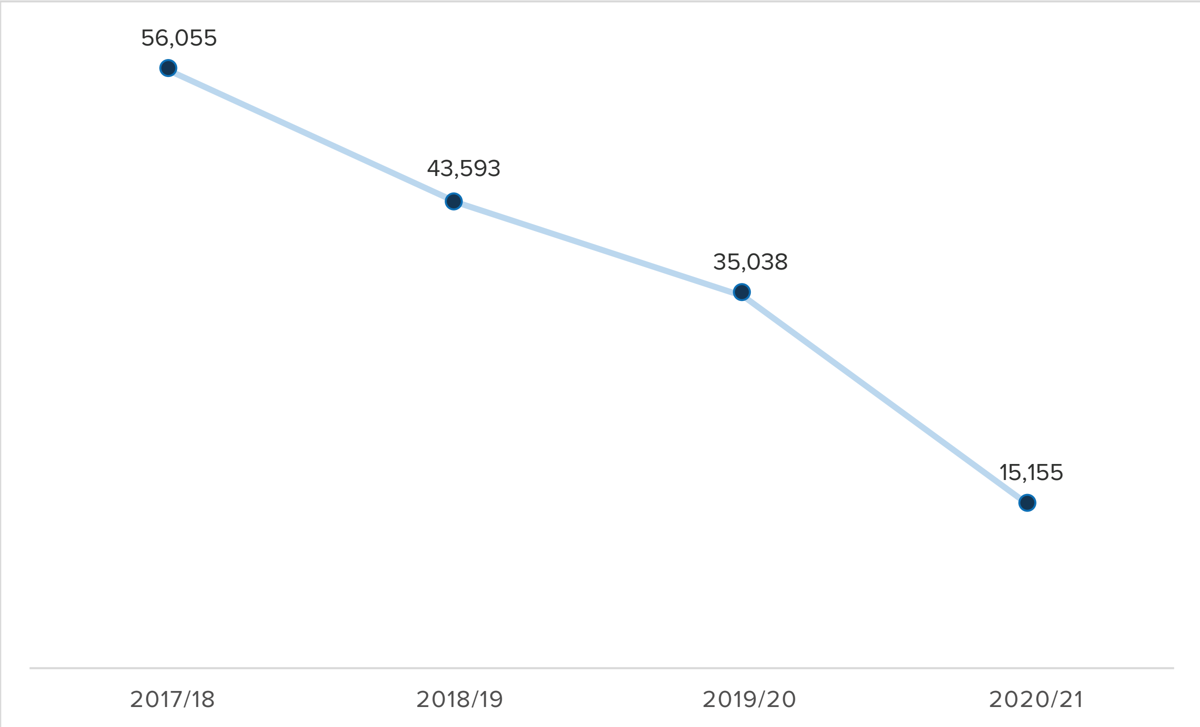


Figure 5 - Reported number of debt clients 2017/18 to 2020/21

Reporting differences may also have contributed to the reduction seen in the total number of debt clients in 2020/21. In this reporting year, services were asked to provide the total individual number of debt clients they supported. In previous years totals were calculated from the breakdown of debt clients by debt type, however some services may have recorded the same individual more than once under each of the debt types they presented with. Therefore, total debt clients prior to 2020/21 may have been overinflated. However, anecdotal evidence from services highlights a reduction in debt client numbers, therefore it is likely the trend still stands. In future iterations services will be asked to continue recording the total individual clients, enabling a better understanding going forward.

The reported amount of debt owed by clients supports the declining trend seen in debt client numbers. In 2020/21 services reported that debt clients supported, owed a total of £100,718,177. The trend over the past 4 years is highlighted in figure 6. Looking only at services able to report each year, there was a reduction of 19% since the previous year and 46% from 2017/18.

