

FINANCIAL
INCLUSION
TASKFORCE

**A discussion of policy implications arising from the IFF
money advice research commissioned by the Financial
Inclusion Taskforce**

March 2009

1. Introduction

1.1 In December 2004, the Government identified lack of access to free face-to-face money advice as one of its priorities for tackling financial exclusion, and committed to work with providers to develop proposals for delivering an increase in provision. The Government committed £47.5 million from the Financial Inclusion Fund (FIF) to support an increase in the supply of face-to-face money advice over 2006/07 and 2007/08. Sixteen projects – fourteen geographic and two thematic – bid successfully for the funding, which is administered by the Department for Business, Enterprise and Regulatory Reform (BERR). The projects started delivering advice in April 2006 and the Government has since committed a further £85 million for the ongoing delivery of free face-to-face money advice over the period 2008-11.

1.2 The Financial Inclusion Taskforce was established in February 2005 to monitor, evaluate, and influence the progress of initiatives undertaken by the Government to promote financial inclusion, including BERR's face-to-face money advice project. To inform its work on face-to-face money advice, the Taskforce commissioned IFF research in late 2006 to undertake an assessment of the free-to-client money advice sector.

1.3 This paper identifies the key findings from this research and sets out the Taskforce's position on some of the important issues. The paper highlights implications for the free-to-client money advice sector and identifies areas for further action by the Taskforce.

2. The free to client money advice sector in England and Wales

What is money advice?

2.1 First, it is important to define what the Taskforce means by 'money advice'. 'Money advice' is used to describe problem-solving advice, relating to debts that individuals are unable to afford to repay. This can take the form of general advice on debt problems, including the provision of self-help materials, or it can involve detailed and individualised assistance, including casework support for clients with complex debt problems. The terms 'money advice' and 'debt advice' are often used interchangeably to describe this kind of service. This paper will, where possible, refer to money advice.

Who provides money advice?

2.2 Money advice in England and Wales is provided via face-to-face, telephone and online delivery channels. The following organisations represent networks of free face-to-face money advice providers in England and Wales:

- **Citizens Advice Bureau** - has 426 member Bureaux providing free face-to-face advice, from over 3,200 locations in England and Wales, on debts of all kinds. Citizens Advice estimates that about 521,000 clients received advice on debt problems in 2007/08 in England and Wales.
- **AdviceUK** – has 233 member advice centres that provide money advice across the UK, and these agencies assisted 210,000 people with their debt problems in 2007.

2.3 Other free-to-client face-to-face money advice providers:

- **Local Authorities** – some local authorities employ money advisers to assist clients with council tax/rent arrears, although many are often based within welfare rights units or housing advice teams.
- **Law Centres** – there are around 60 law centres in the UK, many of which offer money advice, which tends to be specialist casework advice.
- **Community groups** – some community groups, local charities and churches, employ money advisers.
- **Solicitors Firms** – 132 solicitors firms had a contract to deliver debt advice at the end of January 2009.
- **Employment/Education based advice** – some employers, colleges and universities have in-house welfare departments that offer money advice.

2.4 The following agencies provide free-to-client telephone debt advice:

- **National Debtline** – is a telephone advice service that provides self-help advice and also assists callers with Debt Management Plans. In 2008, National Debtline assisted 118,000 clients.
- **Community Legal Advice** – is a telephone advice service funded by Legal Services Commission. Community Legal Advice takes calls on a variety of issues, including debt. In 2007/8 it took 166,000 calls and, following a triage assessment, provided 22,000 debt new matter starts.
- **Consumer Credit Counselling Service (CCCS)** – is a charity funded by the financial services industry. Some of its clients benefit from counselling, others need a more structured Debt Management Plan. CCCS answered 267,000 UK callers to its helpline in 2008; and there were 94,000 users of CCCS's online debt management tool, Debt Remedy.
- **Payplan** – provides a free debt management service. Payplan is paid for by the credit industry and is a profit making company. Payplan assisted 102,000 people in 2008.

2.5 All of the agencies listed above also have a presence on the internet to enable people to access advice and self-help materials online.

- The CCCS website received over 700,000 visits in 2006. They have also developed a 'Debt Remedy' software programme to facilitate the provision of free debt advice online. Launched in August 2006, 50,000 clients have now used the online service.
- The Citizens Advice information and advice website - www.adviceguide.org.uk - received over 7.3 million visits in 2007/08.

- The Advice Services Alliance 'advicenow' website www.advicenow.org.uk is an independent, not-for-profit website providing accurate and up-to-date information on rights and legal issues. advicenow website statistics show that people frequently search for information on debt.

3. The Financial Inclusion Taskforce and face-to-face money advice

3.1 The Financial Inclusion Taskforce was established in February 2005 to monitor, evaluate, and influence the progress of initiatives undertaken by the Government to promote financial inclusion, including BERR's face-to-face money advice project.

