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# Financial capability and debt advice

IFF Research

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# INTRODUCTION

## THE SINGLE FINANCIAL GUIDANCE BODY

*Bringing together the provision of debt advice, money guidance and pensions guidance under one roof to help people make effective financial decisions throughout their lives*



# OUR PURPOSE

The new Single Financial Guidance Body has five core functions:

- **Pensions Guidance** – to provide information to the public on matters relating to workplace and personal pensions
- **Money Guidance** – to provide information designed to enhance people's understanding and knowledge of financial matters and day-t-day money management skills.
- **Debt Advice** – to provide people in England with information and advice on debt.
- **Consumer Protection** – enabling the SFGB to work with Government and the Financial Conduct Authority in protecting consumers.
- **Strategy** – work with the financial services industry, devolved authorities and the public and voluntary sectors to develop a national strategy to improve people's financial capability, help them manage debt and provide financial education for children and young people.

- **Background and methodology**
- **How providers are thinking and talking about integrated advice**
- **Different models and types of integrated advice**
- **Barriers, enablers and evidence of delivering integrated advice**
- **Conclusions**
- **Next steps**

# Background and methodology

# Background

MAS wants to explore the integration of debt advice and financial capability interventions. MAS have identified there are higher breakage rates in the early stages of repayment solutions, and it is common for debt clients to become repeat clients. It is hoped that increasing the financial skills and confidence alongside the provision of debt advice will reduce the chance of service users re-entering the debt cycle. The research aimed to explore what models of integrated advice are being used already, what evidence is available about the impact of integrated advice, and where are the gaps in the available evidence?

# Methodology



▲  
**5 in-depth interviews** with experts on debt and financial capability provision  
July 2018



▲  
**Desk Research**  
Exploration and cataloguing of evidence on debt and financial capability advice  
July-October 2018



▲  
**Call for Evidence**  
Disseminated via an online link to providers of debt and financial capability advice  
August – October 2018

# How providers are thinking and talking about integrated advice

## *“Integrated” advice (our definition)*

Advice that includes regulated debt advice, as well as advice focussed on increasing long-term financial confidence and capability.

The two types of advice can be provided by different organisations, but a referral process must be in place from one to the other (not simple signposting).



## Influences on delivering integrated debt advice initiatives

- Reasons for integrating debt advice and fincap support were driven by a desire to address clients' needs more holistically or effectively, or address a local or other wide-ranging need
- Providers often delivered debt advice with other services e.g mental health and employment according to individual needs
- There was limited evidence of other factors influencing providers to focus on, or to develop, integrated advice programmes

# **Different models and types of integrated advice**



24

**Integrated programmes identified**  
*(all included regulated debt advice)*



7

**Similar programmes were identified that included 'light touch' guidance on debt**  
*(this is not included in this presentation of the evidence)*

## Integrated advice models



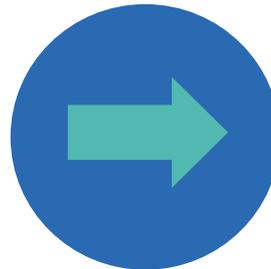
Interventions were relatively evenly split between those where financial capability led to debt advice, those where debt led to fincap and those where both were offered at the same time.



The majority mentioned **one-to-one, face-to-face** interaction with an advisor who could tailor the service to the clients' needs. Many used workshops in addition to this.



**Co-location** tended to be more commonly mentioned than separate sites (though the description of several programmes did not specify).



Commonly received referrals from **housing associations, local authorities and partnerships organisations**. Some did community outreach to find participants.

# Timing of integrated interventions

A quarter of all programmes were designed to offer assistance throughout the debt journey, though some did target specific points:



Fewest mentioned integrated advice preventatively. It tended to be through:

1. Referrals
2. People responding to marketing

✓ Hoped it could prevent debt crisis

✗ Poor judges of own knowledge means difficult to recruit

Help at the at crisis point was most commonly mentioned.