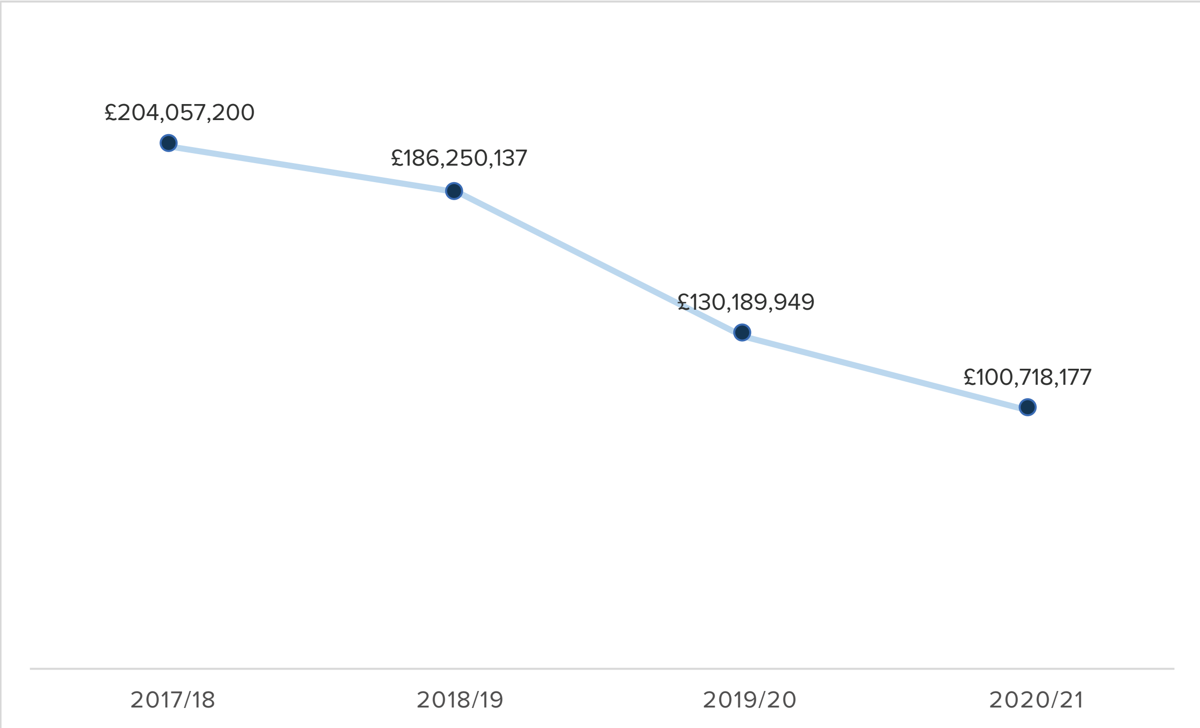


Figure 6 – Reported total amount of debt owed by debt clients 2017/18 to 2020/21

As shown in Table 1, the most common debt types clients presented with in 2020/21 were credit, store and charge card debts and council tax arrears. This is similar to previous years, although council tax arrears represented a smaller proportion than in previous years likely because local authorities did not pursue arrears at the height of the COVID-19 pandemic. Credit, store and charge card debts, however had a proportional increase. In 2019/20 this debt type made up 15% of the total debt types recorded for clients, increasing to 18% in 2020/21. There was also a substantial proportional increase in utility arrears. This debt type previously represented 9% of the total debt types but increased to 12% in 2020/21, and now makes up a larger proportion than rent arrears at 10%.

Utility arrears were the only debt type where the total amount owed across services increased between 2019/20 and 2020/21.

It is possible that utility arrears were more common amongst clients in 2020/21 as there was less COVID-19 related support available for these debts when compared with other debts. Additional breakdown categories were added in 2020/21 to allow services to record utility arrears in more detail. For those that could, phone/internet/telecom bills came out as the most common type of utility arrears. When budgets were tightened for households during the pandemic it is likely that those already struggling would have faced affordability issues, which is concerning given the increased reliance people had on their communications and internet services during this time[14]. Further breakdowns by debt type are available in the national statistical summary on the Improvement Service website[15].

14 Ofcom. (December 2020). Affordability of communication services – A summary of initial findings. https://www.ofcom.org.uk/__data/assets/pdf_file/0021/209613/affordability-of-communications-services-initial-findings.pdf

15 https://www.improvementservice.org.uk/products-and-services/performance-management-and-benchmarking/common-advice-performance-management-framework

| Debt Type | Proportions | |
|---|---|---|
| | 2019/20 | 2020/21 |
| Bank and Building Society overdrafts | 6% | 7% |
| Benefit overpayment | 5% | 4% |
| Catalogue debts | 6% | 6% |
| Council Tax arrears | 15% | 14% |
| Credit, store and charge card debts | 15% | 18% |
| Mortgage arrears | 1% | 1% |
| High-cost credit | 4% | 3% |
| Rent arrears | 10% | 10% |
| Rent-to-Own debts | 1% | 0% |
| Personal Loan | 9% | 9% |
| Utility arrears | 9% | 12% |
| Other | 20% | 15% |

Table 1 - Proportion of debt clients for each debt type in 2019/20 and 2020/21

# Funding

Figure 7 shows the total local authority funding for money and welfare rights advice services reported by local authorities over the past 4 years. In 2020/21, total local authority funding for money and welfare rights advice services was recorded as £27,071,636. This figure includes £16,228,510 funding for internally delivered services and £10,843,126 for externally commissioned services. Overall the figures suggest a reduction in total funding driven by a reduction in funding for externally commissioned services.

