

Debt advice services in the UK

A snapshot of demand and supply



September 2013

Introduction

Since April 2012 the Money Advice Service has been responsible for co-ordinating the provision of free debt advice across the UK.

As part of this co-ordinating role we have committed to producing and publishing a clear geographical picture of the demand for and supply of, debt advice services across the UK.

This is the first time we have attempted this. It provides a snapshot of the demand and supply of debt advice before the full implementation of the Government's Welfare Reform programme and prior to the changes to Legal Aid in England and Wales.

Producing a unified picture of the demand and supply of debt advice in the UK is challenging. Advice is provided by a wide range of organisations with a variety of governance and reporting structures. As a result there are no harmonised processes currently in place for collating consistent data across the sector.

To begin addressing these challenges we have completed a number of research projects with additional work due later in the year. This will include a piece of detailed research which looks in detail at the attitudes of the over indebted population across the UK and how debt advice agencies can engage with them.

This document presents the consolidated findings of the research currently available, which provide an initial estimate of the active demand for, and current supply of, debt advice services in the UK.

About this report

This report draws on data from two studies that we commissioned. One looked at the characteristics and demand for debt advice and the other examined its supply. Additional data, insight and mapping expertise was provided by Experian.

Our aim in this document is to communicate the results of this work in an accessible manner which will help organisations involved in debt advice view the relationship between supply and demand across the UK.

We have created maps which show this relationship for Scotland, Wales, Northern Ireland and each of the former English Government Office regions, displayed at Local Authority area level.

These maps are intended to help communicate the complex picture of the different levels of supply and demand across the UK and to start the debate. **They are not intended as guidance for planning where debt advice services should be delivered.**

Demand data

We commissioned IFF Research to investigate people's needs from, and demand for debt advice in the UK.

Their study, entitled "*User needs from debt advice: individual and stakeholder views*", aimed to "define the outcomes desired by individuals and stakeholders which will be used to inform a new debt advice delivery strategy". This study collected data in 2011 and reported in February 2012. The full report can be downloaded [here](#).

As part of the process IFF Research was able to identify a proportion of the population who could be defined as needing debt advice.

This research suggests that there are 6.6 million 'over-indebted' households in the UK that perceive debt as a heavy burden or have had arrears of three months or more; of which:

- 2.1 million will actively seek debt advice
- 2.2 million would benefit from debt advice (latent demand)
- 1.0 million could benefit from broader money advice, and
- 1.3 million are unlikely to ever seek debt advice.

The maps in this report are based on the 2.1 million households who will actively seek debt advice. The figures do not include the latent demand for debt advice identified at 2.2 million households per year.

Our analysis also indicates that 15% of the 2.1 million households actively seeking debt advice would not be prepared to receive advice other than through a face-to-face service.

It is important to note that this data was collected before the bulk of Welfare Reform changes began.

Supply data

We commissioned London Economics (LE) to investigate the supply of debt advice in the UK. **Their report** “*Audit of the supply of debt advice services across the UK*”, was completed in December 2012 and can be downloaded [here](#). It aimed to “obtain a full picture of debt advice provision across the UK” as it was felt that “such information would allow [us] to pinpoint the actual locations where face-to-face debt advice is provided and the scale of provision in each location”.

LE surveyed a large number of debt advice providers and funders across the UK to assess the provision face-to-face, telephone and online debt advice provision from both the free to client and fee-charging sectors. The data was collected in the second half of 2012 and sought to identify the total number of clients that would be served in the 2012-13 financial year. It is important to note that this data was collected before the welfare reform changes began and the scope of legal aid in England and Wales was changed.

In total 1,022¹ different providers were identified and contacted; of which 863 provided face-to-face services, 96 telephone and 63 online. LE was able to gain data from 81.8% of these providers, including the Legal Services Commission (LSC).