✓ Might find it easier to stick to a repayment plan

✓ Client focussed on their debt

✗ Considerable amount of stress and would not be able to 'take in' guidance

Help during recovery was by in large offered as a continuation from help received at crisis point. Only one intervention solely targeted this stage

✓ Motivated by memory of stressful period

✗ Disengage once debt brought under control

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Consensus from stakeholders:  
there is no 'one size fits all' approach

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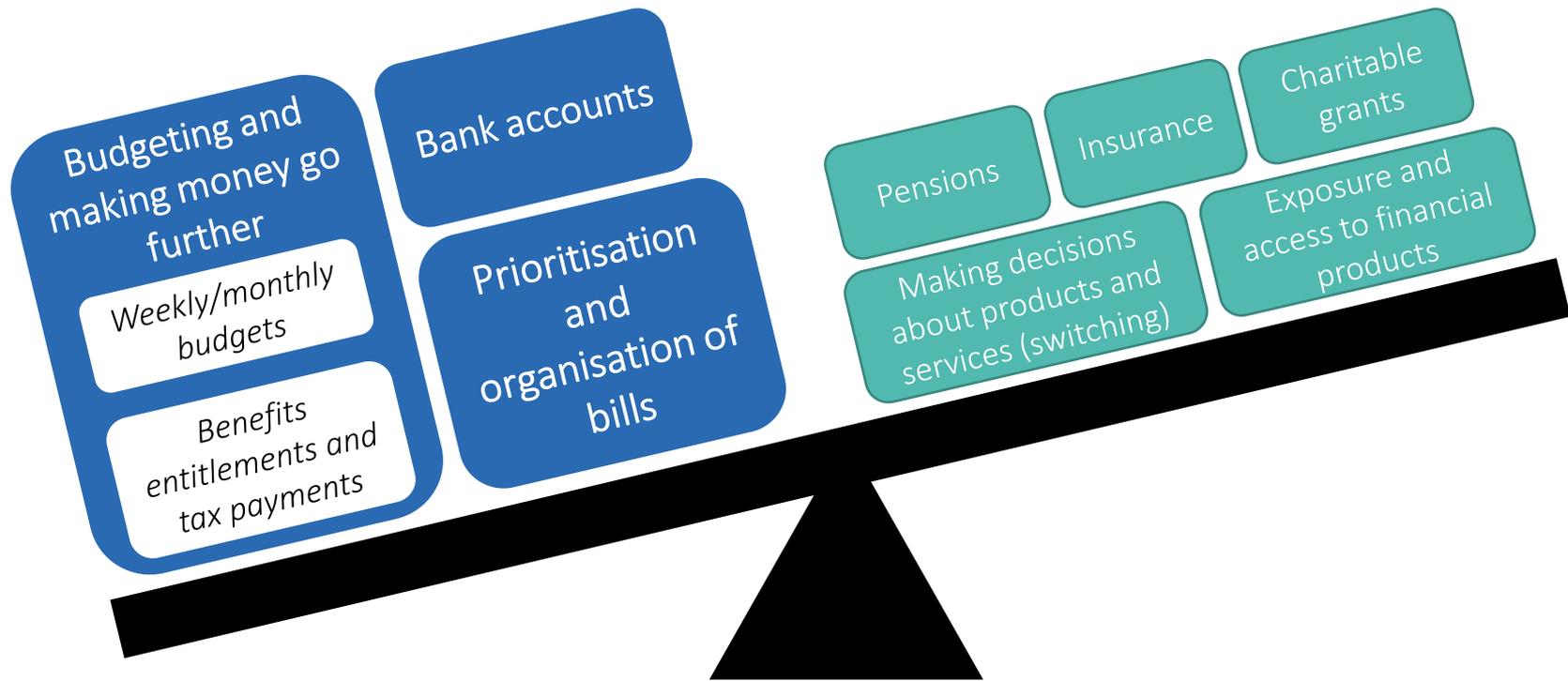
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# Types of financial capability offered during integrated interventions



Some interventions targeted specific groups e.g. social housing:

- Building financial confidence
- Reducing rent arrears
- Reducing possibility of eviction