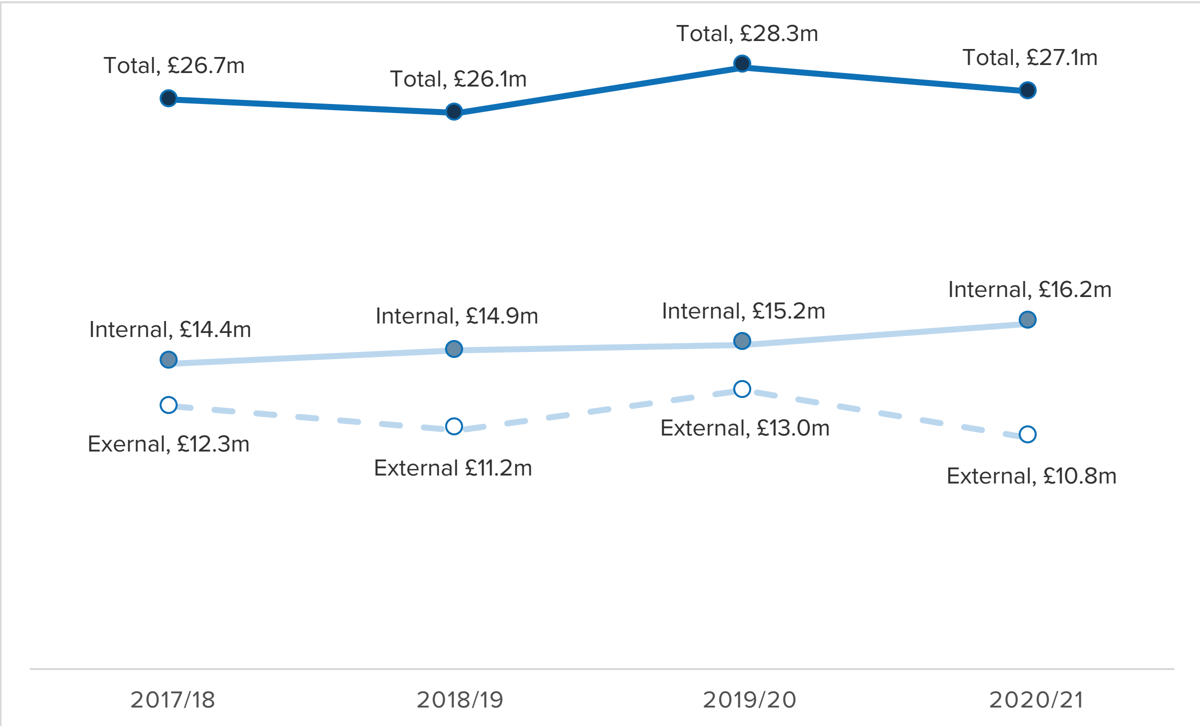


Figure 7 - Reported local authority funding for money and welfare rights advice by type of provision, 2017/18 to 2020/21

However, not all services are able to report funding each year and therefore funding is likely to be higher than what is reported here. When including only local authorities able to report complete figures each year, total funding only decreases by 1% over the last year and increases 14% from 2017/18. These complete figures demonstrate a 6% increase in funding for internal provision between 2019/20 and 2020/21 and a 20% increase between 2017/18 and 2020/21. Funding for external provision continues to show a reduction in the most recent year, falling 15%, however the funding for 2020/21 was only 0.3% lower than in 2017/18. When adjusting funding figures for the effects of inflation, which accounts for the annual increase in costs, the overall reduction in funding for services able to report each year grows. Between 2019/20 and 2020/21 total local authority funding (including only local authorities reporting each year) decreased by 7% when accounting for the effects of inflation and the increase in funding between 2017/18 and 2020/21 is reduced to just 2%.

It was noted by some local authorities that funding was increased during 2020/21 to support additional COVID-19 related activities. Some of the increased funding was also attributed to annual increases in staffing costs. For local authorities where there were large reductions in funding, this was often attributed to reduced staffing costs following vacant posts. It is likely that funding figures for external services may have been overinflated in previous years. This year services were asked to note whether the funding covered other areas of advice aside from money and welfare rights advice, if so, the figure was apportioned to reflect the proportion that could be attributed to money and welfare rights advice. As such, some of the funding for external services in previous years may have included funding for other areas of advice such as housing and employment.

There has however been a large increase in the reported investment from other funders. In 2020/21 local authorities reported an additional £7,777,525 of funding. This represents an increase of 119% from the figure reported in the previous year. However, this increase may be partly attributed to better reporting. One of the largest external investors was the Scottish Government with a reported £873,177 invested in local authority funded money and welfare rights advice services. It was noted by some services that this investment was provided to carry out COVID-19 related support.

Most services have faced additional challenges and increased pressure on resources over the past year as they adapted their service delivery to address the COVID-19 crisis.

Services were involved in a range of additional activities such as COVID-19 related advice, support with shielding lists and food parcels, as well as moving to remote working. Therefore, any additional funding services may have received over the past year has been necessary to carry out this additional work. It is not clear what impact COVID-19 will continue to have on services, however new ways of working are continuing to be implemented and demand is likely to increase, therefore it is possible services may need further investment to ensure adequate resourcing.

# Volume

Overall there appears to have been a large decrease in the total number of clients supported by local authority funded money and welfare rights advice services over the past year. This reduction is highlighted in figure 8. Whilst the exact level of this decline is not clear due to reporting differences year on year, looking only at services able to report each year, this downward trend remains and suggests an overall decline of 14%. Conversely, there has been a notable increase in the number of new clients supported by local authority funded services. As with total clients, an accurate magnitude of change is unknown, however services reporting in both years demonstrate a 36% increase in new clients.

