

# The Money Advice Service

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Head of Debt Advice

- **Funding for debt advice**
- **Delivery and targets**
- **Three-year funding arrangements – England & Wales**
- **New delivery objectives**
- **Indebted Lives**
- **Key Research**
- **Questions**

- **Budget for 2014/15: £38.1m**
- **More than £9 in every £10 goes direct to delivery partners**
- **Funded by levy on mortgage lenders and deposit takers – separate from money advice levy**
- **NAO found debt advice delivering value for money**

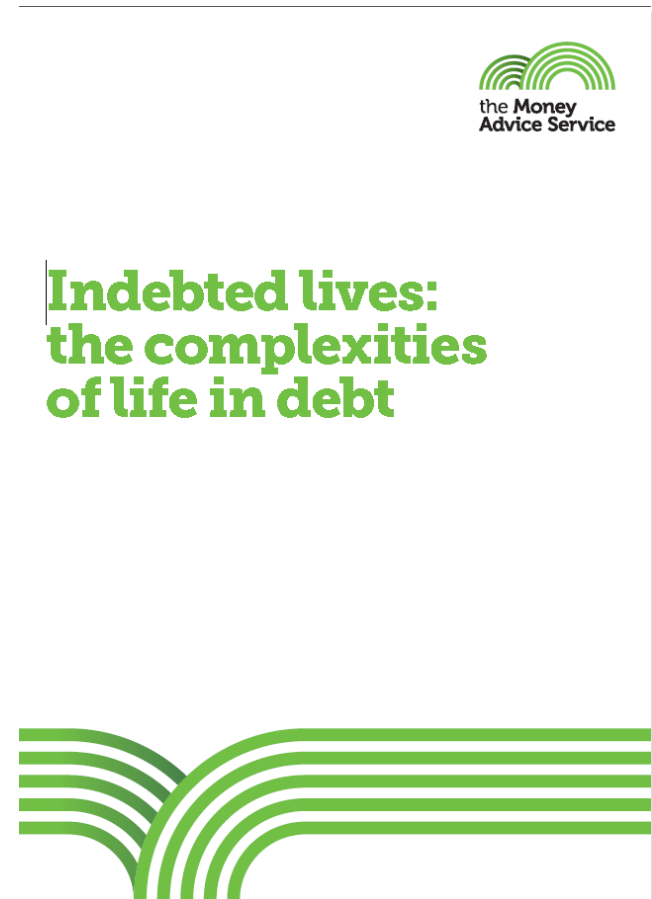
- **163,000 debt advice sessions funded in 2013/14 (England & Wales)**
- **88% of clients take action after advice**
- **76% have reduced their debt after 6 months**
- **2014/15 target: 237,500 (+45% year-on-year) sessions at maintained or higher quality**

- **Sustainable advice for clients**
- **More certainty for advice providers**
- **Allows for investment and innovation in services**
- **New delivery objectives**









- **Focus delivery in areas of greatest need**
- **Multi-channel advice – Common Initial Assessment**
- **Accredited quality standard**
- **Evaluation framework**
- **Incorporate financial capability – both in debt advice & thereafter**

# The research

- 5,000 person survey + Experian household data
- Daily life & experience
- Who, what, where, why
- Attitudes to being in debt
- Attitudes to advice