# **Barriers, enablers and evidence of delivering integrated advice**

# Barriers to delivering integrated debt advice:

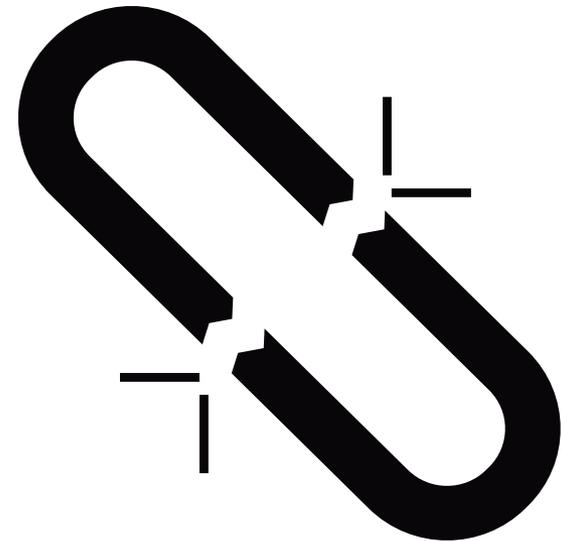
## 1. Resourcing

- Assumption that integrated advice would be provided by one organisation
- Adding a fincap element would increase time with each client
- Reduce number of clients seen and debt amount written off
- Could jeopardise chances of meeting funding criteria or getting future funding
- Difficult to recruit advisors with skills and knowledge to provide both debt and fincap advice



## Barriers to delivering integrated debt advice: 2. High drop-out rates / reduced engagement

- Once the initial debt has been dealt with, customers can struggle to stay engaged with further financial learning
- Moving between different advisers or physical locations to receive advice can mean people drop out of the service
- Those requiring help with debts are often in vulnerable or hard-to-reach groups which can increase risk of drop-out
  - Mental health conditions
  - Geographically isolated
  - Chaotic lives



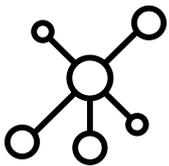
# Enablers of delivering integrated debt advice:

## 1. Holistic approach

**A common theme across providers was that a client should be dealt with as holistically as possible, so that advice is tailored to their needs and offered in a way, and at a time, suitable for them.**



Consistent advisor over time, building up a picture of the person's needs and circumstances and building trust



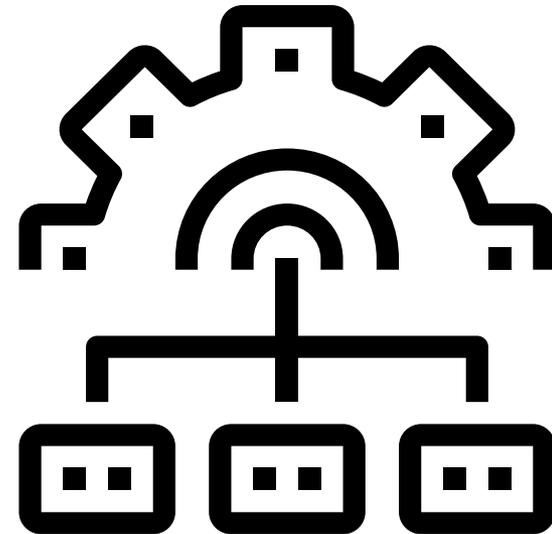
Advisor awareness of myriad of factors that can be contributing to a person's lack of financial capability or ongoing debts – especially mental health awareness



Organisation to provide (or signpost / refer to) wide variety of services such as housing / employment / wellbeing advice, food vouchers, translators

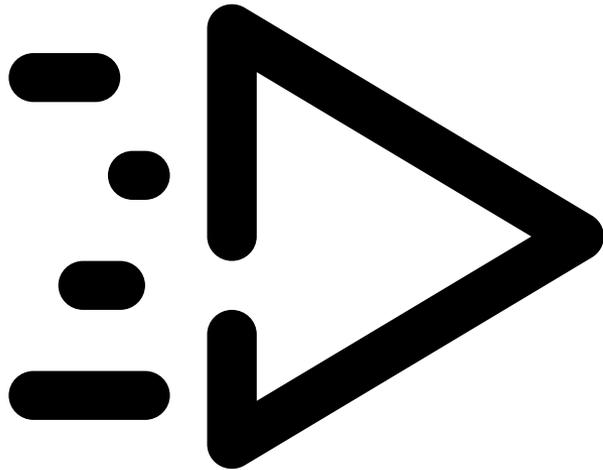
## Enablers of delivering integrated debt advice: 2. Effective communication and data sharing between organisations