In collecting data for this study the anonymity of the respondent was assured. As a result data can only be reported at Local Authority rather than individual level. The maps show the estimated number of clients served or expected to be provided with debt advice in each Local Authority area.

Estimating face-to-face supply in the UK

LE used modelling to create an estimate of supply for all of the UK, and in doing so the data was scaled up to account for non-respondents. The result is a best approximation for the total number of face-to-face debt advice clients served in the UK of just over 462,000.

¹ Some debt advice providers may have been excluded from this study due to their small size or low-visibility. These exclusions are seen as having only marginal potential impact on the results.

The relationship between supply and demand

From the data currently available to us we can make the following observations about the relationship between the supply and demand for debt advice:

- If we extrapolate from our earlier research that suggested 15% of people need face-to-face advice, and this figure is mapped proportionately across the UK, we can conclude that, in 2012-13, prior to the changes to LSC funding, and welfare reforms,
 - a) the supply of face-to-face advice was generally in line with the demand from those actively seeking advice, but
 - b) there appeared to be areas across the UK where supply and demand for face-to-face were not matched. Our research on the attitudes of the over indebted population, when complete, will help clarify this picture further.
- Across all delivery channels there appeared to be just over 1m households not *accessing* advice out of the 2.1m households we identified as actively *seeking* advice.

Of the 1m households not accessing advice, if we exclude those households we identified as actively seeking advice but not needing it, and those who access advice online then a more accurate number for those not accessing advice is approximately 700,000 households.

Research constraints

Data collected for face-to-face supply was mapped to the main advice centres, rather than the exact geography of where the advice was provided, be it in outreach or via satellite venues. This has meant there are geographic gaps within county areas which in some cases will misrepresent coverage.

Information on current telephone and online debt advice is not available on a geographic basis. This has meant that presentation of overall supply has had to be modelled based on population density and advice demand levels.

The supply side data does not reflect the referral volumes between advice providers. This gap means that supply provision could be over-represented in the analysis.

The study on the demand side was not undertaken for the purposes of this research. This has meant that some of the demand side factors impacting on advice-seeking behaviour were not explored in the research.

Next steps

The analysis of supply and demand for debt advice is a snapshot and as such presents the clearest picture available using the data we have.

We recognise that this is a first attempt at such a picture and we are committed to an on-going piece of work to improve the sector's knowledge and understanding of the relationship between supply and demand for debt advice services. To do so we will work with our partners to:

- Improve the way in which data can be collected across the country: including increasing response rates from providers, obtaining data at a more specific level, and better linking the delivery of telephone and internet services to locations.
- Improve and show the complexity within the overall assessment of supply based on differing levels of advice, channels, specialist support, sustainability (risk of stopping and length) and will be agreed amongst partners to provide a richer and more valuable assessment.
- Provide more specific evidence and visualisation of where the specific geographic gaps are in supply of both face-to-face and telephone advice.
- Reach a clear alignment across the sector and across delivery channels to provide a common understanding of what is understood specifically as debt advice.
- Develop a more sustainable methodology for calculating demand for debt advice.
- Introduce more cost effective and mutually beneficial methods of data collection.
- Conduct an annual review, analyse and publish the findings.

Introducing the maps

Data is presented at the Local Authority area level for Scotland, Wales, Northern Ireland and each of the former Government Office Regions in England.

When interpreting the data, the following considerations should be taken into account:

- Data for supply and demand are estimates and are not appropriate for planning purposes.
- The data was collected in 2011-2 before the changes to the LSC funding and the introduction of the Government's programme of Welfare Reform.
- The maps are a visual representation of complex data. They have been designed to show the overall picture for each local authority area. As such the markers showing supply are

representative of the whole area; they do not show the actual location of supply in outreach locations.