3.2 On access to money advice issues, the Taskforce was asked by government to identify areas of good practice and gaps in the provision of free face-to-face money advice. To make progress towards this objective the Taskforce commissioned research from IFF Research in late 2006.

The IFF research into free-to-client face-to-face money advice

3.3 The Taskforce originally commissioned IFF Research to establish a pre-FIF baseline of free face-to-face money advice capacity and gaps in provision, against which progress and FIF-funding could then be measured. During the research process, however, it was clear that the objective of establishing a pre-FIF baseline, in terms of the amount of funding received by debt advice organisations, the numbers of money advisers, and the number of clients helped, would not be possible for several reasons:

- At the time of commissioning the research, organisations had already started to receive funding from the FIF; in order to overcome this, data would have had to be collected from the 2005/06 financial year.
- Pilot research exercises indicated that many organisations would not be able to provide data from this period, due to the nature of their data management systems or reporting periods. Furthermore it was apparent that many organisations did not collect and/or collate complete data on the number of advisers, clients and the amount of funding received.

3.4 The Taskforce opted to continue with the research, albeit with different objectives. New objectives were developed, for the financial year 2006/07, to:

- assess money advice supply in England and Wales;
- identify the geographic provision of advice;
- identify the composition of the workforce;
- explore current funding and demand for advice; and
- better understand good practice and innovative approaches to delivery.

Qualifying criteria for inclusion in the research

3.5 **The research was restricted to organisations that provide free face-to-face money advice to casework level¹.** Organisations that provide self-help money advice support only were not included in the survey. The research was also restricted to debt advice provision in England and Wales, as policy and spending on debt advice in Scotland is devolved to the Scottish Government.

¹ Casework is defined as the ability to assist people with multiple debt problems by helping to establish the extent of the problem, agree household expenditure and where applicable negotiate with creditors and/or represent clients in court.

3.6 In May 2008, the Taskforce convened a meeting of money advice stakeholders to discuss the research findings and to invite comments on the key issues facing the money advice sector. This paper presents a summary of the key findings from the research and draws on the discussion with stakeholders and Taskforce members to present the Taskforce's view of the important policy implications arising from the research.

4. Summary of issues and areas for further action

4.1 The report draws attention to a number of issues.

Data

i. Funder targets and data collection demands are not aligned, adding to agencies' administrative burden.

Action: Funders to discuss how they could, as far as possible, align their demands on agencies.

4.2. Plurality of data-gathering agency definitions of "new client", "debt" and "casework". (P.12)

Action: FIT, funders and agencies to agree and imbed definitions.

4.3. Variability across agencies in terms of accessibility of data. (P.8)

Action: FITF and agencies to appraise options for improving data collection.

4.4. No single, consistent source of data on the amount of funding going into the money advice sector. (P.16)

Action: FITF and HMT to consider how a single, public source of funding data might be collated.

Funding

4.5. The roll out of the Community Legal Service (CLS) Strategy, which aims at harmonising local authority and Legal Aid funding, will impact on money advice. (P.15)

4.6. The difference between FIF and LSC funding contracts makes it likely that more complex cases will be dealt with under FIF funding. (p.15)

4.7. Agencies unsuccessful in funding bids are concerned that it may continue to be difficult for them to access public funding. (P.15) Given a trend towards fewer, larger contracts, smaller agencies may be right to be concerned. (P.16)

Action: FITF and funders to map how funding streams interact and seek to identify unintentional consequences from their interaction.

Workforce

4.8. Volunteer recruitment may become more difficult in the future. (P.11)

4.9. A significant share of the workforce is nearing retirement. [Though this does not necessarily translate into a higher turnover.] (P.10 and 11)

Action: Policy makers to note.

Customer view

4.10. Plurality of agencies, many little-known, makes it difficult for people in England and Wales to identify the nearest or most appropriate source of advice. Money Advice Scotland, by contrast, has developed a database of free and impartial money advice agencies, searchable by postcode. (P.8)

Action: FITF to consider how best to make it easy for people to identify a service or services appropriate to their needs.

4.11. The research suggests that clients would find it helpful if money advice was linked to money guidance and accessible financial services. (P.19)

Action: FITF and funders to continue to consider how funding for money advice and money guidance should be allocated.

