



NORWICH City Council

Committee Name: Scrutiny

Committee Date: 17/11/2022

Report Title: Update on debt advice and support services

Portfolio: Councillor Waters, Leader of the council

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To examine the extent to which debt advice and support services provided by the council and its partners are helping to prevent people from falling into debt and becoming subject to debt recovery.

Recommendation:

It is recommended that the committee notes the progress to date and continues to support the council's aim of early intervention and support for residents in debt and those that are identified or who self-identify as vulnerable.

Policy Framework

The Council has five corporate aims, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the People live independently and well in a diverse and safe city and the city has an inclusive economy in which residents have equal opportunity to flourish corporate priorities

This report addresses the **'Provide the right support to residents at the right time, with a focus on early help and prevention'** and **'join up with the voluntary, community and social enterprise sector, so our services are aligned to help people succeed'** strategic actions in the Corporate Plan

This report helps to meet **supporting the most vulnerable** objective of the COVID-19 Recovery Plan

Report Details

Background

1. Within its work programme for 2022/23, the Scrutiny Committee requested a report with the scope to “Examine extent to which debt advice and support services provided by the Council and its partners are helping to prevent people from falling into debt and becoming subject to debt recovery.”
2. The council has been committed for many years to reducing financial exclusion, recognising the inequality that exists in our city. The current cost of living crisis only adds to the importance of the work we do in this area.
3. Mental health and money problems are often intricately linked. One problem can feed off the other, creating a vicious cycle of growing financial problems and worsening mental health that is hard to escape. People in problem debt are significantly more likely to experience mental health problems. National polling by the Money and Mental Health Policy Institute found that almost four in ten (39%) people with a mental health problem said their financial situation had worsened their mental health problems. In addition, people with mental health problems are also more likely to be in problem debt – almost one in five (18%) people with mental health problems are in problem debt.
4. Recognising this has been key to understanding the impact debt has on an individual’s health and wellbeing – debt never comes alone. It is important to understand that vulnerability does not automatically mean that someone is unable to pay, but it is likely to mean that they will require additional support to be able to do so. The non-commercial debt policy has raised the profile of vulnerability and what it may mean with officers, encouraging them to look for the signs and then act accordingly. This could be through referrals to appropriate agencies, the use of vulnerability flags on council systems, or the use of separate recovery profiles to ensure that only appropriate action is taken to recover the debt.
5. The National Institute of Economic and Social Research (NIESR) has projected that across the UK there will be a 31% increase in the number of households becoming classed as destitute because of the current cost of living crisis. Up to an estimated 14,600 households may be unable to buy basic necessities in Norfolk (2,290 households in Norwich). This includes up to approximately 11,140 households that may already be affected by destitution (1,750 households in Norwich). 13.2% of households in Norwich are fuel poor (Department for Businesses, Energy & Industrial Strategy (BEIS), 2022)¹.
6. Support will continue to be crucial to many, as people’s needs and the type of provision available have both been affected by the pandemic and the cost of living crisis. A key and ongoing issue is people knowing what support is out there and whether they are eligible and having encouragement or help to apply (which can be important given the stigma sometimes associated with seeking help). This relates to applying for health-related benefits (which can be a daunting process), awareness of the Household Support Fund, and knowledge

¹ The BEIS fuel poverty statistics have a two-year delay, so the figures actually represent the 2020 data.

of low-income tariffs or schemes for support with energy, water, and internet costs. Across these areas families risk missing out on crucial financial support.

7. This paper sets out progress on four key areas of work: non-commercial debt; the debt respite scheme; social welfare advice and the Norfolk Community Advice Network (NCAN) referral system; and teams working on debt support and advice. These strands of work have been underway for a number of years but are also central planks within the Council's cost of living crisis response, alongside other actions.

