Common Advice Performance Management Reporting Framework

2019/20 Annual Report

Scottish Government
Riaghaltas na h-Alba
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improvement service

Contents

Local Authority Investment

In 2019/20 Scottish local authorities funded

26

internally delivered money and welfare rights advice services

Local authority investment in money and welfare rights advice services has increased between 2017/18 and 2019/20

Externally delivered services reported

£13.1m

investment from local authorities

69

externally delivered services were commissioned by local authorities to provide advice

Local authorities reported

£15.1m

investment in internally delivered services

Approximately

£3.5m

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

Who Accesses Advice and Why?

38%

of clients in services across Scotland were aged 60+. This age group represents 30% of the Scottish population

Money and welfare rights advice clients from an **ethnic minority** background represented a larger proportion than in the Scottish population

The proportion of clients who stated they had a disability or long-term condition has shown an increase of

6%

between 2018/19 and 2019/20

58%

of clients had household income of £10,000 or less, which is comparatively higher than 9% of the Scottish population with this income

Single adult households make up the largest group of clients at **40%**

Social rented housing tenure (including LA housing) accounted for

50%

of clients but only 24% of the Scottish population

Approximately

72%

of clients stated the first reason they contacted advice services was for support with a welfare rights related issue

Increasing proportions of clients are accessing local authority funded advice services for support with **Universal Credit**

Council tax arrears and **credit, store and charge card debts** continue as two of the most common debt types clients present with

Demand for Services

Over the past three years there has been an overall increase in the **number of clients** supported by local authority funded money and welfare rights advice services

38%

of initial contacts to services in 2019/20 were made by telephone, an increase of 8% since 2018/19

Approximately

57%

of clients in 2019/20 received a benefit entitlement check

18%

of clients were referred to money and welfare rights advice services by local authority services, with social services the most common

The total number of clients seeking support with **debt** and the total amount of **debt owed** by these clients has shown a continued reduction over time

The majority of local authorities report that the total number of **welfare benefit claims** supported by funded services have increased over time

Impact of Advice

In 2019/20, every £1 of local authority funding invested in money and welfare rights advice services resulted in

£13-£14

financial gain for clients

The total number of **welfare benefit claims awarded** as a result of support from local authority funded welfare rights advice services has increased over the past 3 years

Financial gain secured for clients has shown a year on year increase between 2017/18 and 2019/20

Approximately

£377.9m

verified financial gain was secured for clients in 2019/20

Self-reported outcomes from clients suggest that support from advice services has resulted in improvements in areas including **health and wellbeing, capacity and ability to cope, and financial stability and resilience**

In

48%

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

Introduction

The Common Advice Performance Management Reporting Framework is currently in the sixth year of reporting. Having previously reported only on money advice between 2014/15 and 2016/17, this is third consecutive year to also include welfare rights advice. Whilst the current 2019/20 iteration predates the COVID-19 crisis, and resulting economic impacts, the findings in this report help demonstrate the demand already facing advice services prior to the crisis, and how local authority investment has and will continue to play an important role in supporting communities across Scotland.

Whilst the COVID-19 crisis has undoubtedly had a significant impact on household finances, evidence shows that substantial numbers of Scottish households were struggling before the current economic crisis. Research by StepChange suggests that in 2019 approximately 25% of Scots were showing at least one sign of financial distress, such as falling behind on essential household bills, using credit to pay essential household bills and regularly using overdraft facilities.[1] StepChange further highlight that for the first time, in 2019, clients accessing their services were on average facing a deficit in their household budgets after essential costs have been covered. This vulnerability has put increasing pressure on money and welfare rights advice services in recent years as increasing numbers struggle to get by. This increased demand is reflected in findings from this report which indicate an overall increase in the number of clients accessing support from local authority funded money and welfare rights advice services. Predominantly, local authority funded services are supporting growing numbers of people with welfare rights advice, following years of welfare reforms such as benefit caps, frozen benefit rates and the rollout of Universal Credit.[2]

In recent years Scottish local authorities have made significant investment in money and welfare rights advice services and have delivered substantial benefits to clients. As demonstrated throughout this report, these services have successfully supported some of the most vulnerable members of society, including high proportions of clients from low income backgrounds, those with disabilities, and those in older age groups. The financial position of these clients has been improved through increased levels of financial gain, and clients self-report how this has resulted in improvements in other areas of their lives such as wellbeing and stability. Therefore, going into the crisis, local authority funded money and welfare rights advices services were well positioned to offer support.

It is well evidenced that the COVID-19 crisis has had an impact on household incomes. Whilst we are past the initial shock and the longer-term outlook in relation to restrictions looks more positive, the economic fallout is still unfolding and continues to impact households across Scotland. Research from Standard Life suggests that by the end of July 2020, one in five households were still experiencing a loss of income.[3] Furthermore, analysis of the financial outlook for

1 StepChange. (May 2020). *Scotland in the Red 2019 Report*. https://www.stepchange.org/policy-and-research/personal-debt-statistics-in-the-uk/scotland-in-the-red-2019.aspx

2 Child Poverty Action Group in Scotland. (May 2018). *Welfare Reform: The impact on families in Scotland*. https://cpag.org.uk/sites/default/files/files/resource/CPAG-Scot-WR-impact-families%28May18%29.pdf

3 Standard Life Foundation. (September 2020). *Emerging from Lockdown, Key Findings from the 3rd Coronavirus Financial Impact Tracker Survey*. https://www.standardlifefoundation.org.uk/en/our-work/publications/coronavirus-financial-impact-tracker-sept-2020

households over the next three months, using measures such as the likelihood of being laid off and expectations of ability to meet bills and other commitments, indicates there was a poor outlook for 17% of households and quite poor for 23%. Evidence from StepChange highlights that debt clients in 2019 were most likely to experience debt problems due to income shocks.[4] Given more people are experiencing or are likely to experience an income shock it is probable this will result in increased demand for advice services for quite some time. This is supported by anecdotal evidence from local authorities, who raised concerns that demand for money advice will grow as current Government support measures and payment holidays are withdrawn and debt builds up for families who have been living off reduced income for some time.[5] It will therefore be vital that there is early intervention to avoid longer term hardship. The widespread impact of the crisis means there will likely be many people in need of advice services who have never accessed these before, including those claiming benefits for the first time. Initial data already suggests growth in clients from higher income backgrounds and those in employment, therefore there is likely to be a shift in the demographics outlined in the findings of this report. Services have also learned to adapt service delivery in line with COVID-19 related restrictions. Findings from this year suggest there was already a gradual shift to more telephone contacts, but this has been rapidly expanded and is likely to continue as services transform to best suit the climate and needs of the growing client base.

Given the vulnerability people across Scotland are facing and the benefits local authority funded money and welfare rights advices services deliver, now more than ever we need continued investment and effective signposting, especially as people find themselves in need of support for the first time. Whilst these services are well placed to support this demand, this will require investment. Figures in this report highlight that although local authority investment has increased over the past three years, this increase is partly reflective of increased costs, and follows years of cuts to the sector. Although there is a statutory duty on local authorities to provide aspects of advice services in certain circumstances arising from Parliamentary Acts,[6] 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. Since certain other policy areas have benefited from relative protection in recent years, this has meant that relatively unprotected services, such as advice services, have been disproportionately vulnerable to cuts when funding decisions are taken.[7] We are entering another difficult period in terms of funding decisions, therefore there is a risk advice services may face further cuts when local authority budgets are squeezed. However, these services have played a vital role in supporting the financial stability of communities and going forward are likely to be crucial to the success of any recovery we hope to achieve.

4 StepChange. (May 2020). *Scotland in the Red 2019 Report*. https://www.stepchange.org/policy-and-research/personal-debt-statistics-in-the-uk/scotland-in-the-red-2019.aspx

5 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

6 Bankruptcy and Diligence (Scotland) Act 2007, Carers (Scotland) Act 2016, Child Poverty (Scotland) Act 2017.

7 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 Common Advice Performance Management Reporting Framework (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 sixth year of reporting. This iteration of the framework is currently the third 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 all 32 local authorities covering the period 1st April 2019 – 31st March 2020. As highlighted in the introduction, the majority of the reporting period predates the COVID-19 crisis, and as such does not reflect the changes to service demand and delivery resulting from this crisis. As the reporting period covers March 2020 some figures may have been partially influenced by changes caused by the pandemic, however this impact is minimal. Although the current set of figures do not capture the impact of COVID-19 on advice services, it is intended to serve as a reference point for the growing demand already facing the sector prior to the crisis and demonstrates the ever more paramount value of continued investment.