5. Key findings from the IFF research

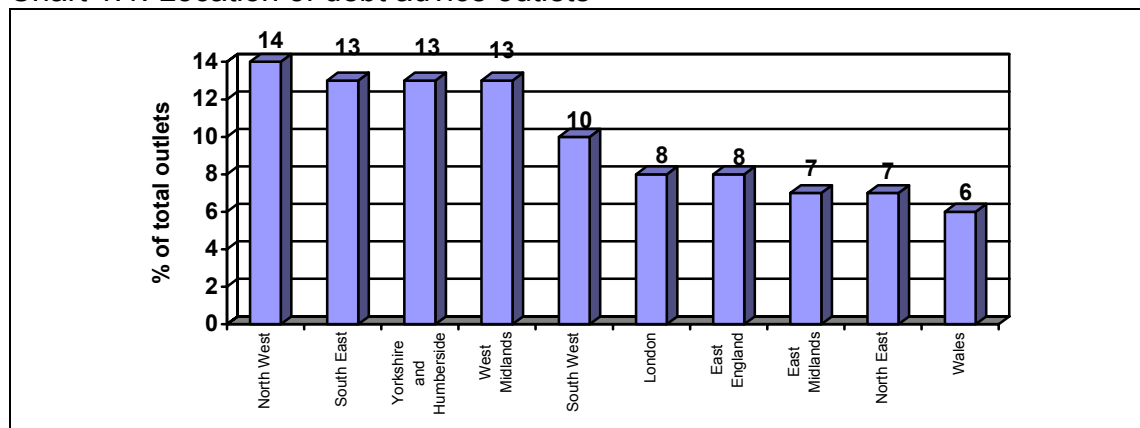
Debt advice organisations

Where is debt advice available?

5.1 The research estimated that there are 1000 organisations providing free face-to-face debt advice to casework level in England and Wales.

5.2 Debt advice outlets, including main offices, are spread throughout England and Wales with the highest proportions found in the North West, South East, Yorkshire and Humberside and West Midlands.

Chart 1.1: Location of debt advice outlets



5.3 Nearly two thirds of respondents reported that they provide face-to-face debt advice at more than one location, with over one third of respondents providing advice at 3 or more outlets.

5.4 Having multiple outlets was more than twice as common amongst Citizens Advice Bureau (CAB) (85%) than non-CAB respondents (35%).

5.5 The majority of main offices were open for less than 30 hours per week (79%) and half were open for 20 hours or less (51%). CAB were more likely than non-CAB respondents to be open for 10-30 hours per week (73% compared with 41%) and less likely to be open for fewer or more than 10-30 hours per week.

5.6 What types of organisations are offering debt advice?

Citizens Advice Bureaux accounted for over half of all providers of free face-to-face debt advice in the research. The research reported that the next most common type of organisation providing debt advice was independent advice agencies (25%), the majority of which belonged to the AdviceUK network.

5.7 The research estimates that Citizens Advice Bureaux account for 43% of the estimated total of organisations providing free face-to-face debt advice to casework level in England and Wales.

5.8 The vast majority of respondents (87%) provide both face-to-face and telephone based advice.

What type of advice services are offered by agencies?

5.9 To be eligible for inclusion in the research agencies had to offer help with debt through casework support. In addition to this, 80% of agencies also offer general advice on debt, with referral to other agencies as appropriate for further specialist advice. The likelihood of providing general advice varied significantly by type of organisation; all CAB offer such general advice, whereas only 57% of non-CAB organisations offer general advice.

5.10 Respondents who received funding specifically for debt advice for the 2006/07 financial year were more likely to provide general advice, including referral to specialist services (87% compared to 72%).

5.11 Respondents who received FIF funding were also more likely to provide general advice, including referral to other agencies (92%) compared to those who received funding from other sources (82%).

Questions / issues arising from the data

5.12 An Advice Services Alliance paper on access to advice in the wider advice sector suggests that opening hours for new enquires at CAB agencies ranged from ten to 30 hours per week, with the majority being in the region of 20 hours. The research also noted that attendance by prior appointment was also possible both within and outside the hours noted above – although there was relatively little provision for appointments outside of traditional ‘office hours’.²

5.13 Although the research shows that a large proportion of agencies offer telephone advice alongside face-to-face advice, face-to-face was seen as the main method for providing advice (96% of respondents); with telephone perceived as a secondary channel by most agencies.

Implications for the sector

5.14 Data on the location of free face-to-face debt advice agencies is readily available for AdviceUK and Citizens Advice agencies, however, information for other non-network affiliated advice agencies is not as easily accessible.

5.15 Money Advice Scotland has developed a database of free and impartial money advice agencies which enables people to search, by postcode, for their nearest money advice agency. The Taskforce would be keen to see the free-to-client money advice sector build on the IFF research and develop a shared and publicly accessible database of all the agencies that provide free face-to-face debt advice in England and Wales. This would enhance the customer experience and ensure that people in debt can find their nearest debt advice agency, regardless of the network affiliation.