- Where two or more organisations were providing integrated advice, providers felt that provision would be greatly aided by effective communication and data sharing
- Good communication between organisations mean that a client can notify one organisation about a change in their circumstances but doesn't have to notify them all separately – this ensures that the advice provided is always relevant to their circumstance, and further builds trust
- Effective and straightforward data sharing helps to minimise referral time between organisations
- A few providers felt that there could be a single point of contact that co-ordinated integrated services



## Enablers of delivering integrated debt advice:

### 3. A focus on ease of access



- **Time** between initial contact and first appointment is crucial in beginning a successful intervention
- **Booking or referral** procedures should be as simple as possible – complexity or confusion can result in people quickly giving up
- Ideally a **venue** should be easy to find and convenient to get to – well signed.
- Use of **different channels** for the fincap element following debt advice – online course or self-completion booklet (less complex needs / more motivated)

# Evidence of the impact of delivering integrated advice

- These evaluations were not necessarily *trying* to robustly establish the impact of integrated debt advice, they were generally trying to demonstrate that the project had worked as intended.
- Of the 24 initiatives that integrated financial capability with *regulated* debt advice, the minority had been evaluated: we had access to 10 written project evaluations
- One out of the ten was more robust and used a control group
- The remaining evaluations often included a survey completed by participants at the end of the, management information data, and case studies of individual journeys
- We found fewer evaluations that were carried out for interventions with non-regulated debt advice, but their quality was similar – i.e. not very robust when it comes to establishing impact



# Conclusions

# Summary of integrated advice initiatives

## How people are thinking and talking about integrated advice

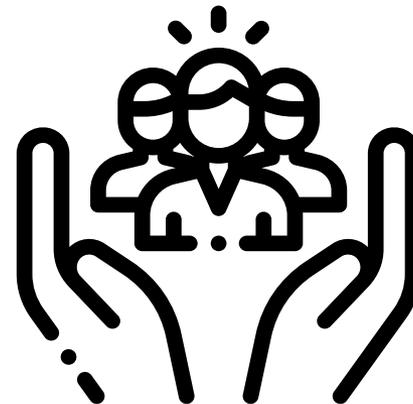
- The term 'integrated' was seen as good way of describing advice that encompassed debt and fincap, however the term on its own would not necessarily have this specific meaning for providers – often they think more holistically than this
- Many providers are not thinking specifically about integrating debt and fincap advice per se, they are more focussed on developing holistic support where they see a need, which will often fall under our definition of integrated advice because it does include debt and fincap elements

## Types / models of integrated advice used

- Integrated programmes were similarly likely to involve fincap as a gateway to debt advice, as vice versa, with slightly more moving from fincap into debt
- Most programmes involved 1-2-1 support from an advisor, with a workshop addition common
- It was more common for the debt and fincap advice to occur at the same site than separate sites
- Stakeholders felt there was no “one size fits all” approach when it came to model or timings

## Evidence gaps: Implications of 'real life' interventions

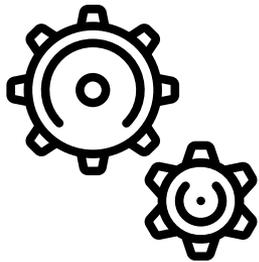
- The holistic / tailored nature of interventions meant:
  - Advice programmes were generally developed to cater for a particular group, or to plug a perceived 'gap' in provision
  - They were not developed in order to test whether integrated advice was effective
  - Interventions could therefore include many different elements outside of debt and fincap advice – factors that could influence the effectiveness of the advice
  - Those receiving advice did not always need all the available elements, so may not have received both debt and fincap advice, but were still included in an evaluation of an 'integrated' programme



**There is as yet no impact 'baseline' of integrated advice, from which to explore different timings, or delivery / referral models.**

# Evidence gaps

There is limited evidence available on the impact of integrated debt and fincap advice



Methodologies



## Comparisons

- Very few evaluations compared results between groups, i.e. those receiving integrated advice and those receiving debt advice alone, or the 'business as usual' offering



## Large base sizes

- Few evaluations involved large / robust quantitative data
- Most involved small quant surveys or qualitative case studies



## Long-term follow up

- Few evaluations followed up those who had received integrated advice over a period of more than a few months, so long-term impacts are unknown