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 2019/20 Scottish local authorities funded 25 internally delivered services and 69 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. Although all local authorities were able to provide some data, five local authorities could not provide data for all services they fund, and as result seven services, funded by these five local authorities, are missing data for 2019/20. Other gaps in the data exist where services cannot record certain indicators partly due to varying capabilities of the case management systems used. Case management systems vary between local authorities and within the different services funded by each local authority. In 2019/20 there was a total of 17 different case management systems used. Table 1 displays these case management systems and the number of local authorities using each one. 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.

Table 1. Case Management Systems used by services

Case Management System	No. of Services Using System	No. of Local Authority Areas Using System
CASTLE[8]	35	22
Advice Pro	29	13
MAC/MACS8	4	4
Microsoft/Microsoft Access	3	3
Bright Office	2	2
Swift	1	1
PG Debt	2	2
Bespoke to service	10	10

Whilst gaps do exist in the data, the volume and quality of data reported by local authorities has strengthened since last year, despite the challenges faced by COVID-19. This was partly achieved through extending the use of an online reporting system to all local authorities this year. This was used to simplify the process of reporting as changes could be incorporated in real time and multiple local authority colleagues or delivery partners (e.g. CABx sub contractors) that were given access by the individual local authorities could upload data. This system also allowed local authorities to submit separate returns for each of the services they fund. 12 of the local authorities who funded multiple services chose to use this process. 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. The data return template was also improved this year by adding additional prompts such as totals, so that errors could be more easily identified. Certain aggregate categories were also included for indicators where large proportions of services have previously noted that breakdowns could not be captured. For example, for the age of clients, a 60 and above category was introduced for services who were unable to provide a breakdown of the ages within this category, and an option to include the total financial gain was included for those who could not provide a breakdown by welfare benefit type. This ensured that large volumes of data did not go unrecorded, and there has been a noticeable improvement in the volume of data captured using this process.

The biggest change to the framework in the current year was that services were 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. For example, if local authority funding equated to 50% of

8 Please note this case management system is used only within Citizens Advice Bureaux

the total funding for money and welfare rights advice in the service, then the activity would be apportioned by 50%. In this case, if 1,000 clients were supported by the money and welfare rights advice services, this would be apportioned by 50%, giving 500, to reflect that approximately 500 clients were supported by investment made by the local authority. This apportioning was to be carried out across the range of indicators. As part of the 2019/20 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 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. Of the 26 local authorities who funded external services and provided data for these services, 18 were able to confirm that the data provided included local authority funded activity only. 5 of these local authorities used the apportioning method, 11 were able to extract data for local authority funded activity only, and 2 local authorities used both methods for the different services they fund. There were 8 local authorities who were unable to confirm the data included local authority funded activity only, and 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. As such, the majority of data in 2019/20 reflects activity funded by the local authority and this process will be reviewed with stakeholders to improve consistency in following years.

Given the gaps in the data and changes over time in how data is recorded, data from 2019/20 is not directly comparable with previous years and should 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, as is a national statistical summary which provides a more detailed 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.


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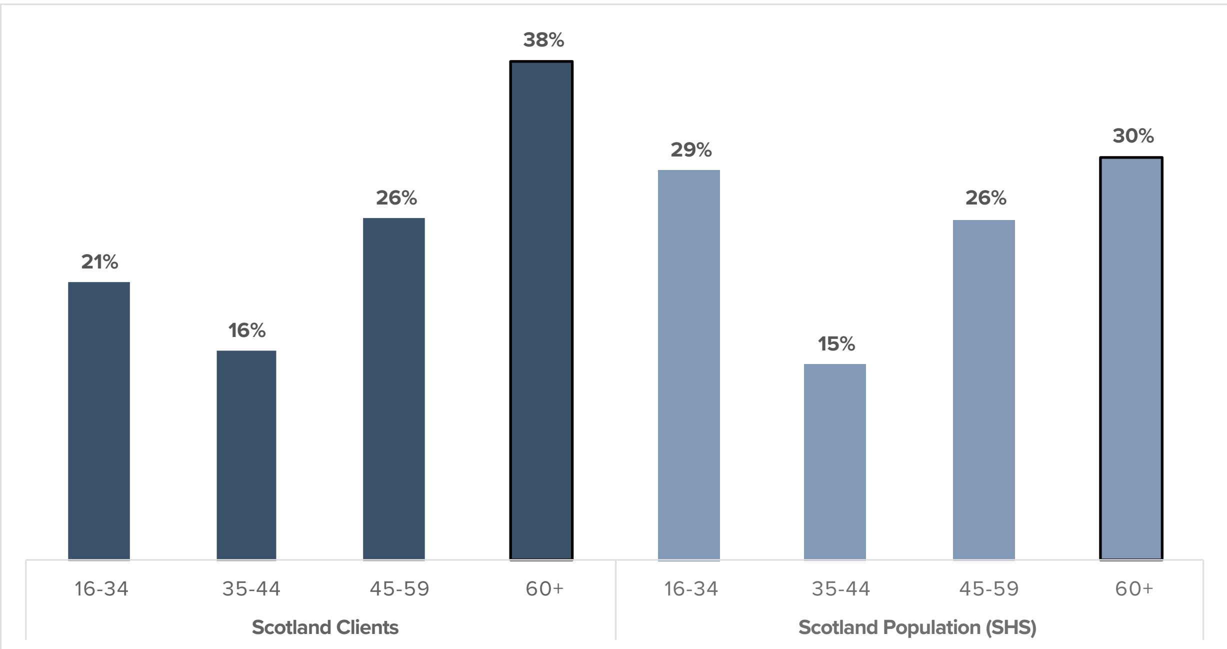
Demographics

Between 2017/18 and 2019/20 the demographics of clients have remained fairly stable, and therefore the demographics presented here can be broadly considered representative of the clients accessing local authority funded money and welfare rights advice services. The evidence presented here suggests that the demographic breakdown of clients accessing advice includes some of the most vulnerable members of society. This suggests money and welfare rights advice services are effectively targeted at those with the greatest need. Whilst the demographic composition of clients has changed very little in recent years, evidence from local authorities suggests that this has changed since the COVID-19 outbreak as those in the population considered financially vulnerable has widened to include broader demographic groups.[9] Therefore, it is likely there will be changes in future iterations of the framework.

Figure 1. Proportion of money & welfare rights advice clients by age bracket in 2019/20 compared with the Scottish population



Using figures from the Scottish Household Survey (SHS)[10] to compare, as shown in figure 1, the proportion of clients in 2019/20 aged 60 and above was higher than the proportion in the Scottish population, suggesting this group is well represented. This age group was better reported by local authorities this year compared with previous years as the introduction of an aggregated 60 and above category allowed services to report on this measure even if they could not provide a more

9 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

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

detailed breakdown. Data from services that were able to record on the detailed breakdown of this group suggests that clients aged 60-64 made up the largest proportion of this group. It is likely that the age of clients will fall as the impact of the pandemic unfolds, as evidence suggests that those in younger age groups are more likely to be adversely affected economically.[11] Evidence suggests younger age groups were less financially secure prior to the Covid-19 crisis therefore the economic fallout is likely to impact these age groups significantly.[12] More timely data from local authorities[13] suggests there has already been an increase in the proportion of younger clients seeking support from advice services.