Non-Commercial Debt

8. The purpose of the non-commercial debt policy is to provide clear guidance to council officers on the recovery of all non-commercial debt (council tax arrears, rent arrears, housing benefit overpayments, parking fines and other sundry debts), in a timely, effective, and fair manner, while ensuring fair treatment of all debtors. All service areas are required to follow the policy to ensure that the council maximises the collection of debts and income and reduces the likelihood of financial hardship for customers by ensuring individuals' financial circumstances are considered on a case-by-case basis.
9. The policy's aims are to:
 - a. Set out the general principles of non-commercial debt management across all services provided by Norwich City Council
 - b. Ensure a consistent approach to the management of debts across the authority
 - c. Improve income collection rates by treating debtors reasonably and fairly
 - d. Recognise the varying causes of debt and adjust recovery procedures accordingly
 - e. Reduce the likelihood of financial hardship for customers by ensuring individuals' financial circumstances are considered on a case-by-case basis
 - f. Enable the signposting of debtors to debt advice as appropriate
10. The key points of the policy are:
 - g. To include a separate section dedicated to the treatment of vulnerable customers
 - h. The introduction of the Standard Financial Statement as approved by the money advice service detailing all income and expenditure, which would be used across service areas
 - i. Embedding the Citizens Advice council tax protocol into the policy
 - j. Implementing 60-day breathing space prior to the legislation coming into force. The Debt Respite Scheme legislation did not come into force until 4 May 2021. The non-commercial debt policy was approved by Cabinet in October 2020. Implementing a 60-day breathing space early ensured residents who were working with approved debt advice providers were given the time they needed to address their debts and recovery was placed on hold while they received the support they needed.
 - k. Highlighting the importance of advice agencies

11. The writing of a new non-commercial debt policy, approved by Cabinet in September 2020, created a strong foundation on which the council has been able to start to build holistic, wraparound support for vulnerable customers in debt, whilst at the same time continuing to maintain an income for much-needed services. It has evidenced the benefits of service areas working together to adopt a new collaborative way of working. Our most vulnerable customers are beginning to experience a 'no wrong door approach', and we are now starting to see the benefits of multiple service areas working together to achieve the same desired outcome. There are now a total of 433 council tax accounts in the vulnerable recovery profile. These are accounts that have been moved outside of the normal automated recovery system for various reasons relating to vulnerability and will be given appropriate support to be able to manage their debt. The money and budget advice team was supporting 276 tenants in quarter 1 of 2022/23, of which 85 were new cases, ensuring that people get the help they need.

12. Achievements so far include:

- a. Officers working together to look at individuals' needs around housing, council tax, health and vulnerabilities and identifying possible solutions. This includes:
 - identifying internal and external funding pots that may be available to help with arrears,
 - recognising the need for mental health support and putting the appropriate referrals in place,
 - working with external partners like the Department of Work and Pensions and the local job centre to ensure income is maximised.

Sharing knowledge has led to increased opportunities for improved outcomes. One department may not know about specific funding pots or help that can be provided but working together and discussing cases can lead to positive results.

- b. The standard financial statement (SFS) is in now being used by all relevant service areas. The document is used to summarise a person's income and outgoings, along with any debts they owe. Primarily for people seeking debt advice, the SFS is mainly used by debt advice providers and other relevant organisations. It provides a single format for financial statements, allowing the debt advice sector and creditors to work together to achieve the right outcomes for people struggling with their finances. Once the statement is completed, we have a full picture of an individual's income and outgoings and, as what is acceptable is covered by set guidelines, all service areas accept the figures without challenge.
- c. The Debt Respite Scheme has been implemented, so residents in debt who are working with advice agencies get the space to do so, knowing that recovery will cease for a set period of time.
- d. The new debt management flag, which is added to an individual's record on our internal systems when we know the person may need more support to manage their debt, ensures officers across the council are

aware and are able act accordingly.

13. This has been achieved through very close working across teams. Staff from multiple teams including revenues, home options, private sector leasing, specialist support, financial inclusion and sundry debtors briefly met every week from the inception of the policy to share information on any residents who were struggling, to ensure that all relevant teams were aware of any issues and could respond in a consistent and joined-up way. These meetings now take place less regularly due to the other tools in place (debt management flags etc) and have evolved into a time to highlight more strategic procedural challenges that impact on residents and to explore opportunities for change. Employees continue to discuss residents that are struggling across multiple service areas to ensure the holistic wraparound approach.