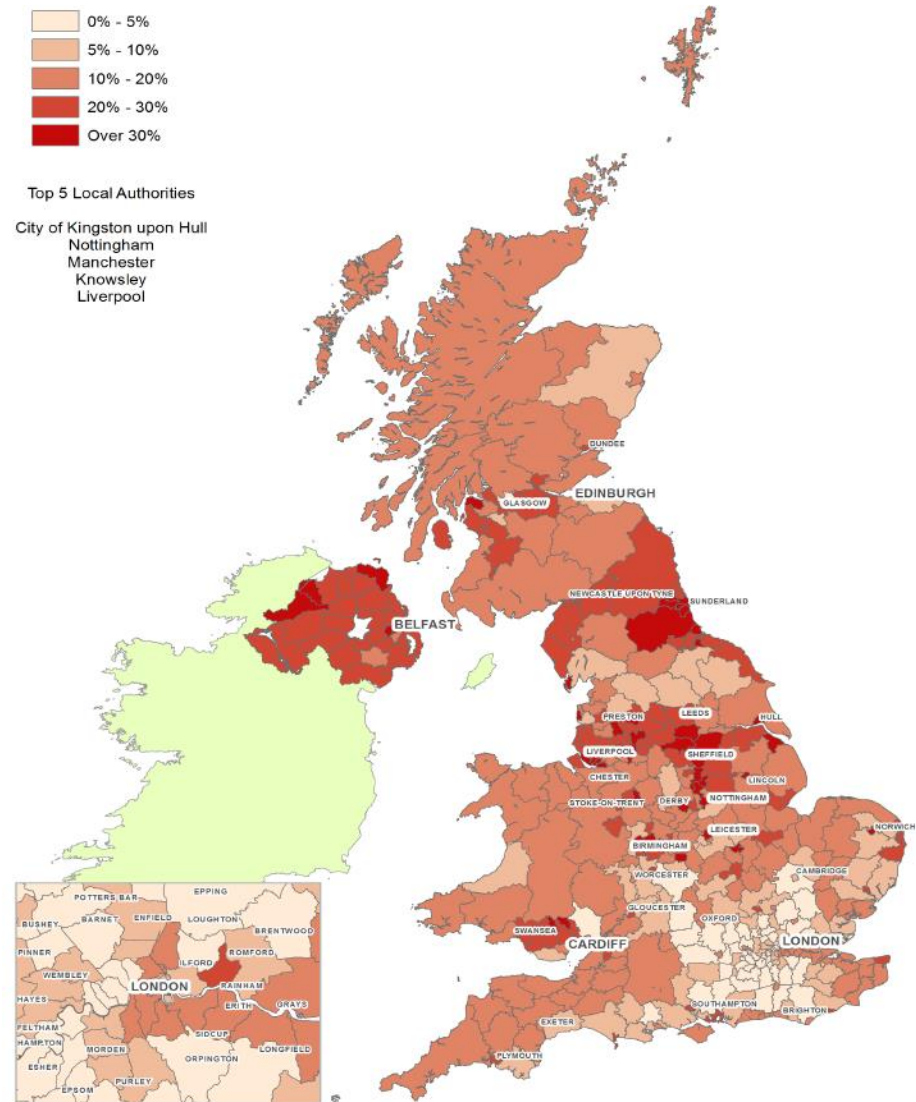
# The segments

| Segment   | Name                                  | Number of people |
|---|---------------------------------------|------------------|
|    | Struggling students                   | 1m               |
|    | First time workers                    | 0.9m             |
|    | Optimistic young workers              | 1.1m             |
|    | Low wage families                     | 0.8m             |
|    | Stretched families                    | 1.4m             |
|   | Worried working families              | 1.7m             |
|  | Benefit dependent families            | 1.8m             |
|  | Uncomfortable retirees                | 0.1m             |
|   | <b>Total over-indebted population</b> | <b>8.8m</b>      |



# Our segmentation – overall

- The over-indebted population is spread disproportionately across the UK and there is a general skew towards the cities of the north of England and to Northern Ireland.
- In the top 5 local authority areas more than 40% of the population is over-indebted
  - City of Kingston upon Hull 43.1%
  - Nottingham 41.2%
  - Manchester 41.1%
  - Knowsley 40.7%
  - Liverpool 40.6%
- Richmond upon Thames – 1.2%



# The over-indebted population



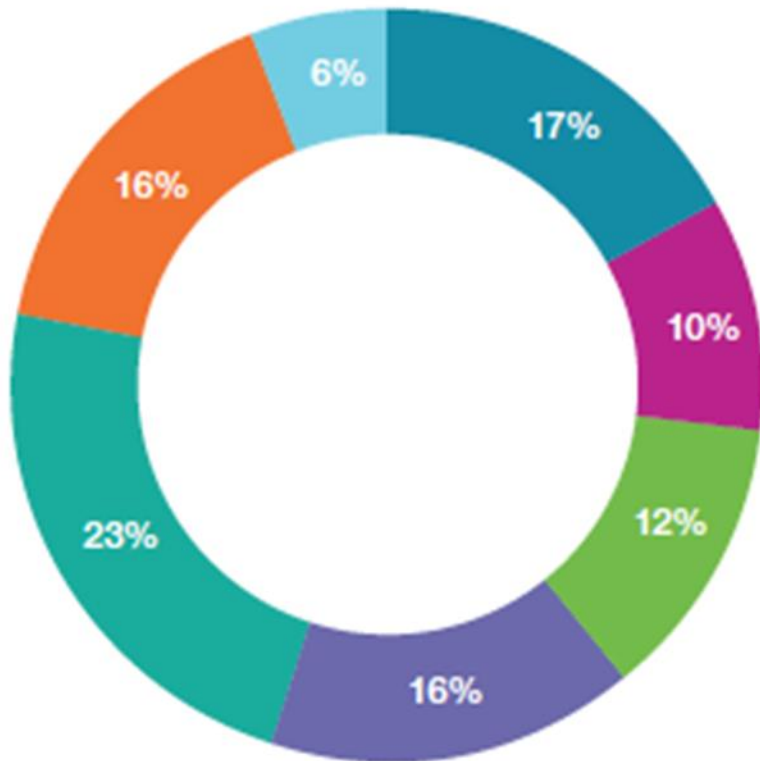
the Money  
Advice Service



- Estimate that **8.8m** people are over-indebted
- 75% are under the age of 45
- 64% are women
- 41% work full time
- Half have a household income <£20k
- 48% own their home (with or without a mortgage)
- 27% rent privately
- 66% find keeping up with bills a **heavy** burden
- 64% have fallen behind with credit commitments in the last 3 months
- 42% have been chased by creditors in last year
- 76% would describe themselves as being in debt