Clients in 2019/20 were predominantly female (55%) and the largest proportion were from single adult households (40%). This large group of single adult households means that overall there was a smaller proportion of clients from households with children, which made up 28% of clients. Further breakdowns of demographic groups are available in the national statistical summary on the Improvement Service website. Again, there may be a shift in these demographic groups going forward as the pandemic has had a disproportionate impact on families with children[14] and women are more likely to be in lower paying jobs in industries which have been adversely impacted.[15]

Local authority funded money and welfare rights advice services have in recent years successfully targeted support at vulnerable minority groups. Clients in 2019/20 were more likely to be from an ethnic minority background when compared with the Scottish population (Clients 6.3%, Scottish population 4.2%) and were more likely to state they had a long-term disability or health condition (Clients 60%, Scottish population 24%). Ongoing support for these groups will be vital. The Institute for Public Policy Research highlight that "UK workers from black African, black Caribbean, Pakistani and Bangladeshi backgrounds are not just at higher risk of unemployment, but face longer-lasting scarring effects when they have been unemployed",[16] therefore money and welfare rights advice services could be well placed to support the mitigation of these long-term effects. Furthermore, there is evidence to suggest that people with disabilities, whilst already more likely to be exposed to financial insecurity, have also experienced increased costs throughout the pandemic and faced additional barriers to work due to balancing the potential risk to health posed by the virus.[17]

11 Policy in Practice. (September 2020). *Three ways DWP can improve young people's access to work*. https://policyinpractice.co.uk/three-ways-dwp-can-improve-young-peoples-access-to-work/

12 Money and Pensions Service. (June 2020). *Impacts of COVID-19 on financial wellbeing: Money and Pensions Service evidence and insights summary briefing*. https://moneyandpensionsservice.org.uk/wp-content/uploads/2020/06/Covid19-impact-on-financial-wellbeing-in-the-UK.pdf

13 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

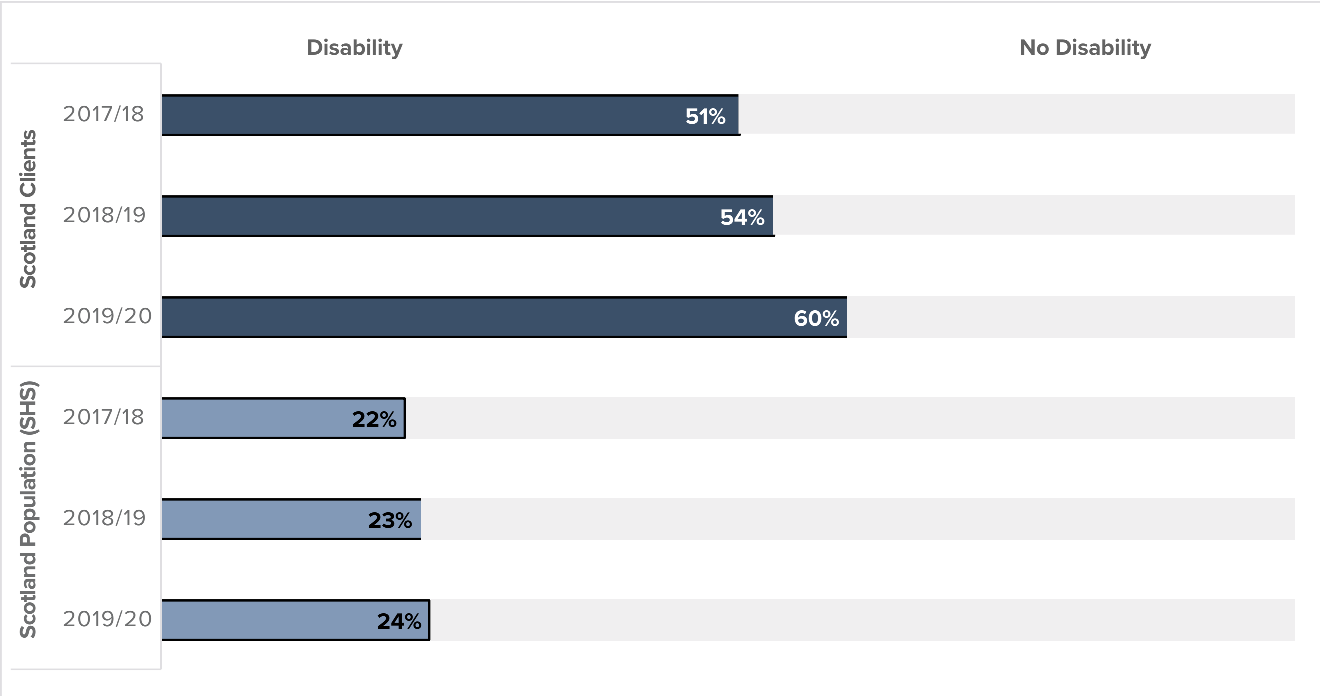
14 Institute for Public Policy Research. (May 2020). *Covid-19: How are families with children faring so far?* https://www.ippr.org/blog/covid-19-how-are-families-with-children-faring-so-far

15 StepChange. (May 2020). *Scotland in the Red 2019 Report*. https://www.stepchange.org/policy-and-research/personal-debt-statistics-in-the-uk/scotland-in-the-red-2019.aspx

16 Institute for Public Policy Research Scotland. (June 2020). *What does Covid-19 mean for the labour market prospects of young people in Scotland?* https://www.ippr.org/blog/what-does-covid-19-mean-for-the-labour-market-prospects-of-young-people-in-scotland

17 Institute for Public Policy Research Scotland. (October 2020). *Weathering the winter storm, strengthening financial security in Scotland through the ongoing COVID-19 crisis*. https://www.ippr.org/research/publications/weathering-the-winter-storm

Figure 2. Proportion of money and welfare rights advice clients reporting a disability or long-term condition compared to the Scottish population, 2017/18, 2018/19 and 2019/20



As shown in figure 2, the proportion of clients who reported having a disability or long-term condition has grown in recent years. Between 2017/18 and 2019/20 the proportion increased 9 percentage points from 51% of clients to 60% of clients, whereas the proportion of the Scottish population remains just below a quarter and has increased just 2 percentage points across the same period. This increase likely reflects the increased demand for welfare rights advice following years of cuts and changes to welfare provision. The Institute for Public Policy Research argue that cuts to welfare provision and social care have left individuals vulnerable to economic risk and therefore people with disabilities were already becoming increasingly vulnerable to economic shocks even before the pandemic.[18]

Money and welfare rights advice clients in 2019/20 were predominately from rented accommodation with those from socially rented accommodation making up the largest proportion of clients at 50%. The economic status of clients was varied, the largest proportion (31%) were unable to work either because they were permanently sick or disabled, or because of a short-term illness or injury. A large proportion (17%) were permanently retired from work and there was also a large proportion (24%) in some form of employment, including self-employment, part-time employment and full-time employment. Local authorities indicated that in the initial months following the COVID-19 crisis, there was an increase in clients in employment, due to the uncertainty around what government support was available for those unable to work due to restrictions.[19] In 2019/20

18 Institute for Public Policy Research – The Centre for Economic Justice. (May 2020). *Who wins and who pays? Rentier power and the Covid crisis*. https://www.ippr.org/files/2020-05/1589291707_who-wins-and-who-pays-may20.pdf

19 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

16% of clients were unemployed and seeking work. The full extent of changes to the unemployment rate in the Scottish population are still to be seen, however it is likely to rise, which could result in an increase in the proportion of clients seeking support from advice services who are unemployed.

Figure 3. Proportion of money and welfare rights advice clients by household income in 2019/20 compared with the Scottish population