Taskforce action

5.16 A separate mapping project is being undertaken, on behalf of the Taskforce, to map the location of financial services, including money advice outlets, bank and building society branches, Post Offices and ATMs against the prevalence of financial exclusion. The outputs from this mapping work are being utilised by the new financial inclusion Champions and will be publicly

² It must be noted that this was qualitative research and, therefore, had a limited sample size.

available shortly. The mapping of the money advice outlets utilises locational data from AdviceUK, Citizens Advice and IFF research. The mapping work will assist the Taskforce in identifying whether there are any gaps in money advice provision in the UK.

The people that are delivering debt advice

5.17 The research estimates that there are approximately 3,800 specialist paid advisers and 2,700 specialist volunteer advisers providing free debt advice in England and Wales. This equates to around 3,900 full-time equivalent (FTE) specialist debt advisers, as many advisers, particularly amongst the volunteer cohort, do not work full time.

5.18 The AdviceUK network accounts for two-fifths of all FTE specialist debt advisers in England and Wales and CAB staff account for approximately one-third of all FTE debt specialists.

5.19 Overall, the average number of paid specialist debt advisers per organisation is 3.4 and the average number of FTE paid specialist debt advisers per organisation is 2.7. Although, 17% of organisations reported that they do not employ paid specialist debt advisers.

5.20 Over half (56%) of respondents do not have any volunteer specialist debt advisers. Those organisations that have volunteer specialist debt advisers have an average of 3.0 volunteer debt advisers per organisation. However, the average number of FTE equivalent debt advisers is 0.5, due to the very high proportion of part time volunteer specialist debt advisers.

5.21 Smaller organisations (those with less than 1 paid FTE debt adviser) on average see a higher number of new clients, number of debts and number of people provided with casework per FTE adviser than larger organisations.

5.22 Over half the organisations in the research (55%) have paid advisers who provide debt advice, but are not specialists in the field of debt advice, and three in five organisations (61%) have volunteers who work this way. These advisers tend to be known as 'generalists' or 'non-specialists'. CAB are more likely than non-CAB organisations to have paid 'generalists/non-specialists' who provide debt advice (60% compared to 49%), and much more likely to have volunteer 'generalists/non-specialists' who provide debt advice (84% compared to 28%)

5.23 Data from the money advice sector suggests that the age profile of staff in the sector is heavily skewed towards an ageing profile. The situation is more acute when looking at volunteer staff, of which the research highlights there are 2,700 volunteer specialists. The Citizens Advice Bureau Information Survey 2006/07 reports that 60% of CAB volunteer debt advice specialists are over the age of 55.

Questions / issues arising from the data

5.24 The research highlights the important role that non-specialist / generalist debt advisers play in the delivery of debt advice in England and Wales. Over half the organisations in the research have paid advisers who provide debt advice, but are not specialists in the field of debt advice, although the research does not explore the proportion of their time that is spent resolving debt advice issues.

Implications for the sector

5.25 The money advice sector needs to plan carefully with such a large share of the workforce nearing retirement and work to address the recruitment and retention difficulties that agencies face. The extent to which these workforce challenges may impact on service provision now and in the future is unknown. The concern is that the sector may be approaching a staffing cliff-edge if it fails to recruit younger workers to adviser posts.

5.26 The National Occupational Standards (NOS) for legal advice report, *Advice Forward: developing skills for the future*³, suggests that volunteer recruitment is likely to become more difficult in the future. This is as a result of more people remaining in paid employment for longer, due to changes in age discrimination legislation, and the economic necessity to work beyond traditional retirement age.

³ *Advice Forward: developing skills for the future*, National Occupational Standards for legal advice, 2006.

The debt advice service

Who is helped?

5.27 Most agencies and all CAB provide a full service and do not restrict their debt advice provision to specific groups or type of debts. However, one third of non-CAB respondents restrict their service to particular groups of people, such as students, black and minority ethnic groups or refugee/asylum groups.

How many people are helped?

- Most agencies dealt with fewer than 600 new clients in the 2006/07 financial year (57%), but one-tenth of respondents dealt with more than 2,000. CAB agencies reported much higher volumes of new clients than non-CAB respondents – two-fifths of CAB saw more than 1,000 last year.
- On average 200 new clients per organisation were funded by the FIF. The FIF funded approximately 3%⁴ of all new clients.
- Around half (51%) of new clients were provided with casework (i.e. tailored support on an ongoing basis as opposed to more general 'one-off' advice) in 2006/07. Most organisations provided casework to fewer than 400 people last year (67%). CAB report higher volumes of casework provision; each CAB provided casework to an average of 500 people, compared to an average of 400 amongst AdviceUK agencies. Although it should be noted that both CAB and AdviceUK agencies provided 200 clients with casework per FTE adviser.

