



Policy in Practice

Adopting a data-driven
approach to transform debt
collection systems

Tuesday 30 November 2021

Agenda

- Introduction and Objectives
- Understanding financial vulnerability using administrative data on debtor households
- Actions to improve financial resilience and other outcomes for people in debt
- Working in partnership with creditors to improve the outlook for everyone
- Actions you can take toward an early intervention / preventative approach to debt
- Questions and answers



We believe in the
power of technology
and data to
change lives



Policy in Practice: What we do



Policy

A team of professionals with extensive knowledge of the welfare system. We're passionate about making social policy work



Analytics

We help over 100 local authorities use their household level data to identify vulnerable households, target support and track their interventions



Software

Our benefit calculator engages over 10,000 people each day. We identify the steps people can take to increase their income, lower their costs and build their financial resilience



Debt isn't just about money

“Debt is far more than just a financial issue. It’s a major cause of relationship breakdown, can hugely diminish people’s well-being, and sadly leaves 100,000s at risk of taking their own lives.”

Martin Lewis, founder of MoneySavingExpert.com and the Money and Mental Health Policy Institute



The impact of COVID-19 on debt and collections



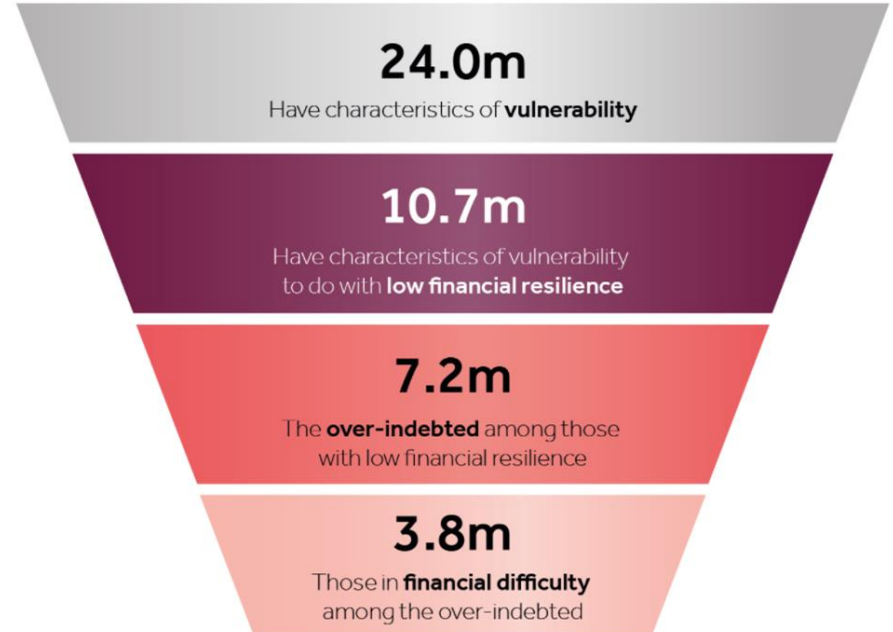
Feb 2020: people in financial difficulty

Before Covid-19, 20% of adults (10.7m) had low financial resilience

In February 2020, there were warning signs that many more adults might find it difficult to cope with a systemic financial shock

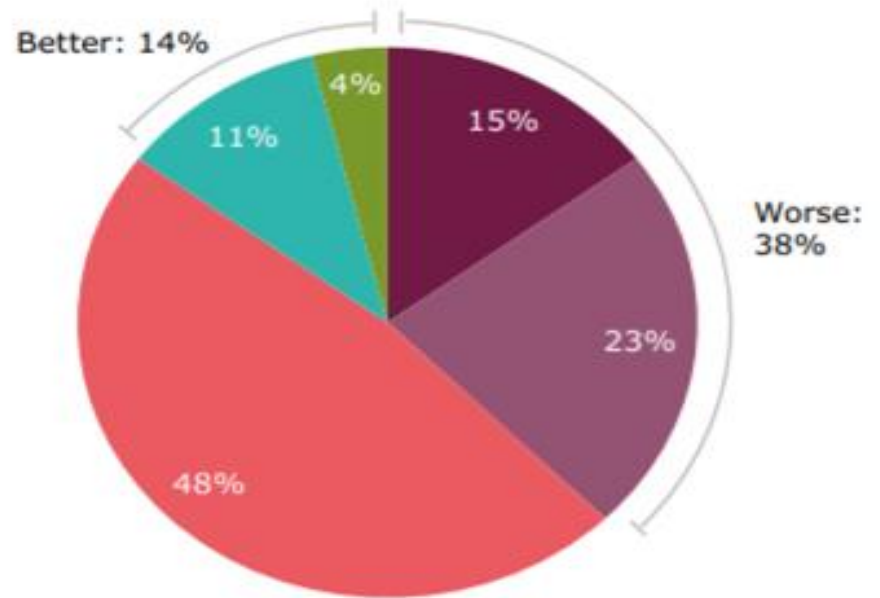
Source:

[Financial Conduct Authority: Financial Lives 2020 survey](#)



Oct 2020: people in financial difficulty

Covid-19 has had a profound impact on adults' financial situations but has not affected the finances of all groups in society equally



■ A lot worse ■ A little worse ■ No change
■ A little better ■ A lot better

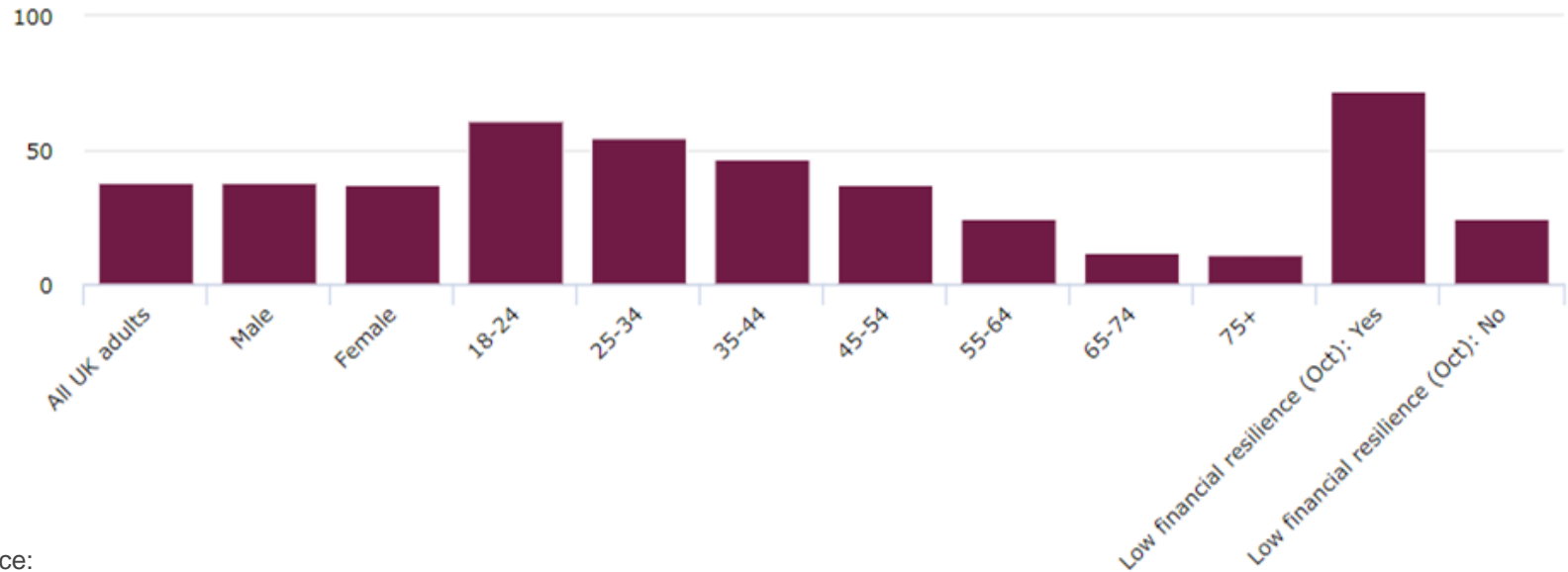
Source:

[Financial Conduct Authority: Financial Lives 2020 survey](#)



Who is expecting to struggle?

Adults who expect to struggle financially in different ways in the next 6 months, Oct 2020



Source:

[Financial Conduct Authority: Financial Lives 2020 survey](#)



Yet debt advice is under accessed

It is estimated that there were 8.5m people with over-indebtedness in Oct 2020

- Only 1.7m people accessed debt advice between March - Oct 2020
- 6.8m people who may have benefited from debt advice didn't receive it

The main barriers given for not accessing debt advice:

- Embarrassment (35% gave this reason)
- Lack of awareness of free services (31%)

Yet debt advice makes a difference:

- 62% felt debts were more manageable following debt advice

Source: [Financial Conduct Authority: Financial Lives 2020 survey](#)