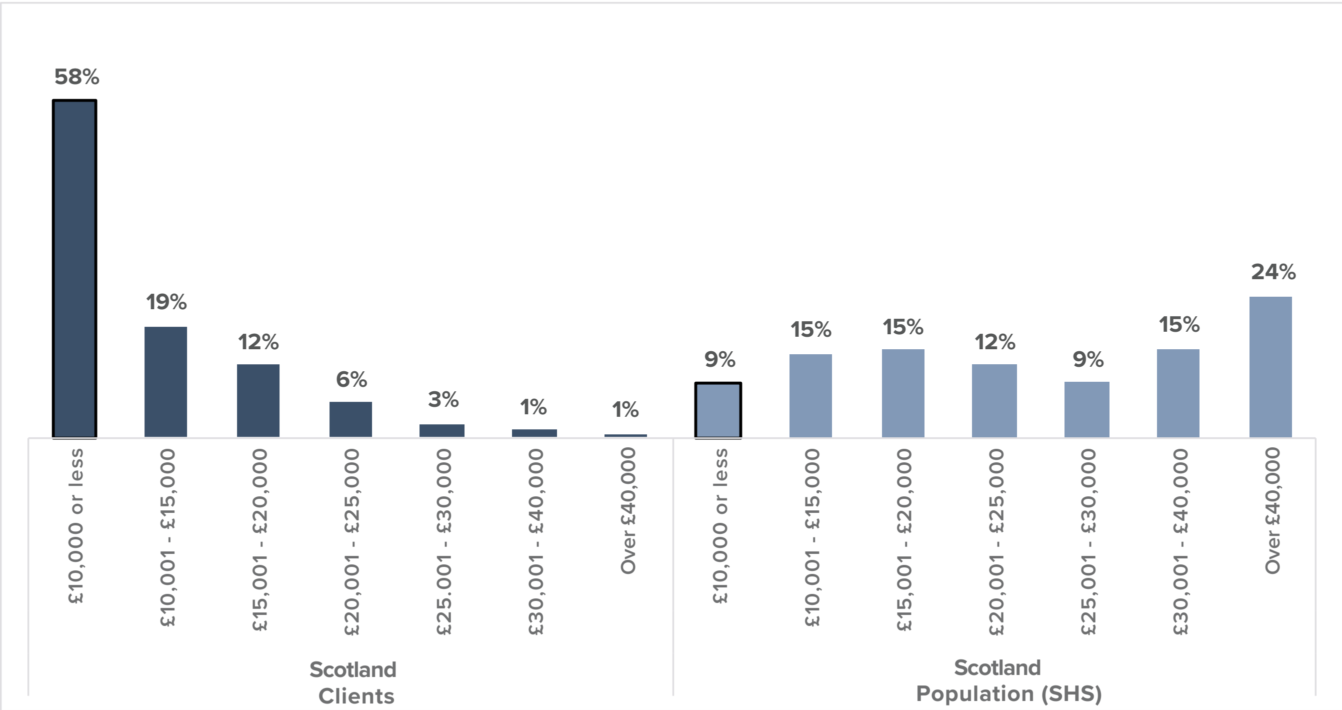


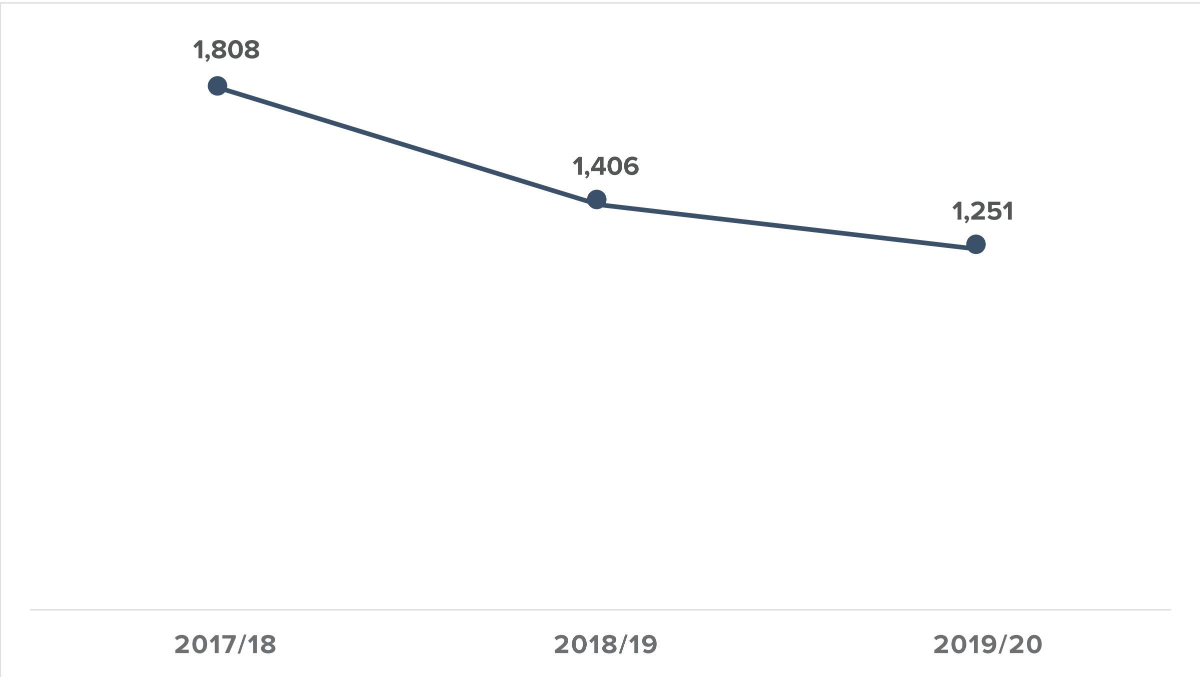
Figure 3 highlights that in 2019/20 the household income of clients was comparatively lower than in the Scottish population. Clients with household income below £10,000 accounted for 58% of clients but only 9% of the Scottish population. It should be noted that household income figures for clients do not include all clients due to recording differences. For many external agencies, household income is only recorded for clients with debt cases, as the information is not relevant to other cases. Nevertheless, it demonstrates that advice services have supported some of the most financially vulnerable. It is possible that in future years there may be higher proportions of the Scottish population in these lower income brackets if unemployment does indeed rise. If this is the case, this could put additional pressure on money and welfare rights advice services.

The current figures show that local authority funded money and welfare rights advice services have effectively supported some of the most vulnerable demographic groups in the Scottish population. However, as highlighted, there have been changes, and there likely will continue to be changes, in the demographics of those seeking advice, as the economic impact of COVID-19 continues to affect a wide variety of demographic groups. It is likely that some of these demographic groups, such as those newly unemployed, have never accessed advice services before. Therefore, as demand changes, effective signposting will be vital to ensure this demand is serviced.

Debt Clients and Amount Owed

In recent years local authority funded money advice services have seen a general reduction in the number of clients with debt and the amount of debt owed by these clients. The precise extent of this change is not clear as changes in the numbers of local authorities reporting, and adjustments made by some services in 2019/20, as outlined in the methodology section, mean that the data is not directly comparable each year. Nevertheless, the declining trend is evident. Figure 4 shows the average number of clients with debt over the past three years and figure 5 shows the average amount of debt owed by these clients over the same period. Both show an overall decline. This decline is still evident when accounting for reporting differences.

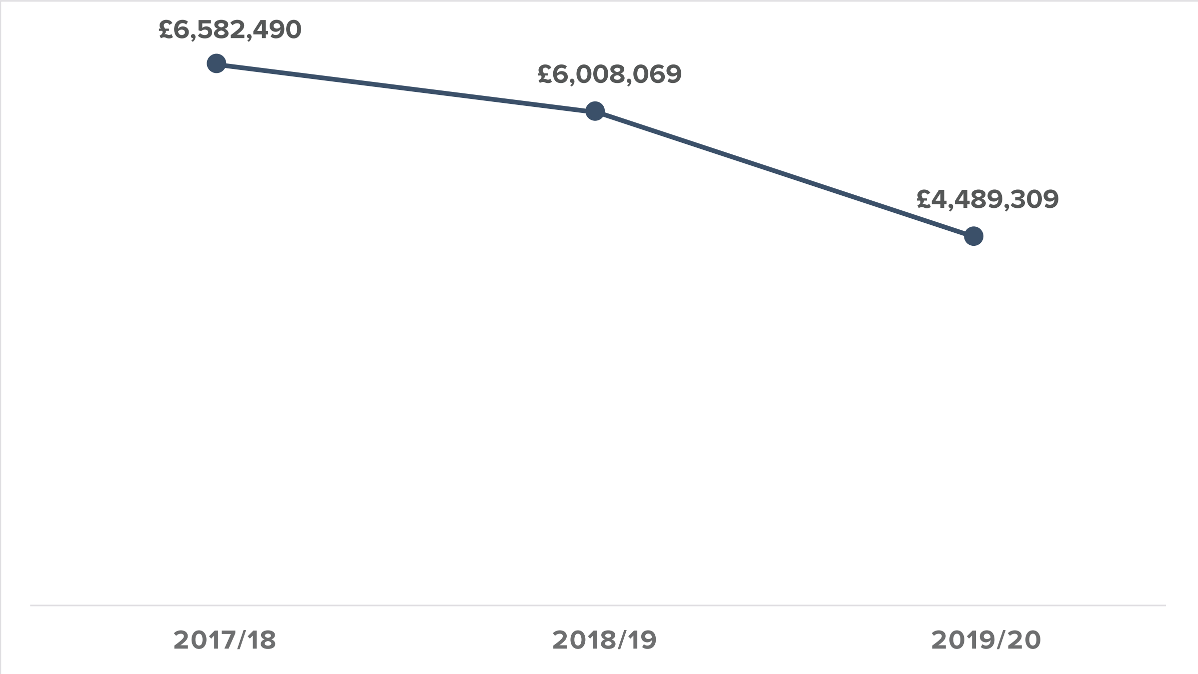
Figure 4. Average number of clients with debt 2017/18, 2018/19 and 2019/20



Although debt clients and the amount owed appears to be reducing, this does not necessarily mean the number of people with debt has reduced, only that there are fewer numbers reportedly supported by local authority funded money advice services. Research by the Money and Pensions Services suggests there is actually a high volume of unmet demand for money and debt advice in Scotland.[20]

20 Money and Pensions Service. (June 2019). *Mapping the unmet demand for debt advice in the UK*. https://www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness-in-the-uk

Figure 5. Average amount of debt owed by clients in 2017/18, 2018/19 and 2019/20



This reduction reported here may reflect the changing nature of these advice services as more move towards a generalist service with greater focus on welfare rights advice and income maximisation. This could mean that only the more complex debt cases are dealt with by money advisers and more resources are focussed on welfare rights advice which has become increasingly complex and labour-intensive following welfare reform. Both welfare rights advice and money advice complement each other as support with welfare rights issues can help clients avoid building up problem debt. Therefore, although debt clients may be reducing, this is understood in the context of increasing numbers of welfare rights clients. These trends will be explored further.