Questions / issues arising from the data

- The research highlights confusion and uncertainty around how different agencies define a 'new client', 'debt' or 'casework'. As a consequence, the breakdown of results for the numbers of new clients, debts and casework differs somewhat from information that is held by each of the main umbrella advice agencies.
- The research shows that the mean number of debts per CAB agency is 3,500. There are 432 Bureau in England and Wales, which means that there are 1.51 million debt problems. This is lower than the Citizens Advice public figure of 1.7million debt problems in 2006/07.
- AdviceUK have suggested that the average number of debts for each organisation appears to be very low, in particular given the average number (1000) of debt clients seen. The research suggests that the average debt advice client has 2.6 debts. Information provided by AdviceUK for the OFT Consumer Credit licence suggests that the average number of debts per client is just over 8. Although, the average number of debts per casework is 6.5, which is closer to the expected figure.
- The Scottish Government has successfully worked with advice providers and local authorities to develop common national standards for the advice sector in Scotland.

Taskforce action

- The Taskforce believes that a common standardised recording and monitoring system for England and Wales would enable the sector to

⁴ Citizens Advice consider that this estimate may be slightly high. Citizens Advice reported 540,000 new clients in 2006/07, of which 14,500 were FIF-funded.

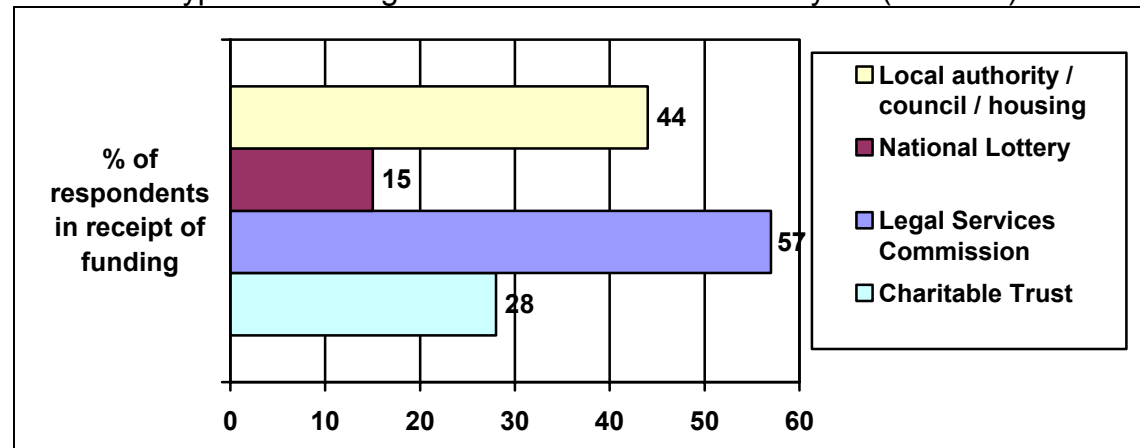
better assess provision and demand. Data exists, but it is not collected in a consistent and standardised format. The Taskforce would like to see the sector and funders make progress towards this aim.

- The Taskforce, however, recognises that a lot of monitoring requirements are driven by funders, of which Government is the largest funder. The Taskforce believes that a piece of mapping, which identifies the monitoring requirements for the different major funding sources, would be an extremely useful tool, as this could be used to identify the key requirements (transferables) that all funders require. The Taskforce will commission this research work in early 2009.

Funding for debt advice

- The Legal Services Commission (LSC) and local authority funding sources, including social housing organisations, were the most frequent funding sources, 57% and 44% respectively.
- 15% of organisations received funding from the National Lottery, with an average grant size of £45,000.

Chart 4.1: Types of funding received in the last financial year (2006/07)



- Amongst organisations that had received specific funding for debt advice, on average the total amount of specific debt advice funding received for the financial year 2006/07 from all sources (excluding FIF) was £77,000.
- The research suggests that over a third (37%) of advice providers received funding from the FIF – with respondents receiving, on average, £57,000 from the FIF. Organisations in the North (60%) and those in the Midlands (54%) were most likely to have received FIF funding, whereas those in the South East/ East regions were least likely (17%).
- Those organisations that received FIF funding, on average, received a higher level of funding from other sources (£94,000) than those that had not received FIF funding (£59,000).
- Two-thirds of organisations (64%) used some of their general funding to provide debt advice; this general funding is separate to the funding they received specifically for debt advice. Organisations that used some of their general funding used £57,000, on average, for debt advice.
- Overall, when taking into account specific and general funding used for debt advice, each agency used £96,000, on average, for the provision of debt advice in 2006/07 (excluding FIF funding).
- At the time of the research, one in ten organisations (11%) had either received or been promised new sources of funding specifically for debt advice, i.e. from sources which had not provided them with funding in 2006/07. CAB agencies were more likely to have secured new sources of funding (15%) than non-CAB organisations (8%). This does not mean, however, that the vast majority of organisations (89%) did not have funding for future years, simply that they were not expecting to receive funding from organisations that did not fund them in 2006/07.
- Some non-CAB respondents, particularly those who were also not part of the AdviceUK network, had tried to apply for funding from places such as the FIF and LSC, but their bids had been rejected. Some were concerned

that the future of their service will be compromised without the ability to successfully apply for statutory funding.