Public sector debt is under the spotlight

- Influential voices are calling for change: Social Mobility Commission says a third of children are in households living in poverty and inequality and this will rise following the pandemic. Report recommends changes in benefit levels and debt collection
- Cabinet Office has held round tables to evaluate treatment of public sector debt
- Breathing space has now started - but there are limitations “*There is very little information specific to HB/Council Tax in the guidance for creditors because it is for all types of creditor and not just LAs. Therefore, LAs should refer to existing legislation and Insolvency Service guidance and draw their own conclusions.*” (Government notice)
- Likelihood of legislation - debt enforcement bill will cover council tax debt

Source: [State of the nation 2021: Social mobility and the pandemic](#)

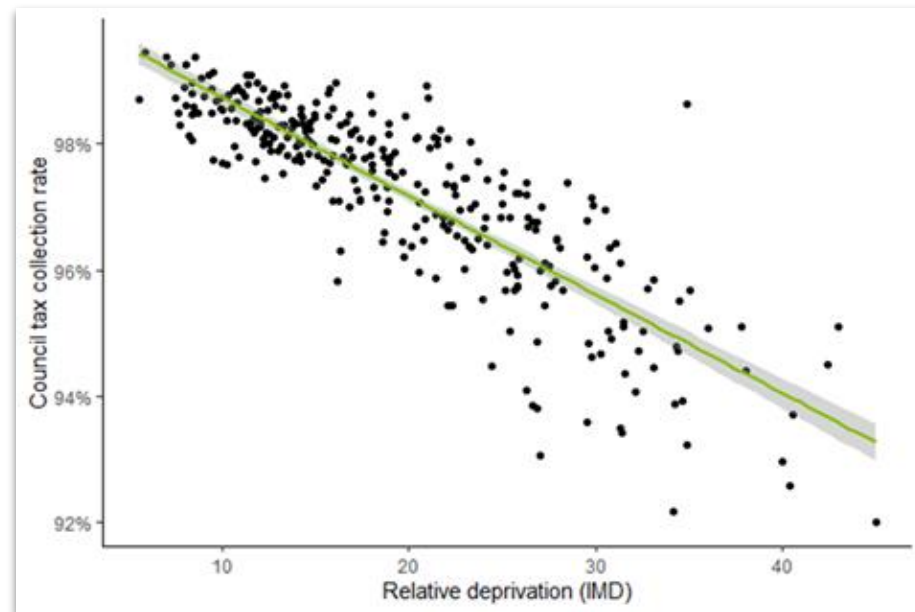


Interaction of poverty and collection rates

Poverty

Local authorities with higher levels of relative deprivation tended to report lower council tax collection rates

[Research](#) for the GLA



ReImagine Debt

A Cabinet Office project with Barking and Dagenham and Newcastle City councils to collect more, at a lower cost, and with better outcomes for people in debt

- Develop a single view of debt owed by individuals to government, rather than trying to collect multiple debts across different departments
- Initiate proactive, preventative and holistic debt interventions with residents to improve how money owed to local and central government is collected



The outline



Cabinet Office

Newcastle City Council

- Professional debt advisors led the discussions

London Borough of Barking and Dagenham

- Residents were supported by a team from Community Solutions

Both councils

- Holistic support of short, informal meetings given
- Residents discussed debt management advice as well mental health
- Follow up meetings as needed, average of four advice sessions
- Action-orientated advice, eg applying for Discretionary Housing Payments and other underclaimed benefits, budgeting, and liaising with creditors including council tax departments, as well as private sector creditors

A single view of debt

- The LIFT platform was introduced to ReImagine Debt in 2017.
- Both Newcastle and Barking and Dagenham councils were using it to pool debt data, identify and engage vulnerable households, and track outcomes for individuals and cohorts.
- They used LIFT to understand the effectiveness of their debt advice interventions.



Newcastle and Barking and Dagenham used LIFT to track outcomes and evaluate interventions

Outcomes achieved



ROI = 24 x

Arrears fell:

- People in arrears of £250+ fell from 74% to 58%
- Rent and council tax arrears fell by £1,216
- 17% became wholly arrears free
- Arrears fell by £200 more in the treatment group than control group

Income rose:

- Benefits income increased by £115
- Average income rose by £124



ROI = 34 x

Arrears fell:

- People in arrears of £250+ fell from 18% to 8%
- Rent and council tax arrears fell by £174
- Arrears fell by 3x more in the treatment group than control group
- Half of participants became arrears free

Income rose:

- Benefits income increased by £171
- Average income increased by £108
- Unemployment fell from 91% to 67%



Data combined with effective support

“Debt is almost always a symptom of a deeper challenge. Data allows you to quickly identify that there’s a problem, and face to face interaction allows you to tackle the root cause and find solutions.”

