
Response to Call for Evidence

Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland

Introduction

The Improvement Service welcomes the opportunity to provide evidence for the '[Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland](#)'.

The Improvement Service co-ordinates the Money Advice Performance Management Framework (MAPMF) for money advice services funded by Scottish local government. As local authorities are a significant funder of these services, the MAPMF is well-placed to provide an overview of the landscape in Scotland. All 32 Scottish local authorities, as funders of either an in-house or externally-provided service, submitted data relating to the 2016/17 financial year. This data has been collated and analysed by the Improvement Service. The annual overview report for 2016/17 is due to be published in mid-December on the [Improvement Service website](#), alongside individual reports for each local authority which outline the data submitted between 2014-17.

In partnership with the Scottish Government and Scottish Legal Aid Board, the Improvement Service also developed the [Framework for Public Funding of Advice in Scotland](#). This framework outlines the key principles that should be considered in local authorities' commissioning approaches for advice services. These principles also underpin our response to this call for evidence.

Additional research carried out by the Improvement Service - on areas such as alternative service delivery models, referral pathways, and customer journey mapping - is also relevant to this response. This research is outlined where appropriate.

1. Addressed Primarily to Organisations that Deliver Debt Advice

Causes and Demand

1.1 Can you provide any data about the causes driving people to need to seek debt advice, which could inform a forecast of how demand might change over the next five years?

The MAPMF contains an indicator measuring money advice service clients' first reason for contacting the service. According to the data provided by 14 local authorities, the main drivers for seeking money advice in 2016/17 were: council tax arrears; credit, store, and charge card debt; rent arrears; and unsecured personal loans.

The full breakdown of the reported reasons for first establishing contact can be seen in the table below.

Reason for contact	Percentage of clients for whom this was a primary reason for contact
Council Tax Arrears	19%
Credit, Store and Charge Card debt	17%
Rent Arrears	11%
Unsecured Personal Loans	10%
Benefit Overpayment	8%
Bank Overdraft	7%
Catalogue and Mail Order debt	6%
Payday Loan	4%
Mortgage Arrears	1%
PPI	1%
Other	17%

Reasons which were included under the 'Other' reporting category included clients living on a low-income and those facing eviction, among others.

This data was also requested as part of the MAPMF for 2015/16. There has been no significant change between the two financial years in terms of any shift in the prevalence of any of the listed reasons for seeking money advice.

Additionally, several local authorities have reported on the detrimental impact of Universal Credit on individuals' debt levels.¹ It is therefore likely that Universal Credit will constitute a key driver for increasing demand for money advice in this financial year, as well as in the future.

¹ For example, see East Lothian Council. www.eastlothian.gov.uk/meetings/meeting/6078/policy_and_performance_review_committee/attachment/19190

1.4 Can you provide any data about the make-up and quantum of the debts of the people you serve with debt advice?

The MAPMF includes indicators measuring the number of clients who owe particular types of debt, as well as the magnitude of debt owed for each type. In relation to 2016/17, 20 local authorities submitted data for the MAPMF for the former indicator, while 29 submitted data for the latter. The total amount of debt owed in 2016/17 was £217m. The most common type of debt, in terms of both the number of clients who owed it and the amount owed, was credit, store, and charge card debt.

The full breakdown for each debt type can be seen in the table below.

Rank	Type of Debt	No. Clients	Amount of Debt Owed (£m)	Type of Debt	Rank
1	Credit, Store and Charge Cards	7,096	£40.7	Credit, Store and Charge Cards	1
2	Council Tax Arrears	6,840	£29.8	Mortgage Arrears	2
3	Unsecured Personal Loan	4,531	£27.5	Unsecured Personal Loan	3
4	Rent Arrears	3,894	£20.8	Council Tax Arrears	4
5	Utility Arrears	3,732	£10.5	Benefit Overpayment	5
6	Benefit Overpayment	3,445	£8.6	Rent Arrears	6
7	Overdrafts	2,897	£7.3	Overdrafts	7
8	Catalogue	2,892	£5.4	Catalogue	8
9	Payday Loan and High-Cost Credit	2,279	£4.4	Utility Arrears	9
10	Mortgage Arrears	1,160	£3.7	Rent to Own	10
11	Rent to Own	677	£3.6	Payday Loan and High-Cost Credit	11
-	Other	8,131	£54.7	Other	-

1.5 What are your views about how funding of debt advice could be targeted more directly at the people who need it? What in your view are the most effective ways of targeting advice?