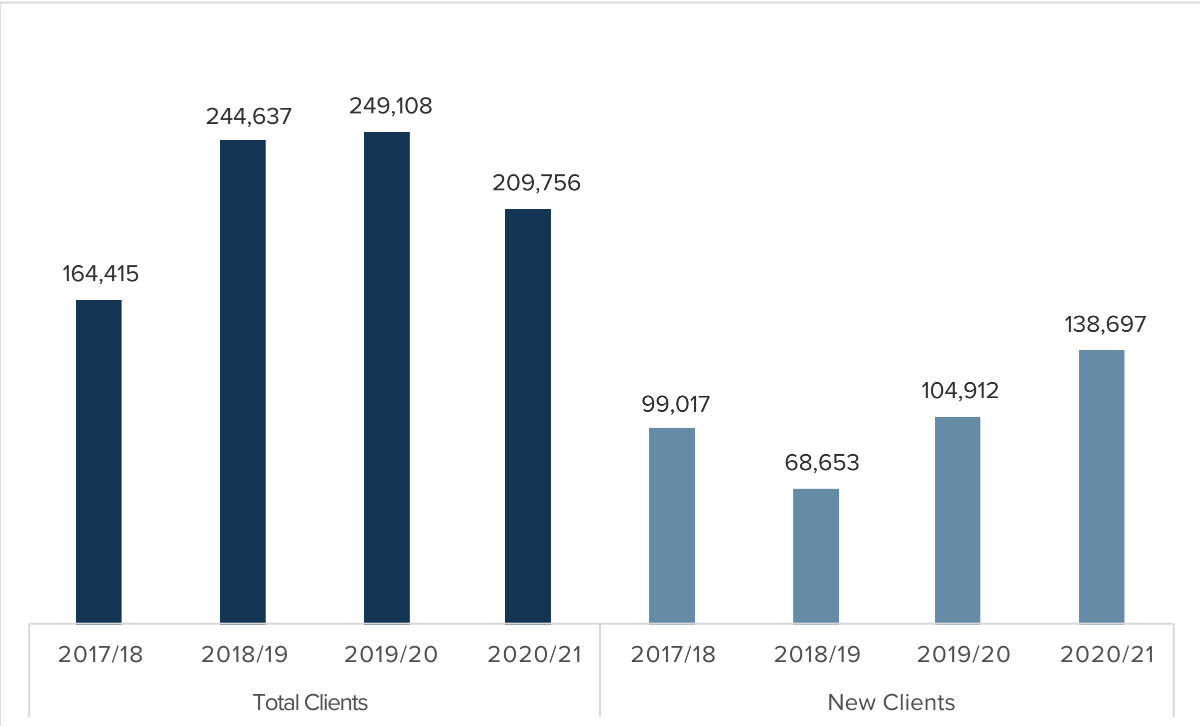


Figure 8 - Reported number of total clients and new clients 2017/18 to 2020/21

These figures suggest that overall there has been reduced demand for money and welfare rights advice services over the past year, however those who are seeking out support are more likely to be accessing the service for the first time. Many services noted that they experienced a reduction in demand which could be mainly attributed to the COVID-19 pandemic. Whilst the economic fallout of the pandemic left more families vulnerable there was also a range of support in place to mitigate these effects. Support from creditors meant that for many people there was not the same urgency to address outstanding debt. Furthermore, increased rates and automatic extensions for some welfare benefits[16] led to reduced demand from existing welfare rights advice clients who may otherwise have returned for support.

16 Carers UK. (December 2021). A-Z changes to benefits, assessments and support – COVID-19. https://www.carersuk.org/help-and-advice/coronavirus-covid-19/a-z-of-changes-to-benefits-assessments-and-support-covid-19#sec1

Nevertheless, the increase in new clients suggests that the service continued to be valuable to those who may have found themselves in need of this support for the first time, particularly for those clients who may never have needed to claim welfare benefits before. It's possible that changes to services delivery may also have impacted demand. The shift to digital contact methods may have excluded some vulnerable clients who would normally access services face-to-face. However, it may also have encouraged some new clients who were more comfortable accessing services remotely. Anecdotal evidence from local authorities suggests there was an increase in clients who were looking for information but who were able to complete things for themselves, these clients may have found digital service delivery more efficient.

Services have continued to support an increasing number of benefit entitlement checks. A total of 151,502 were reportedly carried out in 2020/21, reflecting a 25% increase in comparison to 2019/20. This increase may be partly attributed to improvements in recording however it is likely that households struggling during the pandemic would be looking to know what support they were entitled to, particularly given the increasingly complex landscape of available welfare benefits. Looking only at local authorities able to report on both benefit entitlement checks and total clients, approximately 82% of the clients received a benefit entitlement check.

As in previous years the majority of clients accessed support through self-referrals. However, as shown in figure 9, the proportion of referrals from other organisations/services increased in 2020/21 following two years of decline. This increase in external referrals may reflect the increased interconnectivity of services during the pandemic.

Many local authority money and welfare rights advice services were involved in the local authority response to COVID-19 and therefore there may have been increased opportunities to highlight the service within other local authority departments.

This is reflected in the breakdown of external referrals. Within services who were able to record a breakdown, external referrals were predominantly from local authority services, representing 21% of all referrals in 2020/21, an increase of 4 percentage points from the previous year.