Mark Fowler, Director of Community Solutions, LB Barking and Dagenham



Working in partnership with creditors to improve
the outlook for consumers and creditors



Cambridge City Council and South Staffs Water

- Cambridge City Council partnered with South Staffs Water
- Connected to Discretionary Housing Payments:
£55,000 to 210 people
- Removed the income threshold
- Great partnership



Anglian Water partnership

- We model social tariffs in the Benefit and Budgeting Calculator
- Anglian Water use it to:
 - assess social tariffs
 - provide holistic support such as benefits take up
- We won the Community Award at the Anglian Supplier Awards 2019



More people need debt *and* welfare help



Policy in Practice

Team Management Reports My Cases Welcome Verity Ambler

Name / Reference: Peter Butler - Maximus [Save this case](#) [Open all](#)

Benefit and Budgeting Calculator

Current situation Job Leicester Job Nuneaton Add scenario

Household details Property details Income and earnings Results Budget

Your take home income

£2211.36
monthly

For your information, your rent is 31% of your household income

- + Detailed breakdown
- + Compare scenarios
- Change your earnings

Quick summary

- Household details
- Property details
- Income and earnings
- Results**
- Budget

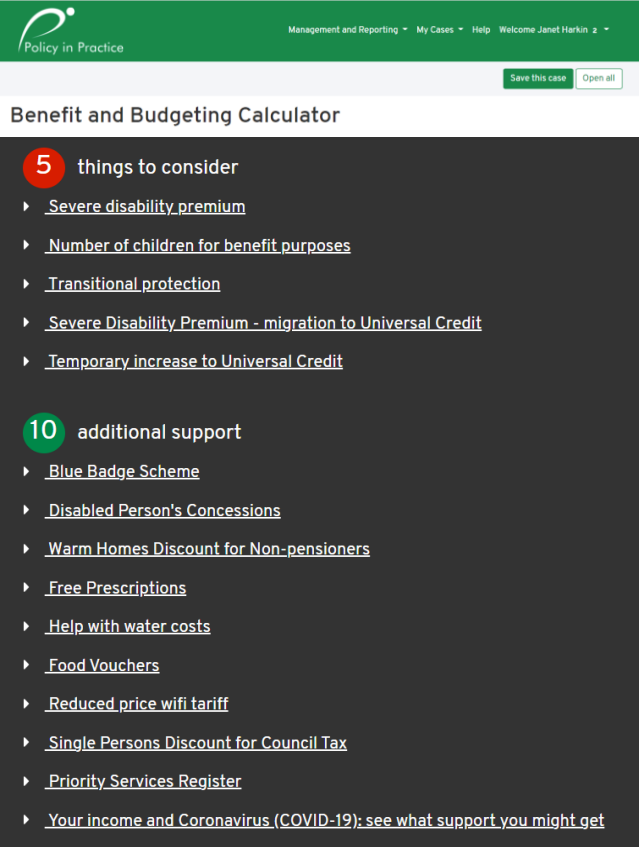
Current situation		Edit
E1496.36	Income	£7.27
		After costs

Job Leicester		Edit
E2363.08	Income	£333.73
		After costs



Engage customers earlier

- Many people need support from the welfare system and won't know what they can claim or how
- People don't have to be experts to have confidence they are receiving accurate guidance
- Many support schemes are available (but customers are confused)
- Reduce poverty, increase financial resilience and avoid mental health issues caused by money worries



Policy in Practice Management and Reporting My Cases Help Welcome Janet Harkin z

Save this case Open all

Benefit and Budgeting Calculator

5 things to consider

- ▶ [Severe disability premium](#)
- ▶ [Number of children for benefit purposes](#)
- ▶ [Transitional protection](#)
- ▶ [Severe Disability Premium - migration to Universal Credit](#)
- ▶ [Temporary increase to Universal Credit](#)

10 additional support

- ▶ [Blue Badge Scheme](#)
- ▶ [Disabled Person's Concessions](#)
- ▶ [Warm Homes Discount for Non-pensioners](#)
- ▶ [Free Prescriptions](#)
- ▶ [Help with water costs](#)
- ▶ [Food Vouchers](#)
- ▶ [Reduced price wifi tariff](#)
- ▶ [Single Persons Discount for Council Tax](#)
- ▶ [Priority Services Register](#)
- ▶ [Your income and Coronavirus \(COVID-19\): see what support you might get](#)

Poverty is not inevitable

- You are spending time with these customers already, small incremental cost for great benefit
- Win / Win: intervening early is better for the customer and for the organisation
- Support and help is available (£10bn left on the table)
- Proactively helping people to avoid the debt spiral



Thank you

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Questions and answers