Although overall there seems to be a decline in debt clients, the type of debt clients present with is concerning. In 2019/20 credit, store and charge card debts and council tax arrears were two of the most common debt types clients presented with and were more common than in the previous year. The proportion of debt clients presenting with credit store and charge card debts increased from 13% in 2018/19 to 15% in 2019/20 and the proportion with council tax arrears increased from 12% to 15%. Rent arrears also accounted for a high proportion of clients at 10% in 2019/20, although this has reduced from 13% in 2018/19. These debt types suggest large proportions of clients are struggling with essential living costs. Further breakdowns by debt type are available in the national statistical summary on the Improvement Service website.

These trends are also evident in figures from StepChange who found 52% of their clients were in arrears with at least one essential household bill such as council tax or rent.[21] Furthermore, StepChange found 5% of clients use credit cards to pay for essential bills. It is possible that increasing numbers of Scottish households will find themselves struggling to pay essential bills and risking accumulating debt, as the COVID-19 crisis has left many living for long periods on reduced income. Rent arrears could grow, particularly for private renters who were not guaranteed the same

21 StepChange. (May 2020). *Scotland in the Red 2019 Report*. https://www.stepchange.org/policy-and-research/personal-debt-statistics-in-the-uk/scotland-in-the-red-2019.aspx

payment holidays as mortgage holders or those who were socially renting.[22] Increased partnership working amongst local authority funded advice services and other local authority and third sector services could help to identify and support those at risk of financial vulnerability. There is already evidence from local authorities that working with housing and revenues teams has helped to promote advice services to those with rent arrears, and services have already been working throughout the pandemic to increase awareness through partnership working.[23]

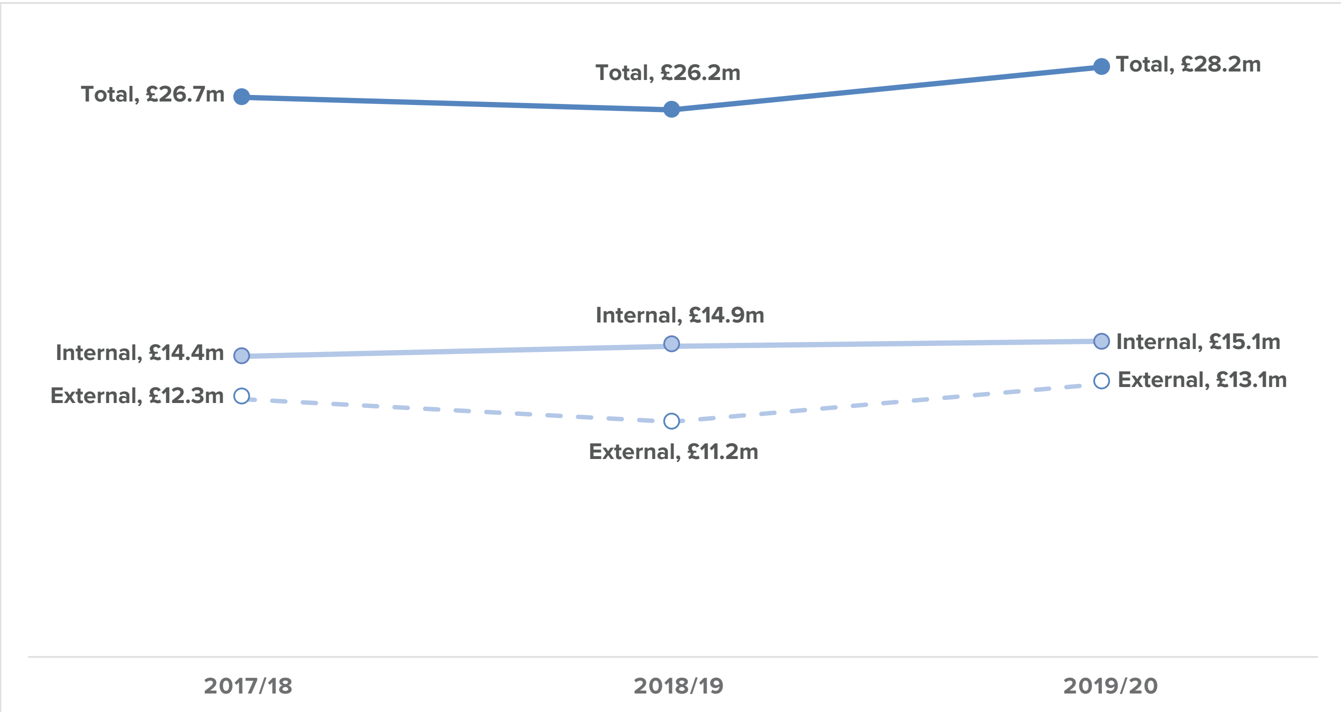
22 Institute for Public Policy Research – The Centre for Economic Justice. (May 2020). *Who wins and who pays? Rentier power and the Covid crisis*. https://www.ippr.org/files/2020-05/1589291707_who-wins-and-who-pays-may20.pdf

23 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

Staffing and Funding

In 2019/20 the total local authority funding reported for money and welfare rights advice services was £28,195,204. Of this funding £15,096,720 was reported for internally delivered provision and £13,098,485 for externally delivered provision. As shown in figure 6, the total reported local authority funding has increased over the past three years. However, local authority investment is likely to be higher than reported here as not all local authorities were able to report figures each year.

Figure 6. Reported local authority funding by type of provision, 2017/18, 2018/19 and 2019/20



Including only local authorities who were able to report funding figures each year, local authority funding for internal provision increased by approximately 2% between 2018/19 and 2019/20 and by 12% between 2017/18 and 2019/20, and for external provision funding increased approximately 13% between 2018/19 and 2019/20 and 9% between 2017/18 and 2019/20. These changes do however need to be understood in the context of increased costs. Over the past three years local authorities have had to account for increased staffing costs following a local government pay award, furthermore many services have increased provision to mitigate against welfare reform. When adjusting funding figures for the effects of inflation, which accounts for the increase in staffing costs, the increase in funding for services able to report each year is substantially reduced. Between 2017/18 and 2019/20 local authority funding (including only local authorities reporting each year) increased by 6% for internal provision and 4% for external provision, when accounting for the effects of inflation.