Decisions regarding how to target resources should be evidence-based, and the effectiveness of the delivery should be properly evaluated. Funding should also be aligned with local and national priorities, involving collaboration with other sectors where possible - such as community justice and tackling violence against women.

Research carried out by the Improvement Service, and others,² has demonstrated that embedding advisors in other service delivery settings encapsulates an effective targeted, preventative model. Our [Social Return on Investment \(SROI\) analysis](#) of the embedding of

2 http://www.gcph.co.uk/publications/728_the_deep_end_advice_worker_project_embedding_advice_in_general_practice

advisors in medical practices in Dundee and Edinburgh found that the model facilitated engagement with individuals with debt issues prior to them reaching a crisis point – when they typically would seek advice. A key driver of this engagement was the co-location of advisors in the medical practice, making individuals far more likely to attend appointments due to the familiarity and practicality. This proved particularly important for the most vulnerable clients: those with disabilities and/or mental health conditions, who we know often require assistance with debt issues (see response to question 1.9).

Further Improvement Service research into the impact of embedding advisors in schools and recovery hubs in Edinburgh, and hospitals in Glasgow, is also ongoing. It is likely co-location in these settings will also facilitate early engagement with those who require advice – again, representing a preventative model of service delivery.

1.6 Could more be done to encourage people to seek advice earlier? If so, how and by whom?

It is important that advice services work in partnership with other services to ensure that appropriate referral pathways are in place. For example, health and social care, community justice, tackling violence against women partnerships, and council homelessness departments. The Improvement Service has published a [learning point](#) on referral pathways between the health and advice sectors, which highlights some of the models which exist in Scotland.

Also see response to question 1.5. Investment in service delivery models via which clients' engagement with advice services is facilitated by a trusted intermediary (e.g. a GP) is a proven method via which to target individuals prior to them reaching a crisis point.

Supply

1.8 Can you provide any data about the number of people you have provided with debt advice over the last five years? (Do you track repeat users of your services? If so, please supply data.)

The MAPMF requests data on the number of contacts, new clients, and total clients who have accessed the money advice services. A 'contact' is defined as an enquiry from a person seeking information on a money advice matter. They become a 'new client' if the service takes some form of action to support the individual and/or resolve the issue. The 'total client' figure includes both new clients and clients whose support has continued from the previous financial year.

Scotland-wide figures for contacts, new clients, and total clients from 2014-17 can be seen in the table below. The number of local authorities who reported on the indicators in each year is denoted in brackets. Data has been excluded where it is thought to be inaccurate. For example, in the initial years of recording, some local authorities included welfare rights advice clients in some figures. It should also be noted that several local authorities have highlighted that the figures submitted for the total client indicator are underestimated.

	2014/15	2015/16	2016/17
Contacts	82,543 (19)	106,089 (26)	111,231 (29)
New Clients	-	48,206 (28)	49,565 (28)
Total Clients	-	-	59,641 (29)

1.9 Can you provide any data about the demographic profile and geographic distribution of the people you provide with debt advice?

Data is collected from money advice services funded by local authorities in Scotland on a number of demographic indicators as part of the MAPMF. The findings, on a Scotland-wide basis, are outlined below.

Sex

According to the 31 local authorities who submitted data in relation to 2016/17, 58% of money advice service clients were female and 42% were male.

Age

The breakdown of clients by age bracket in 2016/17, which was reported by 29 local authorities, can be seen in the table below. The data suggests that those aged 45-59 are most likely to seek money advice.