Debt Respite Scheme

14. The legislation for the Debt Respite Scheme (otherwise known as breathing space) came into force in May 2021. The main policy aim (Treasury impact assessment) is “to incentivise more people to access professional debt advice and to access it sooner”, and “to provide debtors who engage with this advice with the headspace to find a debt solution by pausing creditor enforcement action, interest, and charges”.
15. When a person is struggling with debt and contacts a debt advice agency for support the debt advice provider can request that the debtor is placed into a 60-day breathing space. This is done through the Insolvency Service portal. As a local authority, our money advisers can place a debtor into breathing space if they consider it appropriate.
16. The debt advice provider then has a period of 60 days to work with the debtor to find a sustainable solution to help them manage their debts. This could be a debt management plan, a debt relief order, or an individual voluntary arrangement. Not everyone will be suitable for breathing space and for a standard breathing space (i.e. not one relating to a mental health crisis) only one can be entered into in any 12 month period. It may be that outgoings can be reduced, or existing debts can be rescheduled without the need for a breathing space. The biggest benefit is that breathing space affords the debtor some headspace to work through their debts with a qualified professional.
17. During the 60 days all qualifying debts are placed on hold and no further action can take place. When the council receives a request for breathing space via the Insolvency Service portal all service areas are notified to hold recovery and a debt management flag is placed on the document management system so that all officers are aware to check the case fully.
18. From inception up until the 11 August 2022 the council has had 97 breathing space cases. These are for individuals who were receiving support from a debt advice provider to find a sustainable solution to their debt problems. Of these cases 19 resulted in a formal debt solution for the debtor such as a debt relief order to manage their debts (although for most cases the debt solution was received outside of the 60 days). There are currently 9 active cases that have not yet reached the full 60 days.

19. Breathing space presents some challenges as the council wears 'two hats', one as a landlord and collecting authority, and the other as a public body whose role is to support its residents. The council is keen that residents experiencing financial challenges are given the space to work with trained providers to manage their debts, but to date most cases have not resulted in sustainable solutions within the 60 days, suggesting that a longer time may be needed.
20. Most cases have come from large debt advice services like StepChange who may have been overwhelmed by the volume of requests. There has been little or no contact from these charities at the end of the 60 day period, resulting in officers starting the engagement process again. If this fails there is no alternative other than to re-commence recovery. If officers can identify need and refer people on themselves then the debt advice is often delivered locally. The council has a relationship with these agencies and is more likely to be aware if there are delays or issues that would mean an outcome has not been possible within the timescale. Concerns regarding lack of outcomes within 60 days have been raised with the Money and Pensions Service at local level but have not yet been resolved.

Teams working on debt support and advice

21. Many residents across Norwich may, at some point, require help from the council in terms of debt, housing, welfare benefits, financial, or other types of support. Multiple teams are involved in delivering this much needed help. This could be homeless prevention and housing advice, tenancy support from housing officers, access to funding pots such as the Household support fund via the Community enabling team, or joined up, multi-agency support through the Early Help Hub.
22. The Revenues and Benefit team work closely with the financial inclusion officer to ensure that the content of new schemes and initiatives aligns with the debt policy and work to support our residents and mitigate some of the challenges they may face.
23. For example, the council was the first Norfolk authority to start paying the Energy Rebate Scheme to eligible households, with the first payments being made on 19 April. Up to 2 August, the team has paid 50,699 households a total of £7,604,850.00. This has been a major challenge, but the team has done all it can to make sure that the much-needed money gets to residents as quickly as possible, recognising the difficulties that many are already facing. The discretionary funding element of the scheme has been designed by the team to ensure that the funding is targeted at those most in need.
24. The Council recognises that many tenants have multiple and complex needs which can increase the likelihood of tenancy-related difficulties. The Specialist support team's principal role is to support tenants to reduce the risk of eviction and abandonment and increase their ability to manage a healthy tenancy, for the long term. On average the Specialist support team supports 225 tenants in a year, and 75% are in financial hardship. Pre-pandemic the team worked with tenants for a 6-9 month period on average. This has now increased to 9

months because the challenges tenants are facing have increased and become more complex. Most tenants/households that the team works with have multiple factors that impact on their ability to manage a successful tenancy; unmanaged mental health, financial hardship, domestic abuse and social isolation are the most common difficulties that tenants often present with.