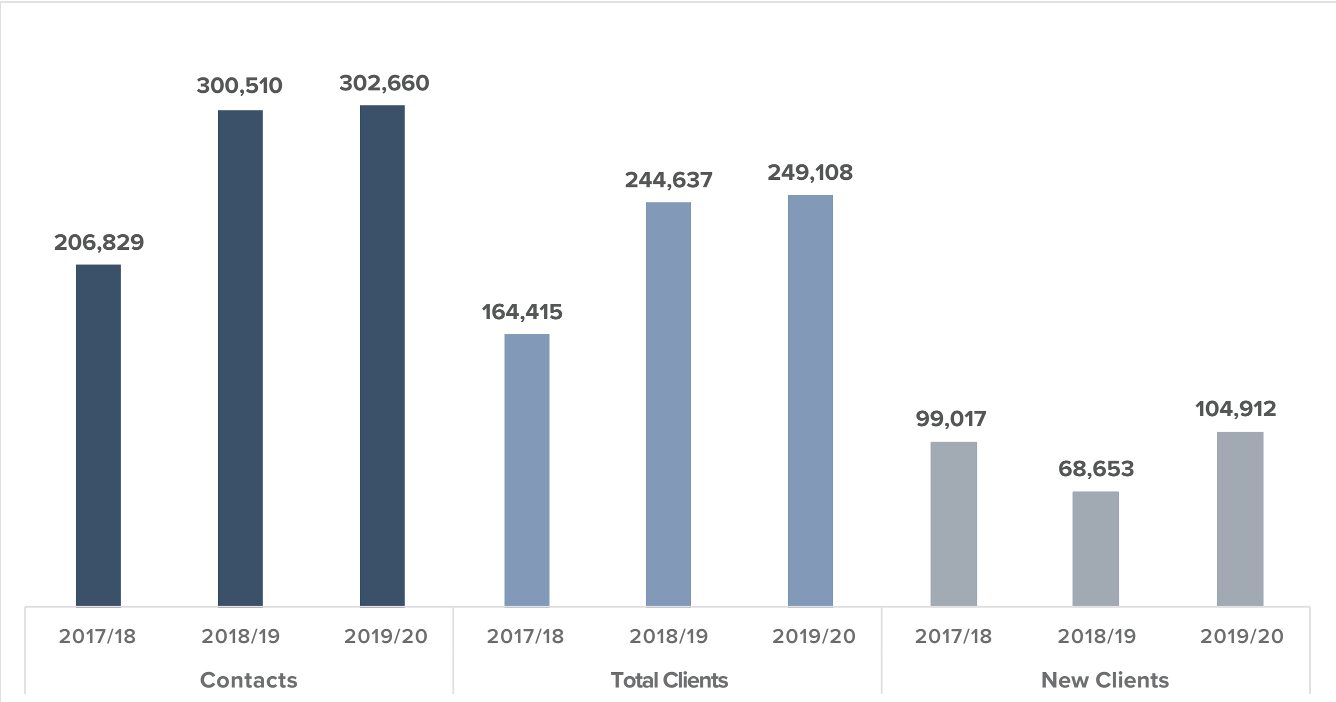
This increase also needs to be understood in relation to changes in other sources of funding. In 2019/20 local authority funded services reported that a total of £3,454,062 was invested by other funders on top of local authority investment. This external investment has reduced each year since 2017/18, however it is not clear to what degree, due to gaps in the data. However, most notably there has been large reduction in funding from the European Social Fund as this funding comes to an end. Therefore, although local authority funding appears to have increased in recent years, this may be to fill gaps in funding from elsewhere.

In 2019/20 local authority investment in money and welfare rights advice services employed a total of 428 full-time equivalent staff in internally delivered services and 334 in externally delivered services. As with funding, this figure is likely to be higher than reported due to gaps in the data. Whilst these figures relate to those staff employed by local authority funding, they do not reflect the additional staff employed in these services through other sources of funding which often support local authority projects to some degree. Many external services are also heavily supported by volunteer staff. In 2019/20 approximately 403 full-time equivalent volunteer staff supported projects in external services, and 1 local authority internal services reported 10 volunteer staff.

Volume

As shown in figure 7, over the past three years there appears to have been an overall increase in demand for local authority funded money and welfare rights services, with contacts to services, total clients supported by services and new clients accessing services all showing an increase. As with other figures, this increase can be partly attributed to changes in reporting. However, even when accounting for reporting differences this overall trend remains.

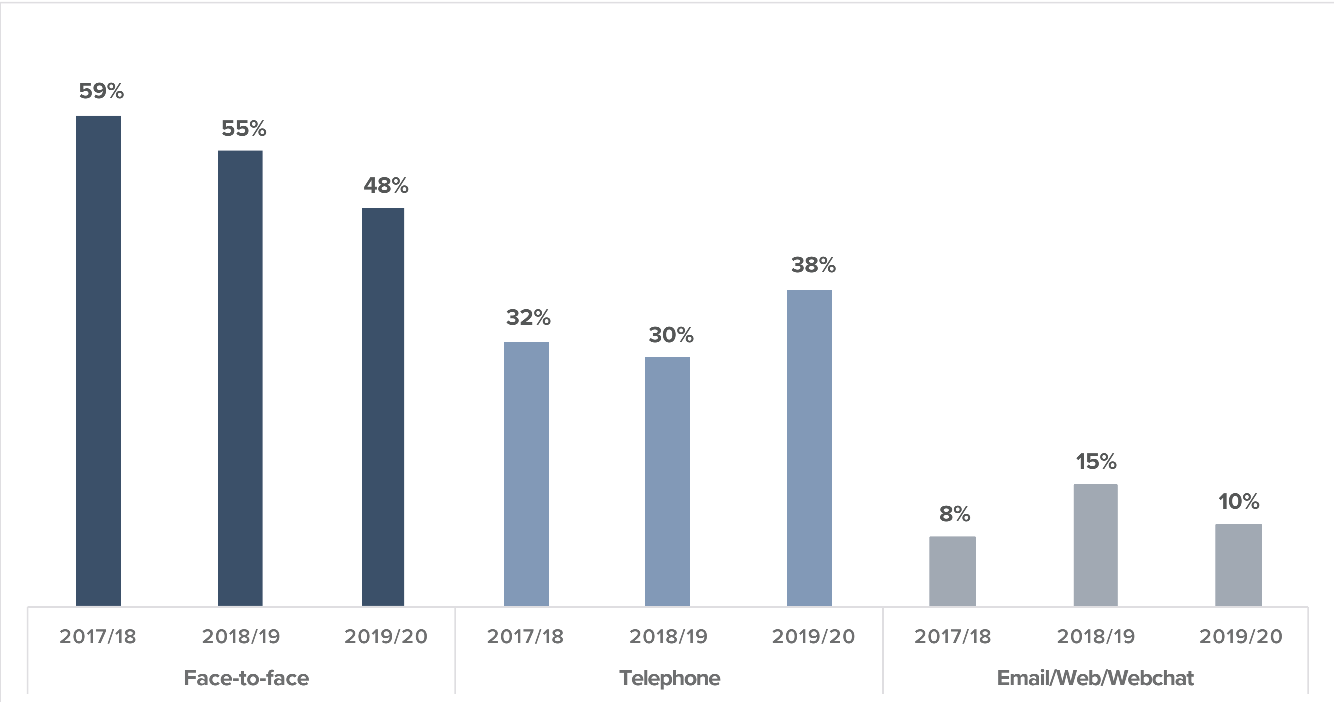
Figure 7. Reported number of contacts, total clients and new clients in 2017/18, 2018/19 and 2019/20



Figures reported in 2019/20 would suggest that a large proportion of this demand is for welfare rights advice services. Issues relating to welfare rights advice, made up 72% of the recorded initial reasons given for contacting services. This included 43% where the reason was for “assistance with making an initial application for benefits” and 21% for “benefit entitlement checks”. This measure was more widely recorded by local authorities in 2019/20, however it is unclear whether the first reason for contacting the service is better recorded for those initially seeking welfare rights advice than those seeking money advice. Benefit entitlement checks account for a large part of the welfare rights advice work carried out by services. In 2019/20 local authority funded services reported carrying out a total of 121,240 benefit entitlement checks for clients. Whilst not all services are able to report on this measure, for those that could, approximately 57% of clients received a benefit entitlement check. This proportion is likely higher given reporting difficulties. Several services although unable to report exact figures, highlighted that benefit entitlement checks are offered in all welfare rights cases. These checks can be of great value in identifying areas for income maximisation. This provision will continue to be of value in ensuring those finding themselves with reduced income following the pandemic are accessing the support available to them.

Over the past three years the way in which people initially contact services has gradually changed. Whilst face to face contact remains the most predominant channel through which people initially contact services, this has reduced since 2017/18 whereas telephone and digital channels such as email, web and webchat, have increasingly been used by people to make first contact with a service. As shown in figure 8, 38% of initial contacts to services in 2019/20 were by telephone. These changes reflect efforts by services to diversify channel choice and support increased demand, for example through telephone triage services. Whilst face to face contacts were high in 2019/20 this has rapidly changed since the start of the COVID-19 crisis where this channel was no longer available for several months.[24] Prior to the crisis some services were more inclined towards face to face contacts than others, with the proportion of face to face contacts ranging from 4% in some local authorities to 95% in others. Nevertheless, services have successfully adapted their delivery to reflect this change, and whilst face to face contact is gradually becoming more possible for those who need it most, it is likely that face to face contacts will continue to reduce.