Age	Percentage of Clients
0-15	0.5%
16-24	8.5%
25-34	19.5%
35-44	21%
45-59	26.5%
60-74	13.5%
75+	10.5%

Ethnicity

Thirty-one local authorities provided data relating to the ethnicity of clients who accessed money advice services in 2016/17, for which the full breakdown can be seen in the table below. The majority of clients were from the 'White' ethnic group. It should be noted, however, that the other ethnic groups are disproportionately represented as clients of money advice services, in comparison to the make-up of the Scottish population.³

Ethnicity	Percentage of Clients
White	89%
Any Mixed or Multiple Ethnic Group	1%
Asian, Asian Scottish, or Asian British	5%
African	3%
Caribbean or Black	0.5%
Other Ethnic Group	1.5%

³ <http://www.gov.scot/Topics/Statistics/16002>

Disability or Long-Term Condition

Data submitted by 29 local authorities suggests that 53% of clients accessing money advice in 2016/17 reported having a disability or long-term condition. To set this finding in context, around 20% of the Scottish population reported having a disability or long-term health issue.⁴

Household Income

According to the 30 local authorities who submitted data on this indicator, 31% of clients accessing money advice services in 2016/17 had a household income of less than £6,000, 50% less than £10,000, and 90% less than £20,000.

The full breakdown of clients by household income bracket can be seen in the table below.

Household Income	Percentage of Clients
£6K or less	31%
£6,001 – 10K	29%
£10,001 – 15K	19.5%
£15,001 – 20K	11%
£20,001 – 25K	4.5%
£25,001 – 30K	2.5%
£30,001 – 40K	1.5%
£40K+	1%

Economic Status

According to data submitted by 31 local authorities, 41% of clients accessing money advice in 2016/17 were employed or permanently retired from work, compared to 14% who were unemployed and seeking work, and 34% who were permanently sick or disabled or suffering from a short-term illness or injury.

The full breakdown of clients in relation to economic status can be seen in the table below.

Economic Status	Percentage of Clients
Self-employed	2.5%
Employed full-time	15.5%
Employed part-time	12%
Looking after the home or family	6.5%
Permanently retired from work	10%
Unemployed and seeking work	14%
At school	1.5%
In further education	0.5%

4 <http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Disability/DisabPopMig>

Economic Status	Percentage of Clients
Government work or training scheme	0.5%
Permanently sick or disabled or have a short-term illness or injury	34.5%
Other	3%

Housing Tenure

Data submitted by 31 local authorities suggests that the majority of those accessing money advice in 2016/17 lived in social-rented accommodation (53%). This was followed by 18% who were home owners, 15% who lived in the private-rented sector, and 15% who were recorded under 'Other'. Local authorities reported that those recorded under the 'Other' category included clients who were homeless or living with family and friends.

Household Composition

According to data submitted by 30 local authorities, the largest group of clients who accessed money advice in 2016/17 were single adults (51%). The second largest group was single parents (17%), followed by families (15%), then adult families (14%).

The full breakdown of clients by household composition can be seen in the table below.

Household Composition	Percentage of Clients
Single adult	51%
Single pensioner	1.5%
Single parent	17%
Family (two adults and one or more children)	15%
Adult family (two or more adults and no children)	14.5%
Older adult family (containing at least one pensioner)	1%

It should be noted that five local authorities who reported on this measure were not able to separate data for the 'single pensioner' and 'older adult family' categories, and therefore included these figures under the 'single adult' and 'adult family' categories, respectively. Clearly, this means that the former categories are underestimated, while the latter are overestimated.

1.12 What are your views about how channel costs can or should change, taking into account your organisation's strategy, shifts in consumer behaviour, and new technologies? Are you able to provide data on cost-effectiveness per channel? (If so, please say how you have defined cost-effectiveness for this purpose.)

The Improvement Service published a report on the [customer journey to money advice](#), which explored the typical experience of clients and provided recommendations.

Face-to-face service delivery is the most resource-intensive and time-consuming channel through which to provide money advice. It is also unnecessary for all clients to receive such a high degree of one-to-one support. Considering the ongoing budgetary pressures faced by money advice services, it is particularly important that resources are used efficiently and that

clients are filtered according to the level of support they require. Transferral of those who can self-serve to other channels would significantly reduce long face-to-face waiting times, and allow money advisors to assist more vulnerable clients who need direct, in-person, support.