Questions / issues arising from the data

- The finding that local authorities are significant funders of debt advice services is important, as there is continued anecdotal evidence, which isn't borne out by data, that local authorities are less willing to fund money advice services as a result of FIF-funding. Two evaluations of BERR's FIF-funded money advice project have not highlighted any examples of direct local authority funding displacement as a result of the FIF-funding. In the Stage Two evaluation, some agencies provided examples of cuts in local authority debt advice funding, but acknowledged that this may have happened anyway, and may not have been a direct result of FIF funding.
- It is not surprising that the LSC is highlighted as the most frequent source of debt advice funding. The prominence of LSC funding highlights the need for the sector, and the Taskforce, to better understand the impact that the roll out of the Community Legal Service (CLS) Strategy, which aims to harmonise local authority and Legal Aid funding, will have on the future funding and delivery of money advice services. The Taskforce notes, with interest, that MoJ are currently undertaking a study to assess the impact of legal advice at the local level.
- Furthermore, the changes in LSC funding and contracting introduced in October 2007 may be having an impact on delivery of FIF-funded advice. The BERR Stage One evaluation reports that, "even under current contracting arrangements (prior to October 2007), agencies with FIF and LSC contracts appeared to be passing more complex cases from LSC to FIF advisers, to take advantage of the greater flexibility that the FIF contract offers".⁵
- The recent Stage Two evaluation of BERR's project reports that many centre managers and advisers working in FIF-funded organisations that had an LSC contract noted that clients eligible for means tested funding were directed to a LSC adviser in the first instance
- The Stage Two evaluation also highlighted that site visits to some participating organisations showed that clients with more complex needs were referred directly to FIF debt advisers, rather than debt advisers from other funding streams such as LSC.⁶ These examples highlight the need to better understand how funding sources interact at the local level.
- The research also shows that 15% of agencies lost a reliable and large funding source (£45,000 per organisation in receipt of funding) when the Big Lottery Fund made the deliberate decision to exclude debt advice from the first round of its Advice Plus programme. Although round two - £20m - was made available for the provision of legal advice services, which could include debt.
- The research reports a relatively low proportion of agencies in the South East/ East that have received FIF-funding. [There are FIF-funded projects that operate in both the East of England and the South East – these projects involve around xx agencies.]

⁵ <http://www.berr.gov.uk/files/file41405.pdf>

⁶ <http://www.berr.gov.uk/files/file48586.pdf>

- The research appears to show a correlation between FIF funding and broader service provision. FIF-funded agencies are more likely to provide general advice, including referral to specialist services, provide online advice, have a higher number of paid and FTE specialist advisers, have non-specialist advisers and receive a higher level of funding from other sources. FIF-funded agencies are also less likely to restrict service provision.

Implications for the sector

- There is no single source of consistent data on the amount of funding going into the money advice sector. This information is critical to ensure that changes in funding can be accurately measured on an annual basis and tracked over time. The Money Advice Trust Information Hub is now up-and-running and may provide a vehicle for the collation of data on funding, but only if the data provided is standardised and consistent.
- The research shows that some agencies are concerned that without the ability to successfully apply for statutory funding, the future of their service will be compromised, as charitable sources are thought to be dwindling. Given that the trend, particularly for the LSC, the largest funder in the research, is towards fewer, bigger contracts, the impact of this shift on local delivery of advice needs to be better understood.

Taskforce action

- The research highlights the complexity of debt advice funding and emphasises some of the challenges of managing multiple funding streams. Allocating clients to the most appropriate funding source and differences in monitoring and reporting requirements of the various funding streams are seen as time-consuming administrative issues. The three major government funding sources, FIF, LSC and local authority, are not aligned and this exacerbates the difficulties that local agencies experience in administering and recording delivery and assessing performance. The Taskforce considers that there is a strong case for government exploring options for better aligning and/or coordinating these funding sources.
- The Taskforce notes that government has announced its intention to mainstream financial inclusion activity, including support for debt advice, post-2011. The Taskforce considers that it will be extremely important for coordinated discussions to take place in Summer 2009 with interested stakeholders, including government departments and money advice networks, to manage this process efficiently and effectively. The Taskforce is currently developing a work programme to inform work on mainstreaming of money advice over the coming months.