Figure 8. Proportion of contacts by channel in 2017/18, 2018/19 and 2019/20



Clients in local authority money and welfare rights advice services predominantly access support through self-referral. In 2019/20 68% of clients accessed support this way, which reflects an increase of 12% since 2017/18 where 56% were self-referrals. Although most clients engage with services in this way, clients also access services through referrals from other local authority services (18%), primary health care services (8%) and third sector services (2%). Referrals have become increasingly important as growing numbers of financially vulnerable people require support. Throughout the COVID-19 crisis money and welfare rights advice services have reported increased partnership working with services in a bid to ensure people are aware of the support available.[25]

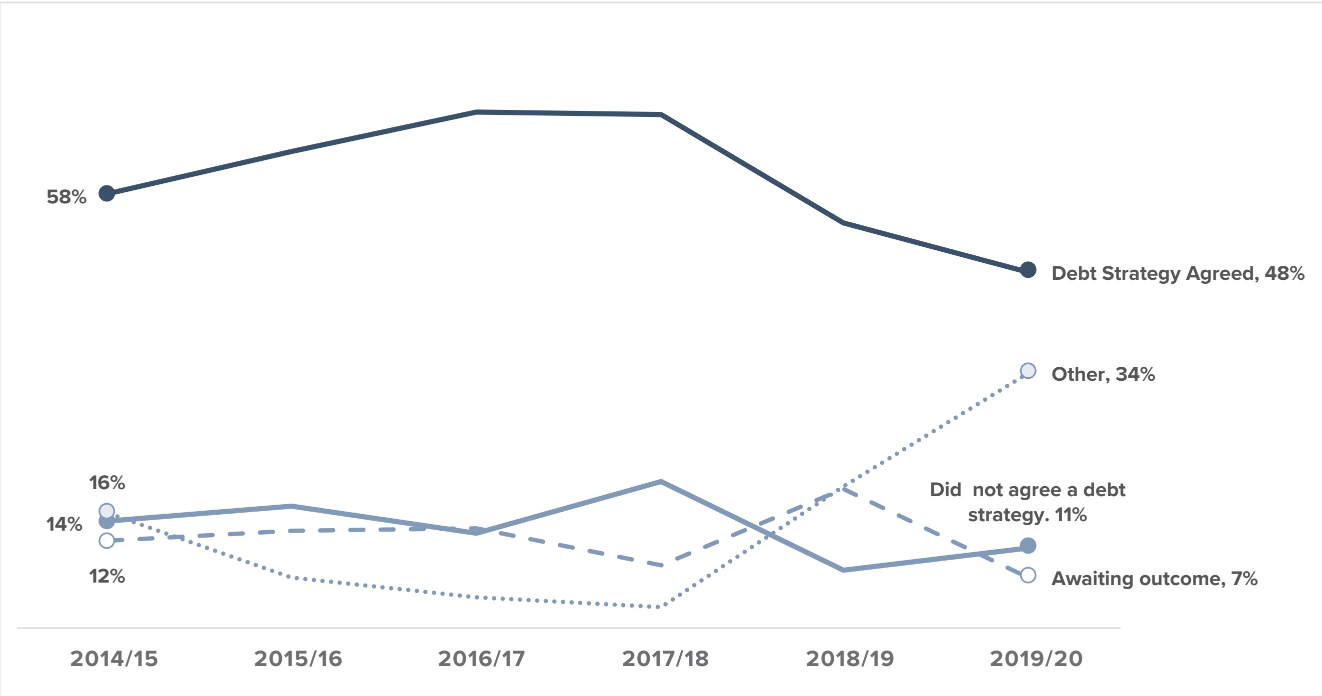
24 Improvement Service. (December 2020). *Impact of COVID-19 on local authority funded money and welfare rights advice services*. https://www.improvementservice.org.uk/__data/assets/pdf_file/0011/22241/Impact-of-Covid-on-LA-Money-Advice-Services.pdf

25 Improvement Service. (December 2020). I*mpact 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

Debt Strategy

Figure 9 demonstrates the change over time in outputs for debt clients. In almost half of the outputs recorded in 2019/20 a debt strategy was agreed with the client. More detailed breakdowns of the types of debt strategies agreed are available in the national statistical summary on the Improvement Service website. Although this proportion has reduced over time, this reduction is largely driven by an overall increase in the proportion of outputs recorded as “other” whilst the proportion where a debt strategy was not agreed, or the service was still awaiting an outcome have both declined. The category “other” was used by services to record outputs that did not fall into the breakdown of debt strategy types used in the framework. Services reported this included debt strategies such as full and final settlement, equity release and budgeting information amongst others, therefore it is likely a large proportion of the “other” category includes outputs where a debt strategy was agreed.

Figure 9. Proportion of debt strategy outputs 2014/15 to 2019/20



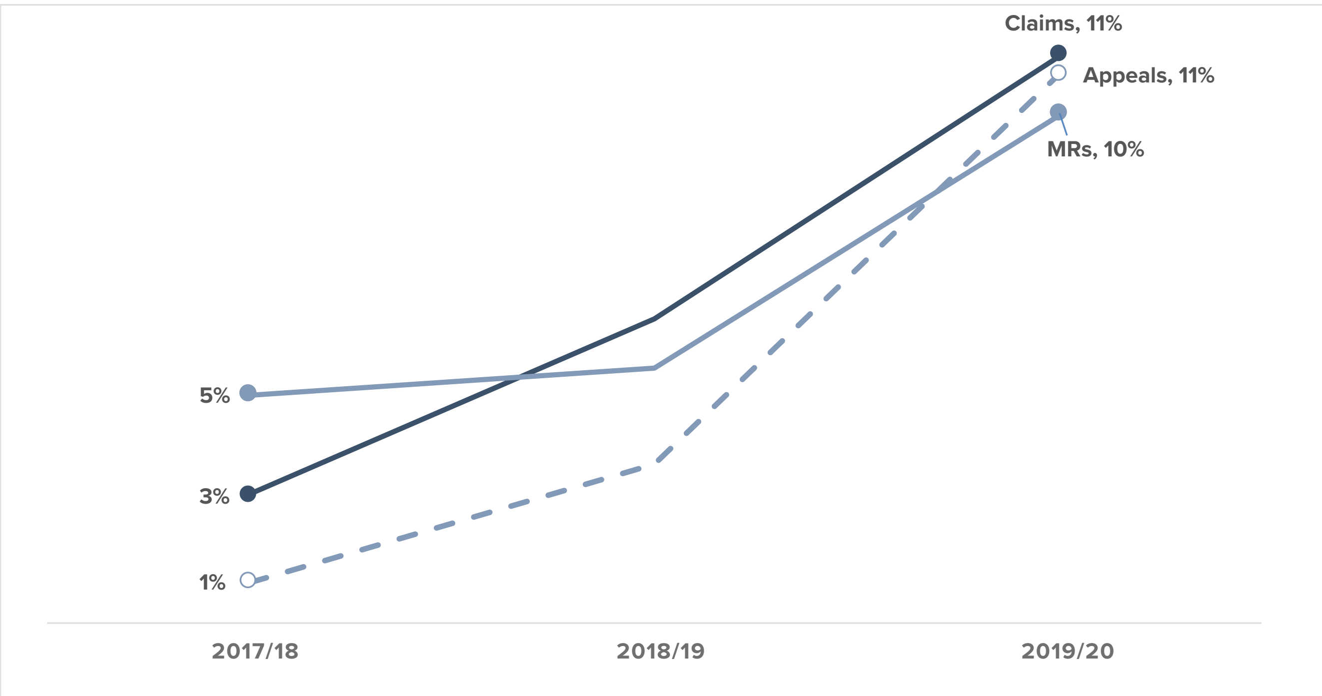
Of the debt strategies agreed for clients, sequestration, token payments and pro rata offers have consistently remained the most commonly agreed strategies. It should be noted that the strategy agreed reflects what is best suited to the needs of the client. Debt strategies such as mortgage to rent/shared equity, consolidation loans and trust deeds are far less common.

Welfare Rights Activity

In 2019/20 local authority funded welfare rights services reported supporting a total of 105,743 welfare rights claims, with a total of 75,820 claims awarded. These figures have both increased since the previous year and are higher than the levels reported in 2017/18. Whilst some of this increase is reflective of improvements in recording, approximately 70% of local authorities who were able to report on the number of claims and awards in 2017/18, 2018/19 and 2019/20 reported an increase. Therefore, it is likely this reflects a genuine increase in the number of claims awarded, and, given gaps in the data, the number of welfare rights claims, and awards supported in 2019/20 are likely higher than reported here.

Not only do local authority funded welfare rights advice services support large volumes of welfare rights claims, but they also support large numbers of clients to get decisions overturned in relation to claims. In 2019/20, welfare rights advice services reported supporting a total of 10,844 mandatory reconsiderations and 8,371 appeals. This reflects significant investment in ensuring clients access funds they are entitled to and are supported in navigating the increasingly complex welfare rights landscape. Figures on the outcomes of mandatory reconsiderations and appeals are substantially underreported but in 2019/20 approximately 3,258 mandatory reconsiderations were secured, and 5,764 appeals won.