25. Many of the tenants the team works with have had poor experiences of working with organisations and have experienced trauma at some point in their lives. Time is taken to build rapport and a safe working relationship. The team works alongside tenants, building their confidence and ability to manage issues and challenges and giving them the skills to do so without support in the longer term.
26. Through internal and external relationships, it is possible to ensure that people are able to access the right support at the right time. Post specialist support tenancies are monitored at 4 and 12 months to ensure the tenancy continues to succeed.
27. The Housing income service has a well-established budgeting and money advice service for tenants struggling to pay, to help prioritise rent payments and to improve overall household income. Last year saw significant access and help for tenants across Norwich. The Covid pandemic accelerated a shift from solely income collection to one of support to pay, offering 3-way advice between income officers, money and budget advisers, and third sector advice partners.
28. Money and budget advisers work with tenants to maximise their income but the role is wider. Building trust is crucial and these are often long-term relationships supporting tenants to maintain their tenancies and working to find sustainable solutions to debt problems. This can include dealing with universal credit and other benefit problems, supporting benefit applications, food and energy support, grant applications, working with creditors, identifying formal debt solutions where other solutions have been exhausted, and support with banking to ensure all priority debts are paid wherever possible. As more tenants present with deficit budgets it becomes an increasing challenge. There are 3FTE budget adviser posts and 2.6FTE Money adviser posts with a total approximate cost including oncosts of £228.5K.

29. 2021/22 outcomes for money and budget advice (Housing service):

Estimated total value of support to households	£559,563.89
Estimated annual income increase	£372,730.80
Estimated annual outgoing decrease	£91,301.60
Estimated annual one-off financial support	£95,531.49

30. The table above includes income increases from benefits and one-off grant payments but does not capture all re-negotiated debt payments, Norfolk Assistance Scheme awards, ad-hoc food and energy support, etc. and so the

estimated value of support will be much higher.

31. In Q1 2022/23 there were 276 open cases of which 85 are new cases.

Social Welfare Advice

32. In April 2022 the council recommissioned the provision of information, advice and advocacy services for residents for the next two years with the intention of a further one-year extension at the end of the period. The grant awarded for 2022-23 was £171,704. Early intervention and advice is key to ensuring that people get the help and support that they need as soon as they need it.

33. The new Financial inclusion consortium, which delivers this advice, is made up of the following agencies:

- a. Norfolk community law service (the lead agency)
- b. Shelter
- c. Norfolk citizens advice
- d. Age UK Norwich
- e. Mancroft Advice Project
- f. Equal Lives
- g. The Bridge Plus

34. The key priority for the service provision is to ensure that poverty is reduced by delivering:

- a. Ongoing and increasing capacity to prevent or mitigate crises and increase financial resilience for a wide range of residents
- b. Visible, easy to access, free advice
- c. Services that are not restricted to specific cohorts, but which can respond quickly to changing situations and to the needs of individuals who may be newly financially vulnerable
- d. Advice services that can meet the needs of residents who are vulnerable, including those experiencing mental health issues, and EU citizens facing status issues
- e. An increased awareness of available advice. Services that can inform people of eligibility at key trigger points and take information into communities achieving effective and creative engagement
- f. Holistic wraparound support with time to understand the full picture and level of need and able to recognise the advantages of a consortium model – shared support, collaborative approach, a no wrong door approach
- g. Quality and independent advice, which integrates multiple levels of information, advice and advocacy across debt, welfare benefits, housing, and wider financial capability with effective pathways into wider public and VCSE provision
- h. Effective data and insight that shows how needs are evolving and demonstrates the impact of the service

35. Although this service is invaluable it cannot prevent people from getting into debt, but it can help people to find a longer term, more sustainable solution to

their financial challenges. From April 2018 to March 2021 the FIC has improved the financial wellbeing of over 19,000 Norwich citizens by reducing debt (renegotiating/writing off) to the value of almost £7,000,000 and increasing income (welfare benefit appeals/applications) by more than £8,000,000. It has achieved this by providing easy access to a wide range of expert information, advice, advocacy, and representation through the Norfolk Community Advice Network (NCAN) partnership.