6. Demand – waiting times, demand management and future demand for debt advice

- Given the time-lag between data collection - Summer 2007 - and production of this policy report, it is perhaps unwise to read too much into the figures for demand. Nonetheless the research does identify some interesting findings.
- Lengthy waiting times were often described as being very demoralising and/or stressful for staff, particularly volunteers, as well as having a negative effect on clients. Organisations that are not CAB were more likely to have shorter waiting times; 30% of non-CAB organisations reported clients having to wait on average longer than one week, compared to two thirds of CAB (68%).
- Waiting times are shortest in London (24% of clients were seen within 1 or 2 days) and longest in the East of England, where on average only 2% of clients saw a caseworker within 1 or 2 days of their initial contact.
- The research shows that average waiting times do not appear to be significantly affected by the size of organisations.
- The majority of organisations (67%) identified using measures to manage the demand for free debt advice within the last financial year. Such measures were more common among CAB (77%) than among other types of organisations (57%).
- Organisations mentioned two common ways in which they manage demand for their services. 43% of respondents provide and emphasise the self-help materials and packs that they produce (including information provided on websites), and 42% of organisations mentioned that they refer clients on to other agencies and providers (such as local providers, PayPlan, CCCS or National Debtline) to manage demand.
- The consensus amongst advice providers of all type was that over the next two years demand for debt advice will either increase (84%) or stay roughly the same (16%). Respondents mentioned that a variety of factors will contribute towards an increase in demand, but the key driver will simply be an increase in indebtedness across society as a whole. Housing and mortgage issues, such as interest rate rises and pension issues, along with ongoing relatively easy access to credit were cited as important factors.
- Furthermore, many advice providers, particularly CAB, mentioned that they expected that the nature of debt problems to change and focus more on the issues highlighted above, i.e. respondents were expecting to deal with more credit card and secured loan debts (24%), and bankruptcy cases/queries (20%).

Questions / issues arising from the data

- Recent information from Citizens Advice shows a 5% increase in demand for debt advice, although this clearly masks differences in demand for specific services. Enquiries about mortgage and secured loan arrears are up while enquiries for consumer credit issues remain high, but demand is relatively static.
- The FIF-funded projects have also reported anecdotally that waiting times have increased in recent quarters. It should be cautioned, however, that waiting times are only part of the picture on demand, although they are a

useful indicator. It is also important to consider how agencies configure their services to maximise efficiency and optimal results for the client.

- As mentioned earlier, a common and standardised system of monitoring demand would greatly improve data provision and analysis and lead to more coordinated advice planning and provision.

7. Good practice and innovative approaches within the sector

- One third of agencies (36%) identified being involved in some form of partnership working. Larger agencies were more likely to be involved with partnerships; two-thirds of agencies (64%) with more than two paid full-time equivalent advisers had some form of partnership compared to 28% of smaller respondents.
- One third of agencies (35%) explicitly stated that they provide clients with financial education, capability or planning assistance above and beyond the help they provide on the specific issue(s) with which clients present. This is more likely with larger agencies; 55% of respondents with more than two paid full-time equivalent advisers reported providing financial education.
- 12% of respondents mentioned that they run their own courses on financial literacy, and almost as many (9%) visit schools, colleges or student unions to deliver financial education.
- Some organisations highlighted the importance of supplementing their core service by using technological approaches to enable them to 'stretch themselves further' and maximise the amount of clients they are able to assist through a limited number of advisers.
- The qualitative research also highlighted that CAB believe that having standardised procedures such as the Common Financial Statement, Legal Services Contract and case management systems is very beneficial.

Questions / issues arising from the data

- Partnerships were most common with credit unions (20% of respondents). Research on the effectiveness of credit unions and money advice providers working together concluded that linking credit unions and money advice is an innovative area of financial inclusion policy and practice; referrals from credit union to advice agency and vice versa raise complex and challenging issues, but they are at the heart of successful partnership work. Further, money/debt advice, together with access to affordable financial services, needs to be linked to money guidance, financial capability work, and income maximisation measures.⁷
- The question in the research on partnership working was open-ended and as a result responses were extremely varied. Agencies reported joint-working with other advice providers, local service providers, including local authorities, charities, prisons and probation services, schools, Primary Care Trusts and social services, and organisations working to tackle financial exclusion. A more tightly defined question with set answers could have been more valuable and might have resulted in more than 36% of agencies responding on the subject of partnership working.