Figure 10. Proportion of total claims, mandatory reconsiderations (MR's) and appeals which were for Universal Credit in 2017/18, 2018/19 and 2019/20



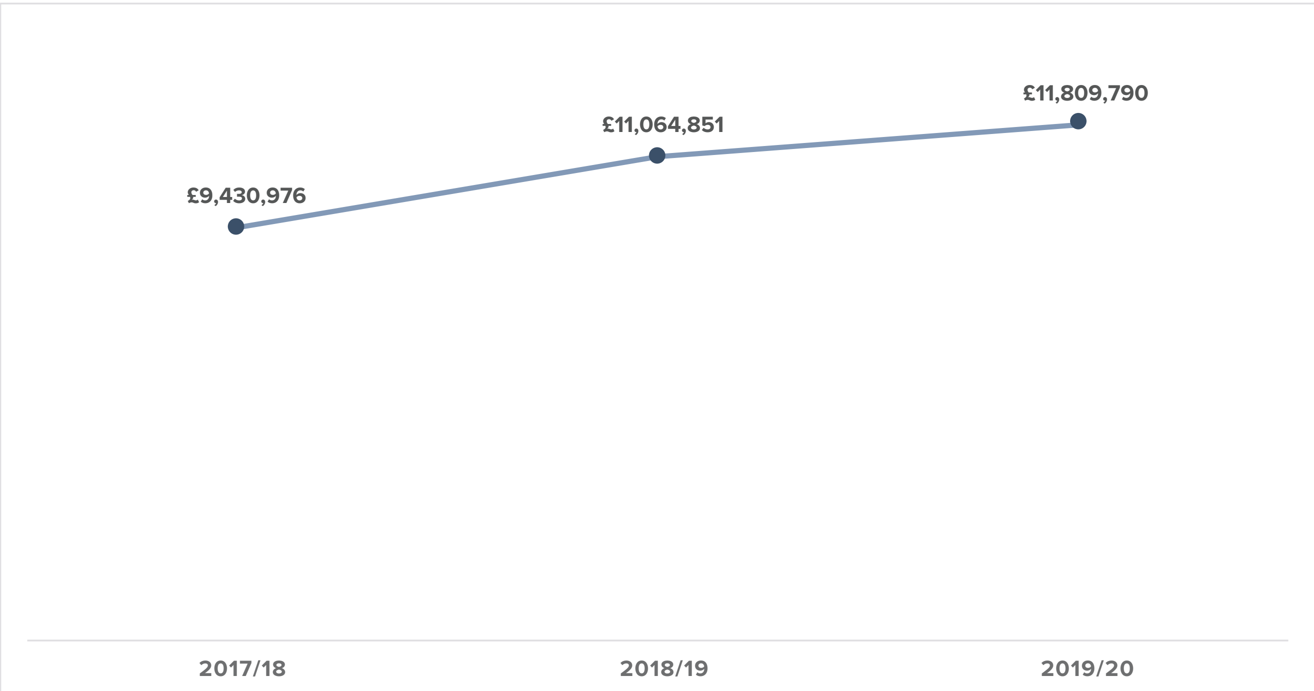
Welfare rights advice services support clients with a range of different welfare/social security benefits. However, of the breakdown of benefits included in the framework, the most common benefit type services report supporting is Personal Independence Payment (PIP). In 2019/20 PIP made up 26% of all welfare benefit claims reported, 56% of mandatory reconsiderations and 60% of appeals. Whilst PIP remains the most commonly supported benefit type, since the rollout of Universal Credit, services are reporting that an increasing proportion of support is for this benefit type. As shown in figure 10 Universal Credit accounted for 11% of claims in 2019/20, an increase of 8% since 2017/18. It is likely that demand for support with this type of benefit will grow as the number of people claiming Universal Credit has grown substantially since the outbreak of COVID-19.[26] Many people accessing this may be doing so for the first time and so support from welfare rights services will be increasingly relevant.

26 Policy in Practice. (September 2020). *New figures reveal jobseeker's claimant count more than doubles due to COVID-19*. https://policyinpractice.co.uk/claimant-count-more-than-doubles-due-to-covid-19/

Financial Gain

The support provided by local authority funded money and welfare rights advice services achieves substantial financial gain for clients each year. Financial gain includes any income to which clients were entitled but would not have received without the intervention of the service (including awards of benefits/tax credits, refunds, debts written off and grants accessed). In 2019/20 services reported that a total of £377,913,294 verified financial gain was secured for clients. Including unverified financial gain, this figure rises to £404,358,915. The reported verified financial gain has increased each year since 2017/18, and although this can be partly attributed to reporting differences, this increase remains when looking only at local authorities reporting each year with approximately 70% of these local authorities reporting an increase. The average verified financial gain secured each year at a local authority level is displayed in figure 11 and demonstrates an overall increase.

Figure 11. Average verified financial gain 2017/18, 2018/19 and 2019/20



The majority of reported financial gain was related to welfare rights advice, however it is unclear whether money advice financial gain was underreported. Of the financial gain related to welfare rights advice, including claims awarded and successful mandatory reconsiderations and appeals, increasing proportions are related to Universal Credit. This is expected as the roll out of Universal Credit was completed across Scotland. In 2019/20 approximately 14% of welfare rights financial gain was from Universal Credit, which was comparatively higher than 7% in 2018/19 and 1% in 2017/18.

The financial gain reported in 2019/20 reflects a significant return on investment. Including only local authorities providing figures for both funding and financial gain, every £1 invested by local authorities resulted in approximately £13-£14[27] of financial gain for clients. This highlights the substantial benefits to be gained from continued investment in these services.

27 Calculated by dividing total financial gain by total local authority investment. This is presented as a range as there is a £13 return when only verified gain is included, while there is a £14 return if both verified and unverified gain is included.

Softer Outcomes

As well as examining the financial outcomes for clients, the framework also looks at a range of self-reported outcomes achieved for clients as a result of receiving advice. These measures are not well reported however they provide an insight into the overall impact advice services can have on individuals. In relation to improved health and wellbeing, local authorities reported that of clients sampled, 79% agreed they had been feeling more relaxed as a result of receiving advice and 78% agreed they had been feeling better about themselves. Clients also reported improved capacity and ability to cope, 96% agreed that since receiving advice they knew when to seek support and where to get it, and 88% agreed they felt more in control of their life. There is also evidence of improved financial stability and resilience. Of those sampled 62% of clients agreed they could better manage their money after receiving advice.

Whilst not all services are able to report on these measures, many services have a wide range of evidence of the impact their support has had for clients. Many collect feedback on different measures using surveys and case studies and recording informal feedback received from clients. A summary of some of the comments received from clients are displayed below. This feedback recognises the non-tangible impact receiving advice can have on households and the extent that these clients value the services they received.

Client Feedback

“(My advisor’s) help has made my everyday life easier as I don’t have to worry about my debt”

“They made me feel confident to address my situation that had been having a huge impact on my mental health and I now feel I can breathe again!”

“This has had a huge positive effect on my mental health.”

“The help I have received regarding by debts has taken such a lot of stress off me.”

Conclusion

The results within this report evidence that even before the COVID-19 crisis local authority funded advice services were supporting large volumes of financially vulnerable households in Scotland. The effects of the current crisis mean that growing numbers will be vulnerable to a change in income and the impact this can have on household finances. As a result, income maximisation and debt management will play a crucial role in mitigating some of the long-term effects this crisis will have. As outlined in this report, local authority money and welfare rights advice services are well placed to support those in need and achieve positive outcomes. Whilst the need for advice services is likely to grow, one of the key challenges will be ensuring that those in greatest need are aware of the available support and can get access to this. Research by Standard Life found that a large proportion of households who were in serious financial difficulties and therefore in need of advice, had not sought it yet.[28] Therefore, active signposting and referrals to advice services will be crucial in order to engage with this unmet demand, especially for those who have never accessed advice before. Appropriate investment will be needed if this demand is to be met successfully. However, with the wide range of benefits money and welfare rights advice services continue to demonstrate, local authority investment in these services represents excellent value for money when considering the benefits to local communities and the bearing this can have on economic recovery.

28 Standard Life Foundation. (September 2020). *Emerging from Lockdown, Key Findings from the 3rd Coronavirus Financial Impact Tracker Survey*. https://www.standardlifefoundation.org.uk/en/our-work/publications/coronavirus-financial-impact-tracker-sept-2020

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