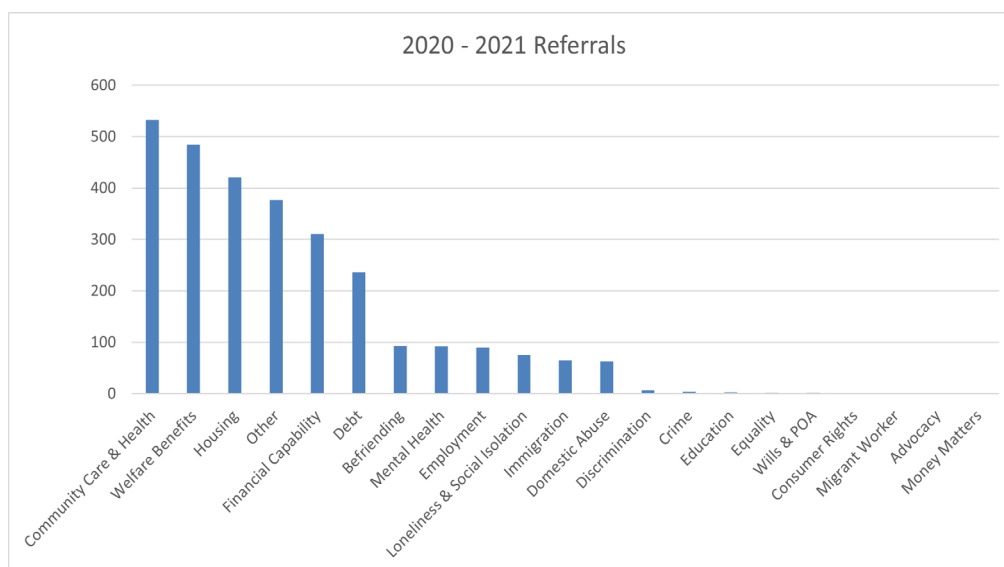
36. The council's work with the Financial inclusion consortium provides good insight into the experience of residents across the city that use its services. The consortium not only provides the support services desperately needed by so many, it also works in partnership with the Council to help us to understand opportunities for improving processes and procedures to reduce the need for reliance on its services in the future. The current debt relief order (DRO) process was created following concerns raised by the consortium over a lack of joined up approach when a resident had multiple debts and historically debts were missed from DRO applications. The updated process means that correct information is provided by all service areas on one document, minimising errors. The consortium also raised concerns that residents were not always accessing advice services which could help them and this led to a review of the referral process within the council and the addition of NCAN details to CCT recovery scripts. This has led to a marked increase in the number of NCAN referrals being made (see below).
37. The council is keen to make the consortium meetings as effective as possible and as part of this NCLS (Norfolk Community Law Service) has suggested that the time is used to plot client journeys to look for patterns and identify early intervention points and opportunities to do things differently. The hope is that this will lead to better outcomes for residents and increased efficiencies for the council.
38. The overall service now provides information, advice and advocacy services across debt, welfare benefits, legal advice, housing, and immigration, but through the NCAN referral system the consortium also access a wealth of other advice services, ensuring people get the support they need at the earliest opportunity.