It is also noted that there is limited information available at a local level regarding the different channels through which people access money advice. Therefore, additional research and monitoring is recommended in order to build an accurate picture of the channels currently used.

Following the publication of the customer journey report, an indicator tracking the channel through which people contact money advice services was added to the MAPMF. 20 local authorities reported that 70% of clients accessed money advice face-to-face in 2016/17, 19% via telephone, 9% through email, and 2% online.

1.14 What are your views about how funding of debt advice could be more closely linked to better outcomes?

The Improvement Service is supportive of an outcomes-based approach to the commissioning of services, where activities are planned in line with the outcomes to be achieved, and performance evaluated accordingly.

Progress has been made towards developing a shared approach in relation to the measurement of 'softer' client outcomes of advice (i.e. increased health and wellbeing, increased financial resilience) by participation in the [Harmonising Indicators Project](#) and the testing of Toynbee Hall's [MAP Tool](#) with interested Scottish local authorities. These outcomes are central to money advice, and are key to demonstrating its effectiveness. However, they have not previously been measured on a consistent basis, with client financial gain serving as a proxy. Following further consultation, measurement of these softer outcomes will be incorporated in the 2017/18 iteration of the MAPMF.

Beneficiaries

1.18 What are your views about who, other than the individual receiving debt advice, benefits from it? Are you able to provide any data to support these views?

Particular service delivery models have been shown to have a positive impact on other people, aside from the individual receiving advice. For example, the embedding of advisors in medical practices is beneficial for GPs and wider medical practice staff members, as it allows them to spend more time delivering medical interventions.⁵

5 http://www.improvementservice.org.uk/documents/money_advice/SROI-co-location-advice-workers.pdf

2. Addressed primarily to organisations that fund debt advice

Funding

2.1 Can you provide any data about the causes which result in people needing to seek debt advice, which could inform a forecast of how demand might change over the next five years?

See response to question 1.1.

2.4 Can you provide data about the amount of funding you provide for debt advice (of any kind, through any outlet) and which organisations (or types of organisations) it goes to?

In relation to the 2016/17 financial year, all 32 local authorities provided figures for the MAPMF outlining their investment in internal services, which totalled £4.1m. 28 local authorities also submitted figures for their investment in external services, totalling £7.62m. Combined, this indicates a total investment of £11.72m in the provision of money advice by Scottish local government. Due to the four local authorities who did not provide figures for investment in externally-provided money advice, this total investment will be slightly underestimated.

The MAPMF also requests data on the number of internal and external services funded. In 2016/17, 20 internal and 76 external services received investment. Primarily, external funding is provided to Citizens Advice Bureaux, though some local authorities also fund third sector providers of money advice.

2.6 What are your views about how funding of debt advice could be targeted more directly at the people who need it?

See response to question 1.5.

2.7 What are your views about how funding of debt advice could be more closely linked to better outcomes?

See response to question 1.14.

Benefits

2.9 How does your organisation benefit from funding debt advice? Are you able to provide any data to support your views? (Any business case studies or trackers of return on investment / benefits would be particularly useful.)

As part of the MAPMF, local authorities are asked to provide the total financial gain generated for all clients per financial year which resulted from accessing support from money advice services. This includes any income to which clients were entitled but would not have received without the intervention of the money advice service (including benefits/tax credits, refunds, debts written off and grants accessed).

25 local authorities submitted either verified or unverified client financial gain data for 2016/17, which totalled £100.7m. Based on these figures, every £1 invested in money advice service provision in Scotland translates to financial gains of £4-9 for clients.⁶ Some local authorities have commented that improving referral pathways between their Revenues department and money advice services has resulted in a reduction in corporate debt levels.

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6 Using the figures provided for verified financial gain, there is a return on each £1 invested of £4. If the figures submitted for unverified gain are included this increases to a return of £9. The same process was used to determine the return on every £1 invested in both 2014/15 and 2015/16.