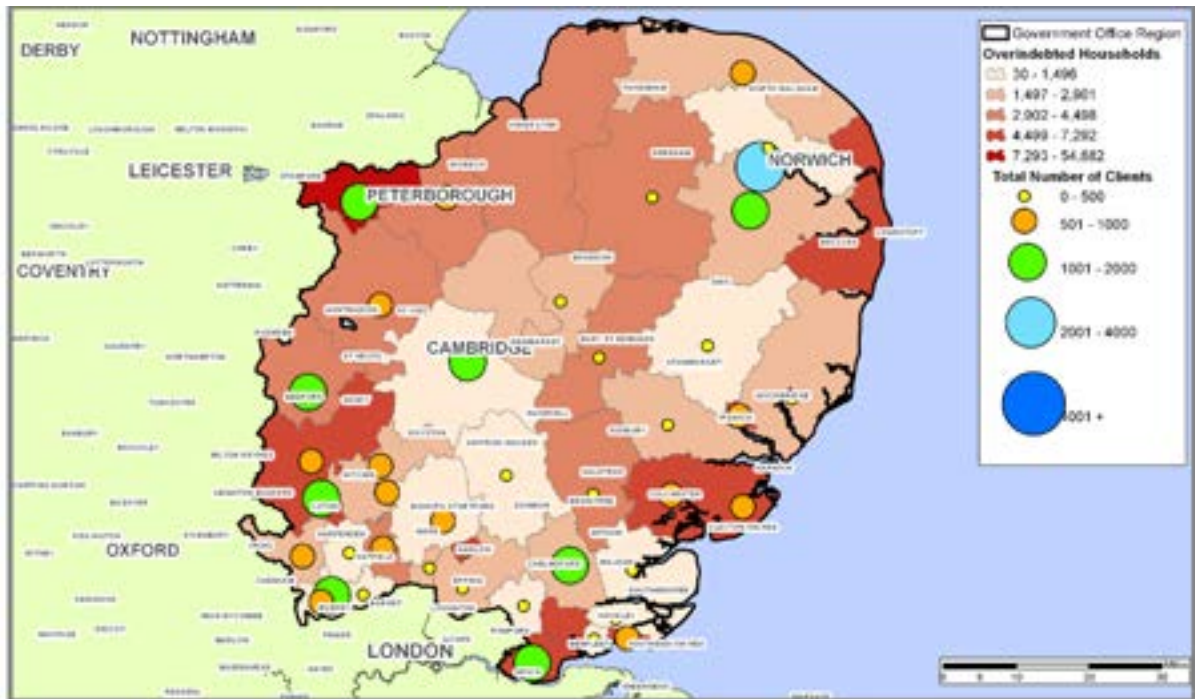
The maps are shown in alphabetical order.