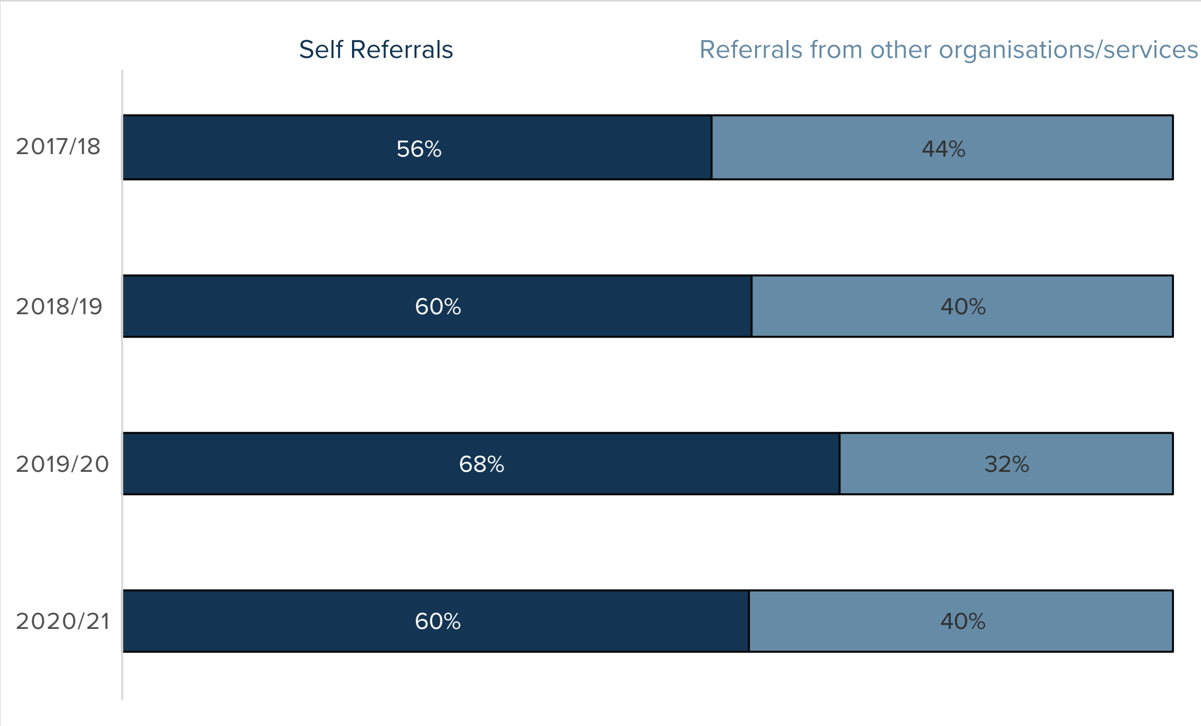


Figure 9 - Proportion of referrals by referral type 2017/18 to 2020/21

As a result of COVID-19 restrictions, the way in which people initially contacted money and welfare rights advice services drastically changed over the past year. In previous years, initial contacts were predominantly made face-to-face, however, services were unable to offer face-to-face appointments for the majority of 2020/21. Therefore, initial contacts through this channel dropped from 48% of initial contacts in 2019/20 to just 2% in 2020/21. Reduced face-to-face contact resulted in a shift to other contact channels, primarily telephone contacts (40%) and web contacts (42%). Initial contacts through web channels in particular have shown a substantial increase, representing 42% of initial contacts in 2020/21 compared with 1% in 2019/20. This highlights the massive adjustments in working practices across services, with an increased focus on digital services. These web contacts include contacts through video conferencing which some services introduced to more closely resemble face-to-face contact.

Web contacts also include contact made through web services such as benefit calculators and budgeting calculators. For the first year services were asked to record whether they had an online benefit calculator or budgeting calculator on their website and how many individuals had used these. Across services in Scotland, there was a recorded 10 online benefit calculators and 6 online budgeting calculators. Of those able to record usage, 22,234 individuals were reported to have used online benefit calculators and 6,383 online budgeting calculators. Services noted that these facilities are valuable functions which expand channel choice but also enable some individuals to get the relevant information for themselves, alleviating some of the pressure on services. These functions seem to have proven popular during the uncertainty of the pandemic with many people who were familiar with navigating online resources able to use this to meet their needs.

A total of 268,409 individuals were reported to have contacted local authority funded money and welfare rights advice services in 2020/21. In 2020/21 new indicators were introduced to better understand the volume of contact that takes place within services. The majority of clients supported needed multiple contacts with the service in order to resolve their issue. Services reported that 83% of clients needed multiple contacts with an average of 3 contacts per clients. The average time spent per client was 3 and a quarter hours. These figures highlight the complexity of supporting advice clients and the demand on advisers' time. Additional research by the Improvement Service explores the complexity of this process further and highlights both the challenges and opportunities unveiled as working practices changed during the pandemic.

# Debt Strategy

The recorded outputs for debt clients in 2020/21 show that in 75% of the outputs recorded, clients agreed to proceed with a debt strategy, 13% were awaiting an outcome and only 12% did not agree a debt strategy. These figures are displayed in figure 10. Whilst these figures demonstrate a high rate of successful outputs, some services did note that the process of agreeing a debt strategy for clients was often lengthier in 2020/21. The ongoing economic uncertainty of the pandemic meant it was not always clear what income clients would have to offer creditors, and the suspension of many creditors actively pursuing debt meant there was not the same pressure on clients to make a decision.

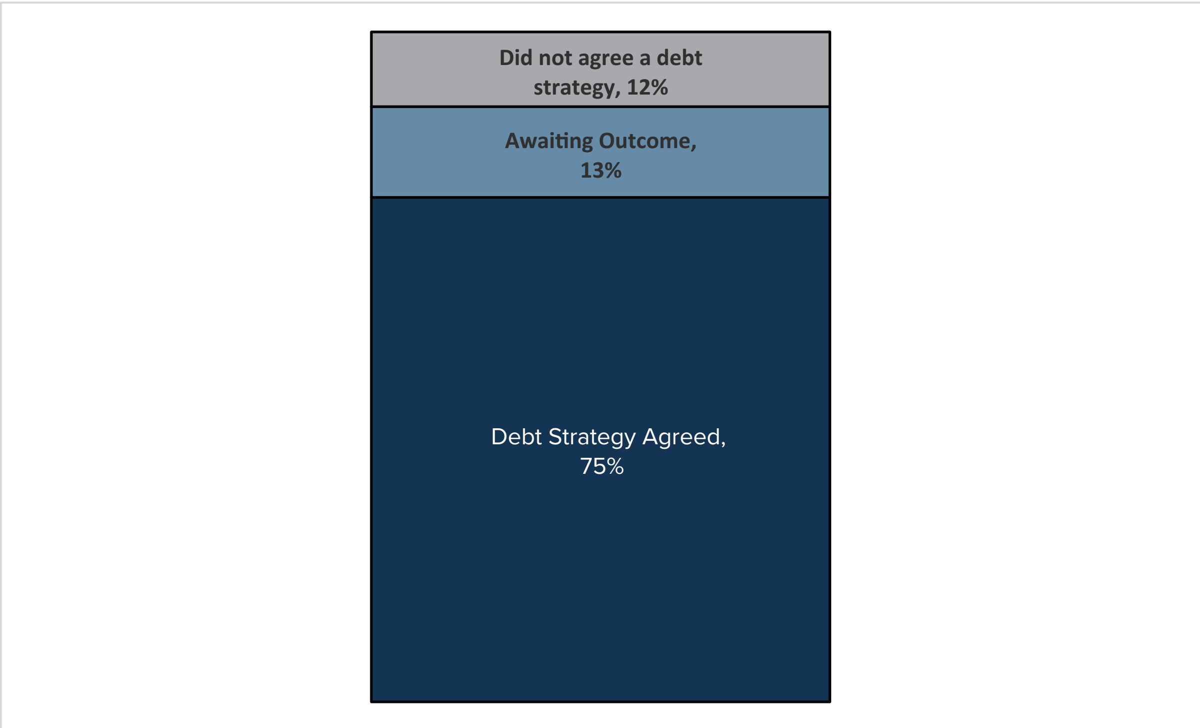


Figure 10 - Proportion of debt strategy outputs 2020/21

As with previous years, sequestration remained one of the most common debt strategies agreed for clients. In 2020/21 additional categories were introduced to breakdown the type of sequestration agreed. For those able to record, minimal asset process sequestration was more common than full administration sequestration.