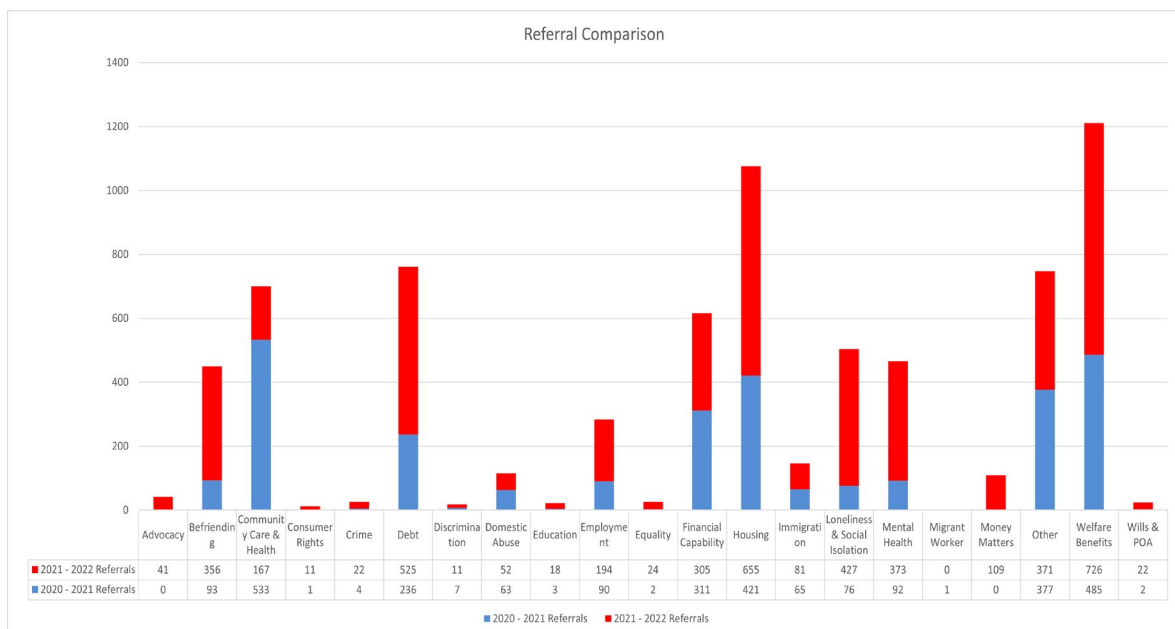
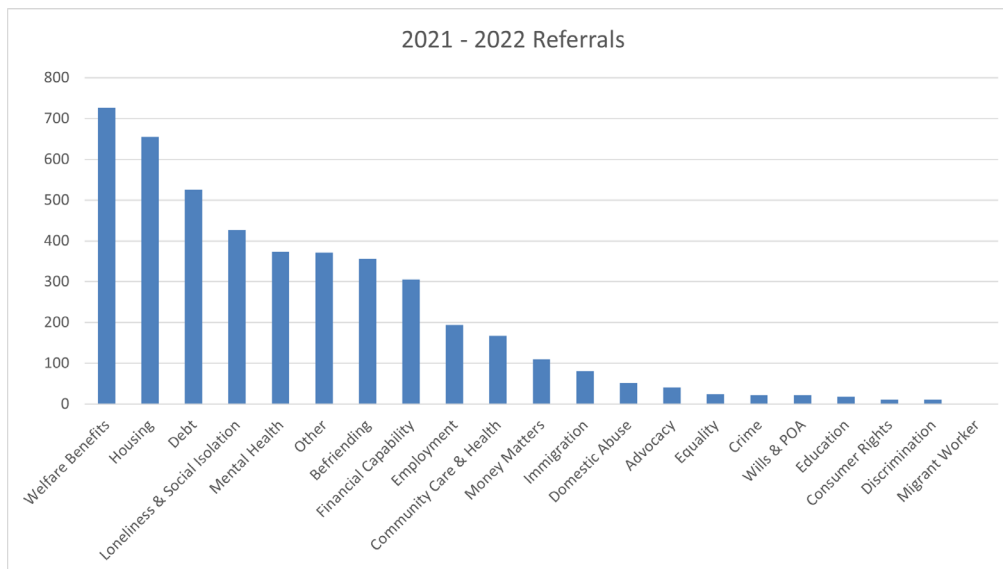
Norfolk Community Advice Network (NCAN) referral system

39. The council continues to provide funding of £3750 p.a. to use the NCAN referral system, to enable our officers to refer people to charities and other organisations for information, advice and advocacy support which includes wider issues that can contribute to debt, such as housing, legal and immigration support. NCAN is a Norfolk-wide partnership of agencies that provides free independent advice. The referral system connects different social welfare providers county-wide and ensures that people are referred to the appropriate agency to receive the right support from the right people at the right time. The referral system is a two-way process for many agencies, enabling them to make and receive referrals and refer on when necessary. This reduces the need for service users to repeat their concerns multiple times and allows a 'no wrong door' door approach. Multiple teams across the council have received training to be able to use the referral system so that referrals

can be made as soon as possible when someone is identified or self-identifies as needing help.