Legend

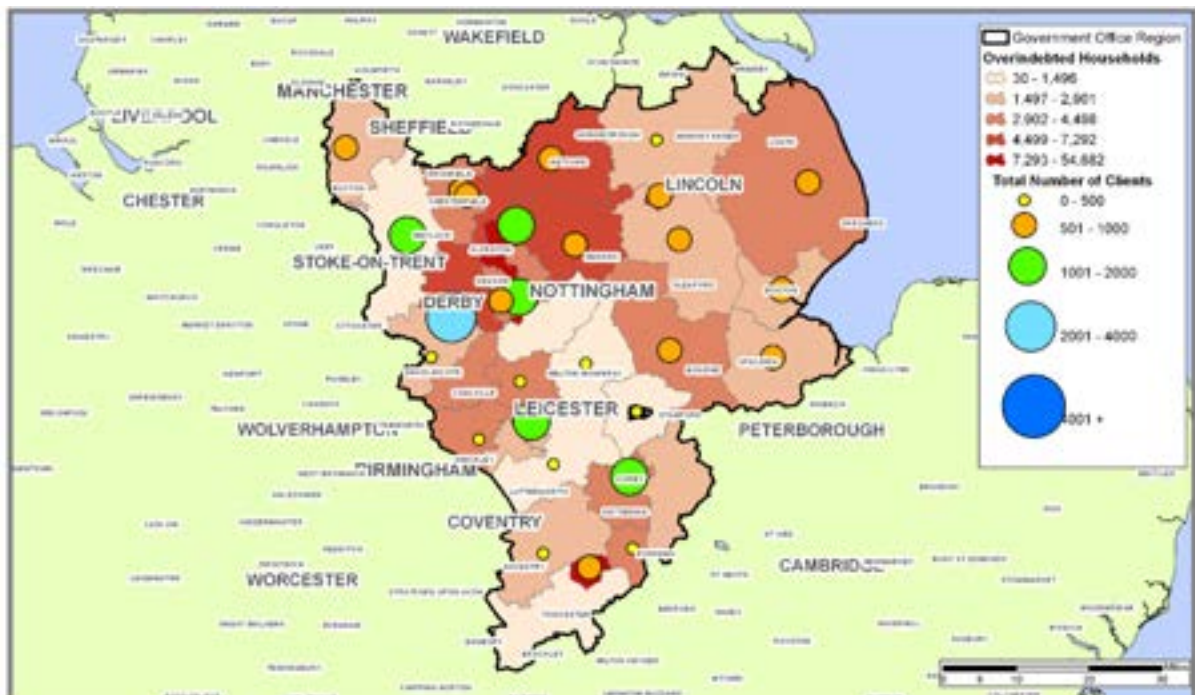
The maps contain two data sets, shown using different methods:

- **Demand data:** this is shown using different shaded colours for each Local Authority area. An area colour scale is shown on each map and is consistent across each of them.
- **Supply data:** this is shown using different shaded and sized dots for each Local Authority area. A colour and size dot scale is shown on each map and is consistent across each of them.