# Accessing advice

Table 2. Attitudes to getting advice



**Key**

- Already getting advice
- Planning to get advice
- Thinking about getting advice
- No plans but might consider
- Would consider if situation got worse
- Cannot ever see getting advice
- Don't know

# Accessing advice

- People want access to a multi channel advice journey
- Channel preference is impacted by different knowledge levels
- The desire for email advice is as prominent as telephone advice but yet to be fully developed in the sector
- 21% of the over-indebted population will only access face to face advice

# Challenges

- 7.3m over-indebted people are not currently accessing advice.
- Delivering the right services at the right time.
- Increasing knowledge and skills to improve take up of multi channel advice.
- Targeting to engage people in getting advice earlier
- Improving routes to debt advice through financial capability provision



# Over-indebted population

- Lack skills and confidence to deal with their creditors (41%)
- Don't know about the available debt solutions to them (44%)
- Believe its important that they repay their debts (83%)

In summary, people

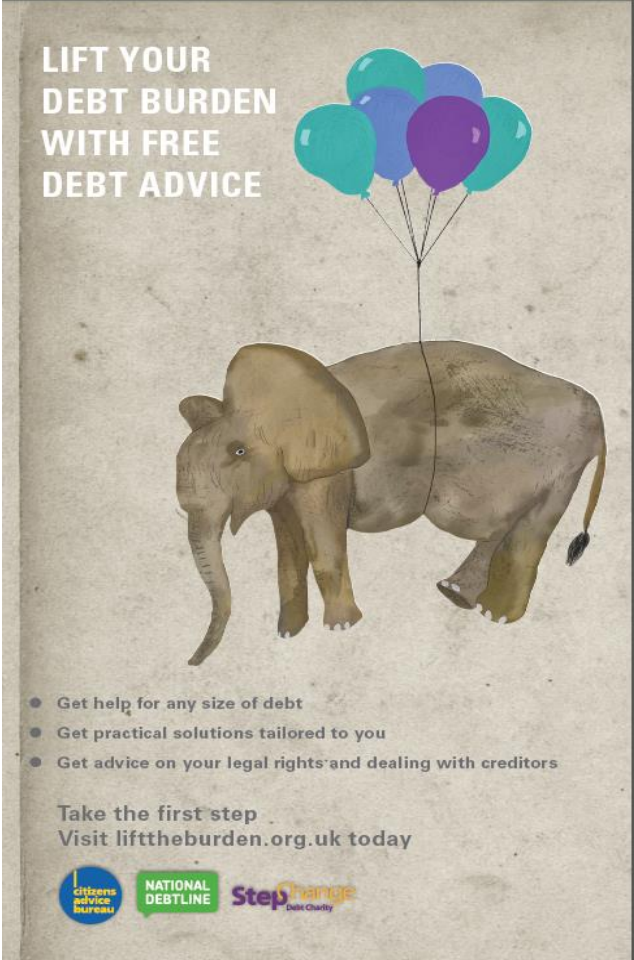
- don't like being in debt, want to repay their debt  
.....but are not taking action
- want to manage their situation themselves...but  
lack the skills and knowledge to do so.

**Which means...**

**...real and complex barriers to  
engagement and accessing advice**

# Increasing awareness




- Campaign ran for four weeks in July in Hull, Birmingham and Manchester
- Objective to raise awareness of and encourage access to free debt advice
- Partnership with Citizens Advice, National Debt Line and StepChange.
- The theme was 'lift the debt burden'
- Digital panels, press and radio adverts
- Evaluation will take place late September



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DEBT BURDEN  
WITH FREE  
DEBT ADVICE

- Get help for any size of debt
- Get practical solutions tailored to you
- Get advice on your legal rights and dealing with creditors

Take the first step  
Visit [lifttheburden.org.uk](http://lifttheburden.org.uk) today

- More learnings from Indebted Lives
- Needs and supply mapping
- Testing and understanding Engagement
- To identify the symptoms of problem debt
- Modeling of the advice gap over time
- To conduct a research programme focused on the effectiveness of existing solutions and unmet needs of the existing cohort
- To deepen our insight into and understanding of the lives of over-indebted people and the debt advice sector
- To demonstrate the value of debt advice to UK Plc