Findings focus

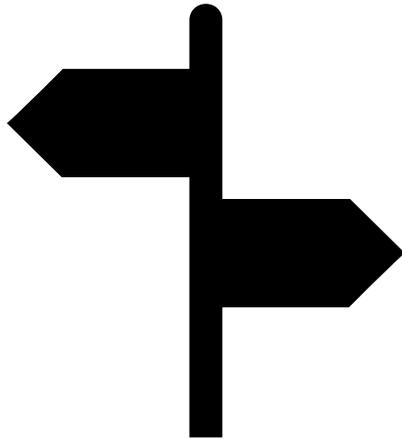


## Outcomes relating to debt or fincap

- Evaluations more commonly reported satisfaction levels with a service, psychosocial measures such as 'feeling more in control of money', and performance targets relevant to the intervention or organisation

**What next?**

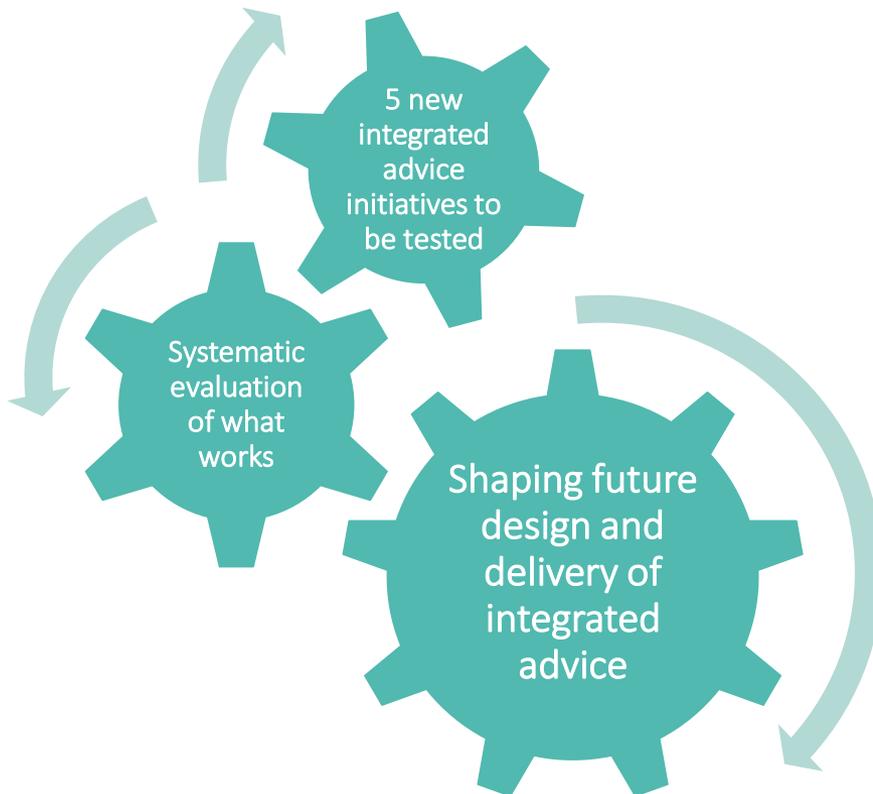
# Your feedback - what's next for integrated debt advice?



- What are your initial thoughts?
- How effective do you think integrated debt and fincap offerings are?
- What do you think about the challenges associated with delivery and how could they be overcome?
- What provider types are best placed to deliver integrated advice?
- What client groups should it serve?
- How can we best incorporate financial capability elements into the debt advice journey?

# Q&A

# The What Works Fund: debt advice and financial capability evaluation



- We are next working to build the evidence base on the effectiveness of integrated debt and financial capability advice – to shape future delivery;
- Five debt advice providers have been selected to receive funding, and support, to robustly evaluate their interventions **which aim to increase the financial capability of their debt clients**;
- IFF will work with each of the providers to develop a Theory of Change, research questions, and an evaluation plan, in order to establish how well these integrated interventions are working;

# A NEW NATIONAL STRATEGY

Working together to deliver lasting change:

- **Engaging** with up to 1,000 stakeholders across the UK
- **Visiting** over 10 locations, from Belfast to Bristol and Peterborough to Edinburgh
- **Listening** to views on budgeting, financial education, people in financial difficulty or those saving for a pension

Listening document to accompany the events to be launched in March 2019.



**Thank you**