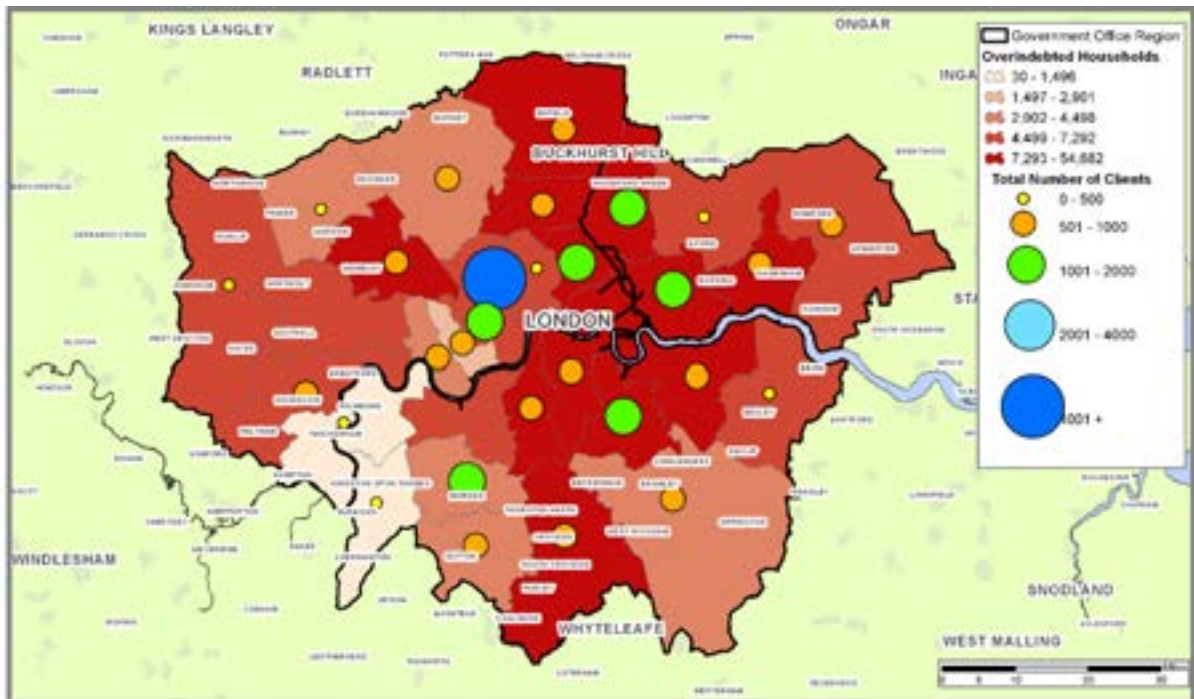
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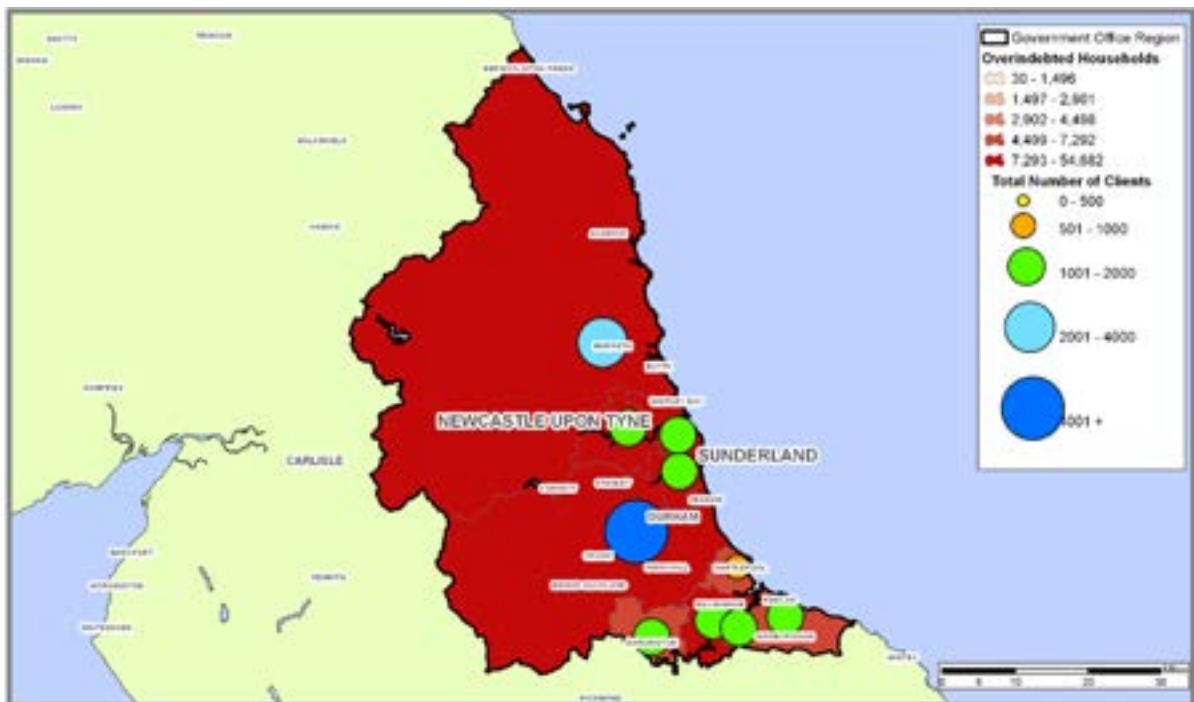
East Midlands