# Welfare Rights Activity

As with debt, welfare rights activity has also experienced a large drop over the past year. As shown in figure 11 a total of 75,508 welfare rights claims were supported by services in 2020/21. This reflects a reduction of approximately 28% from the previous year. Although this may partly be attributed to reporting differences, a similar reduction is seen when looking only at services able to report each year. This reduction in claims is likely linked to some of the COVID-19 related issues discussed above. Whilst a greater proportion of the population may have been in need of welfare support due to restrictions on employment during the pandemic, there was increased information available[17] to ensure that many of these people could complete claims themselves. Anecdotal evidence from local authorities suggests this may have been the case with many people using online benefit calculators to understand their eligibility and needing no further assistance from the service. Services also noted that automatic award extensions for some welfare benefits reduced the need for existing clients to return for support[18]. Given the reduction in claims supported there has also been a reduction in the total number of awards made or maintained during 2020/21. Nevertheless, the total awards in 2020/21 was higher than awards from historic years prior to 2019/20 suggesting that services still achieved high levels of success for clients.

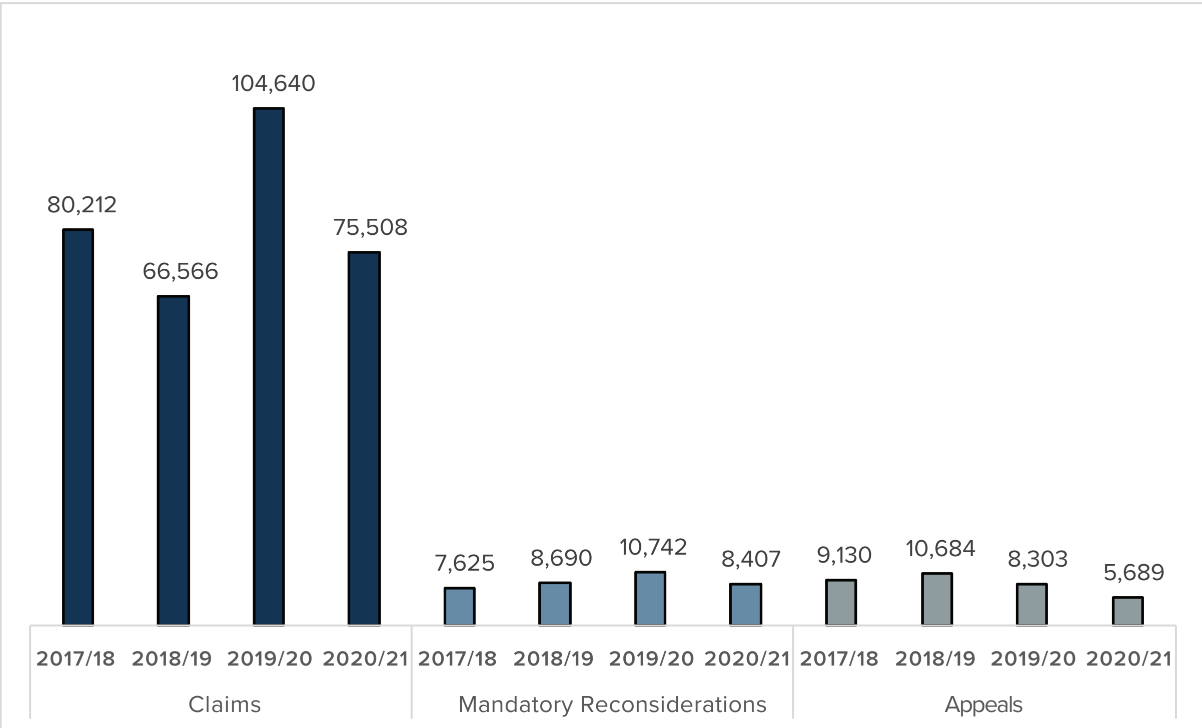


Figure 11 - Welfare rights activity 2017/18 to 2020/21

17 mygov.scot. (December 2021). Support for people affected by COVID. https://www.mygov.scot/coronavirus-covid-19

18 Improvement Service. (December 2020). Impact of COVID-19 on local authority funded money and welfare rights advice services. https://www.improvementservice.org.uk/__data/assets/pdf_file/0011/22241/Impact-of-Covid-on-LA-Money-Advice-Services.pdf

Both mandatory reconsiderations and appeals also showed a reduction in volume over the past year. Although the total number of mandatory reconsiderations reduced, there was an increase in the reported number of mandatory reconsiderations won. Therefore, this may suggest that mandatory reconsiderations were more successful. Services noted that the reduction in mandatory reconsiderations and appeals is linked to changes to the welfare system made during the COVID-19 pandemic. As noted already, award periods were automatically extended for some welfare benefits due to the suspension of disability assessments. Conditionality requirements were also temporarily removed for some benefits. These changes meant that there were fewer adverse decisions made by DWP and therefore, fewer clients were needing to dispute decisions. It is likely this will change as the welfare system returns to normal.