40. In addition to this, from 2022 Norfolk County Council has provided three-year funding for the Your Norfolk Advice helpline. The helpline is a new NCAN telephone triage service designed to help professionals to find the right referral agency to refer their clients to, again ensuring people receive the right support when they need it most. Details have been shared with employees across the council.
41. Last year the council recognised that officers were not always using the NCAN referral system and changed procedures to increase the number of referrals being made. The council now has 12 service areas (plus the INTERACT project) set up to use the NCAN referral system. This has increased referrals as follows:
- a. Between 1 January 2021 and 25 July 2021 22 referrals were made
 - b. Between 1 January 2022 and 25 July 2022 174 referrals were made
 - c. There has been an average of approx. 25 referrals per month so far in 2022 from the council to advice agencies through NCAN.
42. NCAN has provided raw data to show how referrals for advice have increased between 2020/21 and 2021/22.





43. The data in the comparison chart shows there has been a marked increase in referrals made around the Norwich local authority area. NCAN has seen a total increase of **1,628** referrals in the year, but it is important to note that some of this data originates from a period prior to local authority filters so has been estimated.

44. Advocacy and Money Matters did not exist as issues on the referral system during 2020 – 2021 so there is no data available for these issues. Similarly, there were no recorded referrals for 2021 – 2022 for the issue Migrant Worker, whereas the preceding year recorded 1 entry for this.

45. The lower figures for 2020/21 will relate in part to the Covid pandemic and temporary restrictions in recovery practices. This may in turn have reduced the urgency for people to come forward and request help. However, the figures for 2021/22 and the council's figures for early 2022 (para 36) clearly show the need for advice and support and the impact that the council is having in

ensuring that residents can access that support as quickly as possible.

Summary and next steps

46. The cost-of-living crisis is affecting many people across the UK. Lower income families are more exposed to the rising cost of living, and not just because poorer families have fewer places to cut back spending. The poorest tenth of households (by income) spend three times as much as a share of expenditure on gas and electricity bills as the richest tenth. This means the lowest income tenth of people are facing an inflation rate at least 1.5% higher than the richest tenth.
47. Work continues to support residents who may be struggling with financial challenges. Alongside the internal work that is currently underway the council is also working with external partners to understand and share experience and ideas; for example we have started discussing with the Norfolk Office of Data Analytics (NODA) possibilities for using data more effectively (enabled by our new NEC system) in order to make sure our help is targeted at the people who need it the most. Officers will provide further information on this wider work to all councillors in the autumn.

Consultation

48. The council consulted with the Financial inclusion consortium during the writing of the non-commercial debt policy.

Implications

49. Not applicable – this is a progress update report only.

Financial and Resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.

50. There are no proposals in this report that would reduce or increase resources. The costs of staffing and other resources have been identified throughout the report to indicate the direct financial commitment that the council has put in place to support the issues described. A range of other indirect costs are also relevant as teams across the council work together to address problems that are identified.

Legal

51. Not applicable – this is a progress update report only.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Equality Impact Assessment carried out at the time of the policy.
Health, Social and Economic Impact	N/a – update only
Crime and Disorder	N/a – update only
Children and Adults Safeguarding	N/a – update only
Environmental Impact	N/a – update only

Risk Management

Risk	Consequence	Controls Required
Include operational, financial, compliance, security, legal, political or reputational risks to the council	N/a – update only	N/a – update only

Reasons for the decision/recommendation

52. The current cost of living crisis has highlighted why it is crucial that the council is able to continue to support residents who may be struggling with debt. Recognising when people are vulnerable and getting them holistic, wraparound support at the earliest available opportunity is key to delivering successful outcomes both in terms of individual wellbeing and income collection.

Background papers: [Our approach to dealing with personal debt | Non-commercial debt policy | Norwich City Council](#)

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