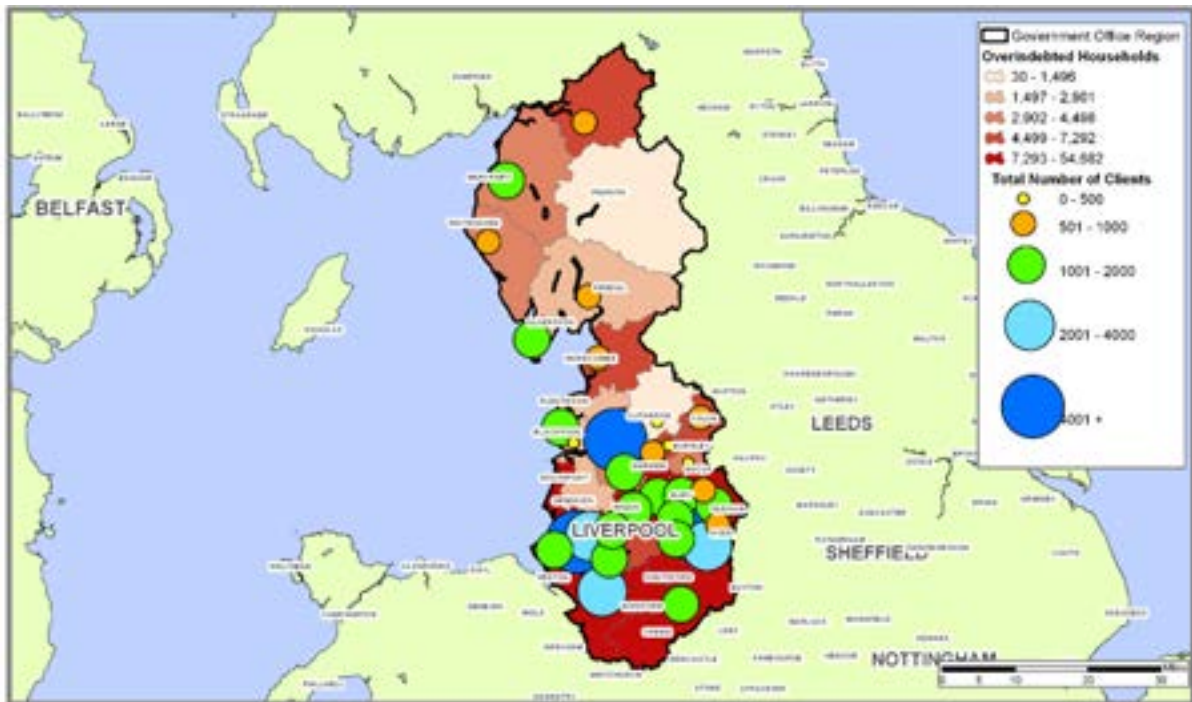
London



North East



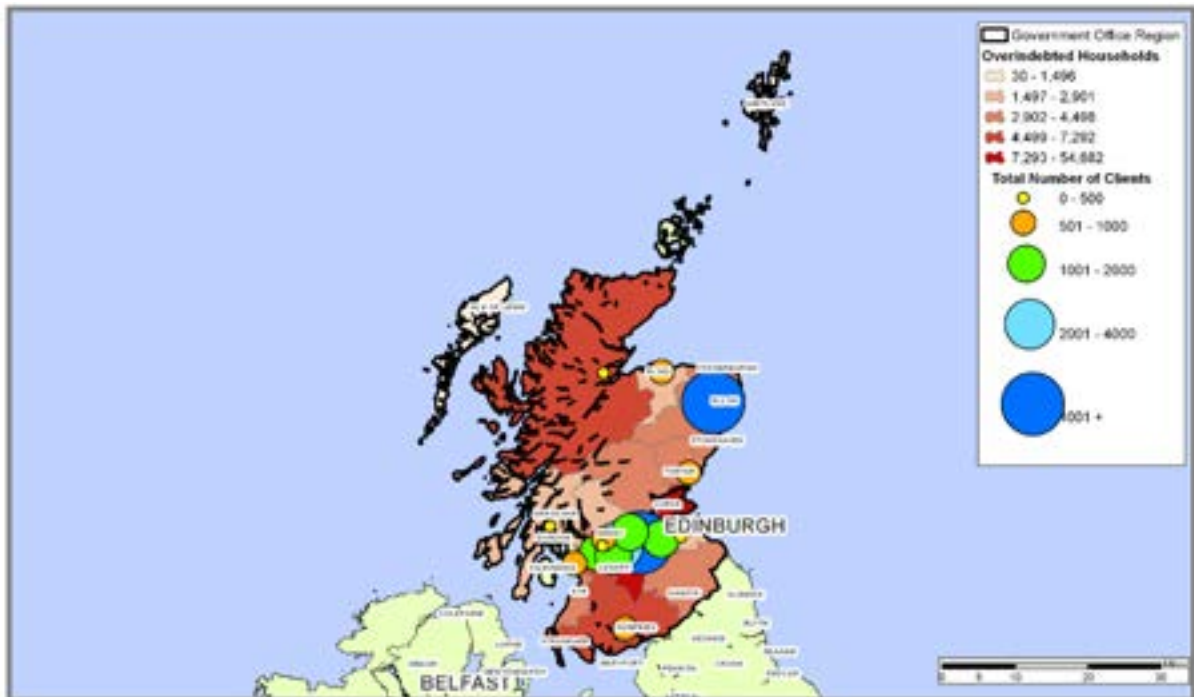