The breakdown of the type of welfare benefits supported are similar to previous years with some slight changes that may reflect the economic context. The proportion of claims for contributory benefits, discretionary housing payments and the Scottish Welfare Fund all showed an increase between 2019/20 and 2020/21. In this reporting year additional reporting categories were added, including a breakdown of the Scottish Welfare Fund. For those able to report, claims for Scottish Welfare Fund Crisis Grants were more common than the Community Care Grant. There was also large number of claims recorded under the new categories Housing Benefit and One-off grants. There was no increase in the proportion of claims which were for Universal Credit, despite an increase in uptake during the pandemic[19]. It is possible that the readiness of information available on this benefit enabled more people to submit a claim for themselves.

19 Improvement Service. (December 2021). Understanding the Scottish local economic impact of COVID-19. https://scotland.shinyapps.io/is-covid-economic-impact/

# Financial Gain

In 2020/21 verified financial gain took a sharp drop. A total of £315,556,038 verified financial gain was reported by services in 2020/21, this rises to £343,558,186 when including unverified financial gain. Figure 12 shows the total reported verified financial gain secured across local authorities and how this has changed over the past 4 years. The total verified financial gain declined between 2019/20 and 2020/21. Whilst some of this decline may be attributed to reporting differences, when only looking at local authorities able to report each year there is a decline of 20%.

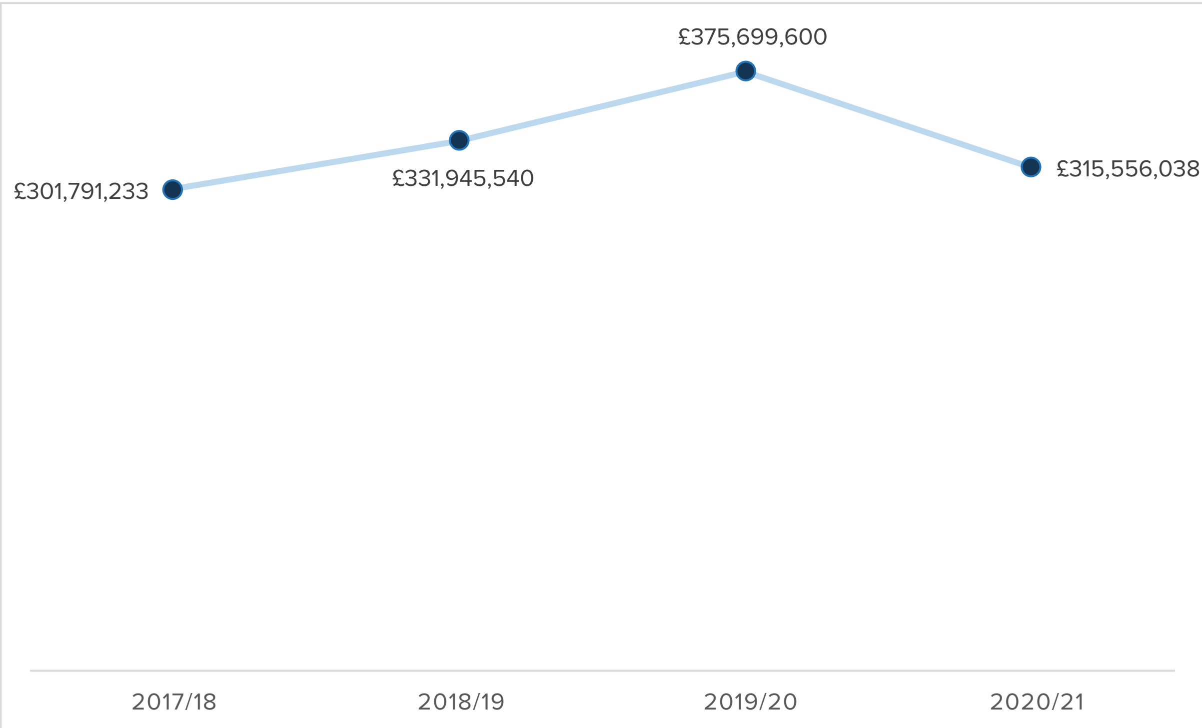


Figure 12 – Total reported verified financial gain 2017/18 to 2020/21

Whilst there has been a decline, this is anticipated given the reduction in volume. The overall reduction in verified financial gain is largely driven by a reduction in financial gain from welfare benefits whereas financial gain from money advice actually increased between 2019/20 and 2020/21. It is possible that this may reflect improved reporting on money advice financial gain, however the reduction in welfare benefits financial gain may be linked to increased numbers of clients better able to support themselves. For example, where in previous years services may have supported clients to submit a welfare benefit claim, if new clients are able to do this for themselves the service may not be aware of what financial gain was achieved. Anecdotal evidence from services also suggests that changes in working practices over the past year have meant lengthy delays with welfare rights activity and therefore it may be less likely that financial gain is secured during the reporting year.

Although there has been a decrease in financial gain, local authority funded money and welfare rights advice services continue to achieve significant value for money. Including only local authorities providing figures for both funding and financial gain, every £1 invested by local authorities resulted in approximately £12 of financial gain for clients. This highlights the substantial benefits to be gained from continued investment in these services.

# Softer Outcomes

The value of local authority funded money and welfare rights advice services is far more reaching than just the significant financial gains achieved for clients. The support offered can add value in several other ways. This includes linking clients up with other services to offer additional support, offering advice in other areas aside from money and welfare rights, preventing negative outcomes such as homelessness and court action and supporting improved health and wellbeing, improved capacity and ability to cope and increased financial stability and resilience.