Taskforce action

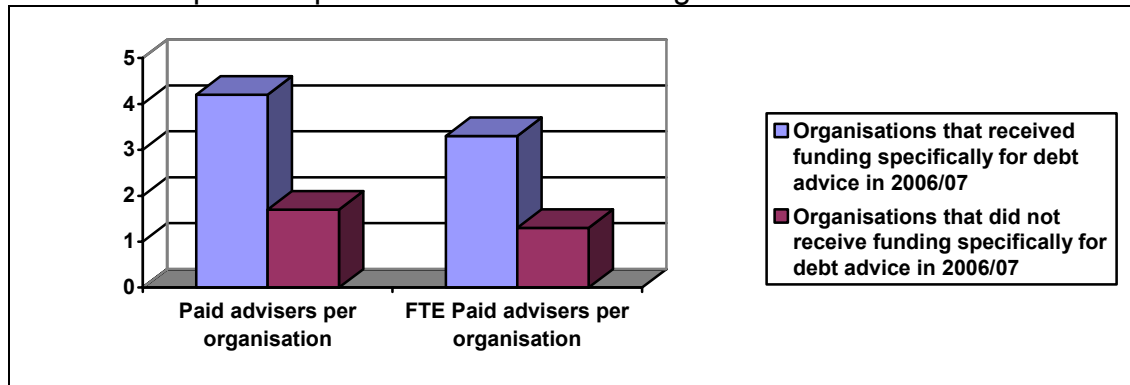
- The research also shows that many respondents consider financial education, including budgeting and capability training, to be a key element in delivering the best possible debt advice service. It will be important for the Taskforce to monitor progress with the financial capability pilot, which is being delivered as part of BERR's face-to-face debt advice project.

⁷ http://www.ljmu.ac.uk/HEA/HEA_Docs/Blackfriars_Report.pdf

7. Growth of the sector

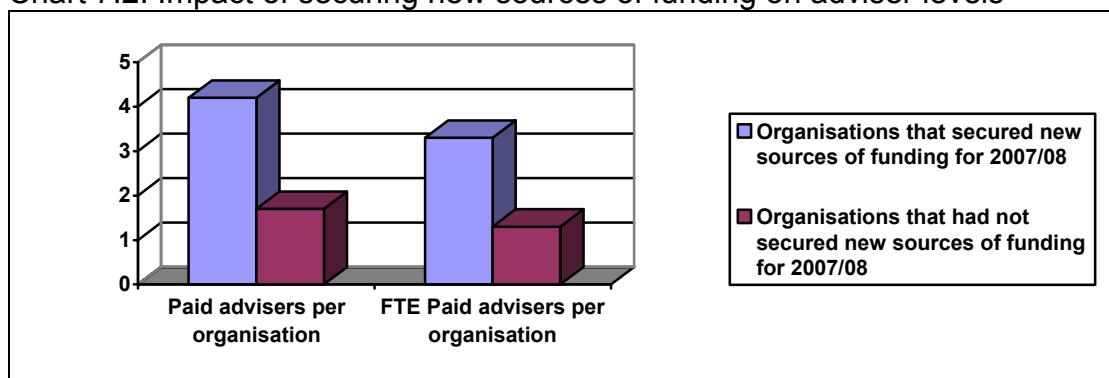
- Organisations that had received funding specifically for debt advice during 2006/07 had a higher than average number of both paid advisers and FTE paid advisers (4.2 and 3.3 respectively) than those organisations who had not received specific funding (1.7 and 1.3 respectively).

Chart 7.1: Impact of specific debt advice funding on adviser levels



- Organisations that had secured new sources of funding for 2007/08 had greater numbers of paid staff (average 6.3 and average 4.9 FTE) compared to those who have not secured new sources of future funding (average 3.0 and average 2.4 FTE).

Chart 7.2: Impact of securing new sources of funding on adviser levels



- Organisations with FIF funding had a higher number of paid advisers and FTE paid advisers (5.0 and 4.0 respectively) than those who received debt advice funding from other sources (3.0 and 2.3 respectively).
- Organisations that had received funding specifically to provide debt advice for the year 2006/07 were less likely to restrict their service provision than those who have not received funding specifically to provide debt advice (6% vs. 25%). This is the case whether funding had been received from FIF or alternative sources.
- The average number of new clients seen per FTE per annum is higher in CAB organisations (average of 700) compared to non-CAB respondents (average 200). The Taskforce have expressed concerns that this apparent difference by organisation type reflects differences in understanding of the terms used in the questionnaire since the Taskforce believes that the client profile of CAB and AdviceUK agencies is broadly similar.

Questions / issues arising from the data

- It is not possible to say from the research findings whether larger organisations are more likely to be successful in securing future funding, or whether future funding is what enables organisations to have a larger number of paid advisers. The research was not commissioned to look at issues and variables that may be affecting the growth or development of the sector, it is therefore difficult to draw too many firm conclusions from the research. They are nonetheless interesting findings and perhaps merit further investigation.

8. Conclusion

The main purpose of the money advice survey was to establish a pre-FIF baseline. Although this was not possible for a number of reasons, the research has provided an extremely useful snapshot assessment of money advice provision in England and Wales, including the composition of the workforce, funding and demand for debt advice and information on evolving good practice / innovative approaches within the sector.

The research has, however, highlighted the difficulties in obtaining standardised sector-wide data relating to new clients, debts and casework. It will be important for the sector to engage in discussions with funders to explore the potential options for standardising recording and reporting requirements for output/outcomes and demand.