In 2020/21, local authorities were asked to provide any information from their service which could demonstrate what has changed for clients as a result of receiving advice. 10 local authorities were able to provide information. This included a range of information such as client feedback, case studies, surveys and measures of non-financial outcomes. For example, one council noted there were 4 clients where support from the service prevented homelessness, 10 where court action was prevented and 6 where the service prevented the client from being disconnected from their utilities. Survey responses also highlighted positive changes for clients. In one council 97% of survey respondents agreed they had improved peace of mind, and another council highlighted that 88% of survey respondents reported feeling more able to cope after receiving advice/assistance.

This demonstrates the positive impact advice can have on the lives of clients. Additional research by the Improvement Service demonstrate the additional value achieved by local authority funded money and welfare rights advice services with a particular focus on the relevance of these services during the COVID-19 pandemic.

## Client Feedback

"Invaluable support helping me to gain an insight into how to help myself and recognise triggers and implement strategies."

"They have helped me with my financial difficulties ... as well as info on wellbeing, the service has been excellent."

"The BEST support for our mental health."

"They made me feel really understood!"

# Local Authority Delivered Services

This report focuses on local authority funded money and welfare rights advice services and what these services achieve. It is recognised that there is wide variety in how local authorities choose to deliver these services, with some delivering this internally, some commissioning external organisations to do so and some using a blended model of both approaches. Each local authority uses the model which best meets the need of their clients and the resources available to them. In 2020/21 internally delivered services played an important role in the local authority COVID-19 response. As a result, many have seen greater recognition for their service across different local authority services. To support continuation of this recognition, local authorities were interested in understanding what is delivered specifically by these internally delivered services. It was therefore agreed that a breakdown of these figures would be highlighted in this year's report.

A total of 25 local authorities had an internally delivered service in 2020/21. These services reported supporting a total of 100,354 clients including 83,803 new clients. As shown in figure 13, a total of £16,228,510 was invested in these services and a resulting £193,655,943 of verified financial gain was achieved for clients supported by these services. This represent £12 of financial gain for every £1 invested in local authority delivered money and welfare rights advice services. However, figures are likely higher than what is presented here due to gaps in the data.

Nevertheless, local authority delivered money and welfare rights advice services add significant value into the community and often act as a useful point of contact for linking clients with different local authority services.

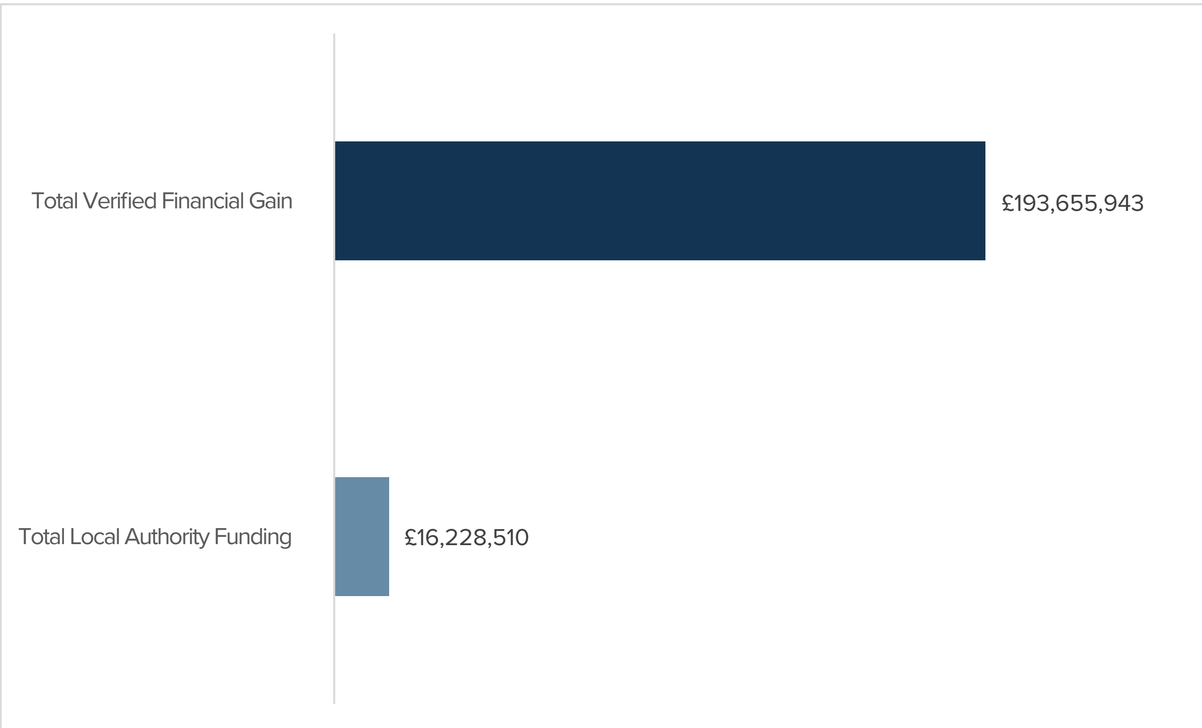


Figure 13 - 2020/21 Total verified financial gain and total local authority funding for local authority delivered services only

# Conclusion

The results within this report evidence the significant impact that local authority advice services had during the COVID-19 pandemic by supporting large volumes of financial vulnerable households in Scotland. These services adapted to deliver a consistent service and ensure that clients continued to receive the necessary support during a rapidly changing landscape. It is likely that many of the new ways of working adopted during the pandemic are likely to continue long-term. These new ways of working will need to be continually assessed to retain any efficiencies whilst ensuring that all of those with a need can engage with these services. Although demand may have temporarily reduced, this is unlikely to last long term and services will need to ensure they have adequate resource to meet this demand. Services will continue to face challenges in the future; however, this year has proven they are significantly capable, and they are receiving gained greater recognition for the support they provide, especially by those who may never have needed this support before.