North West



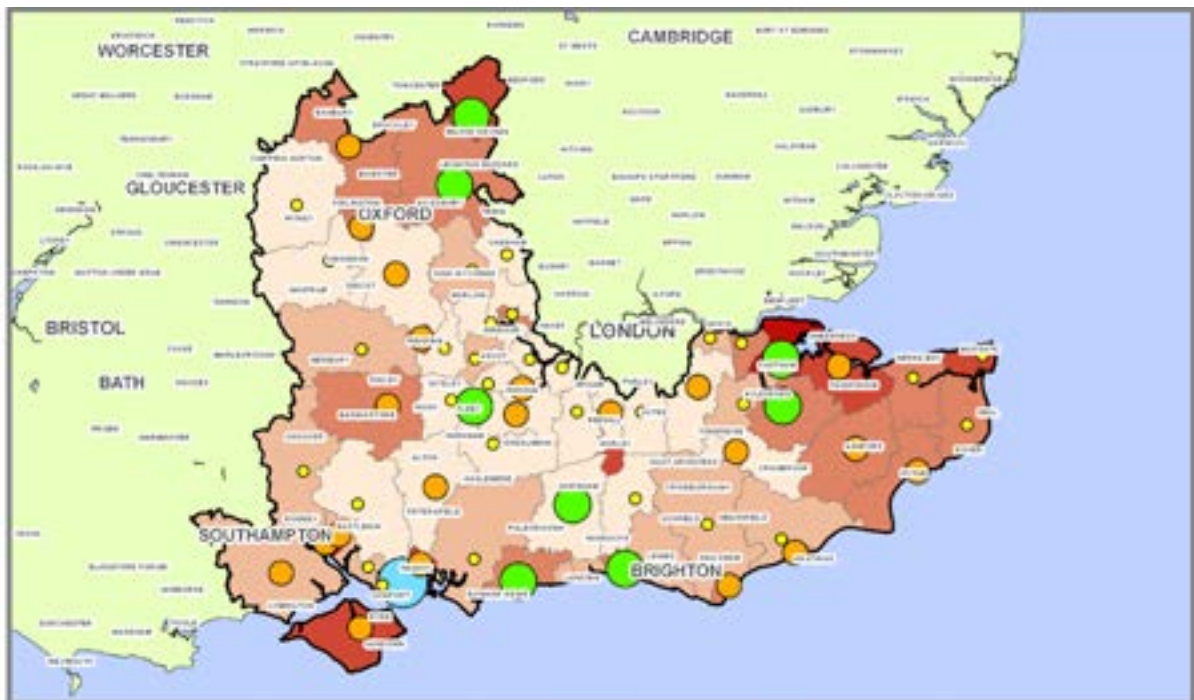
Northern Ireland



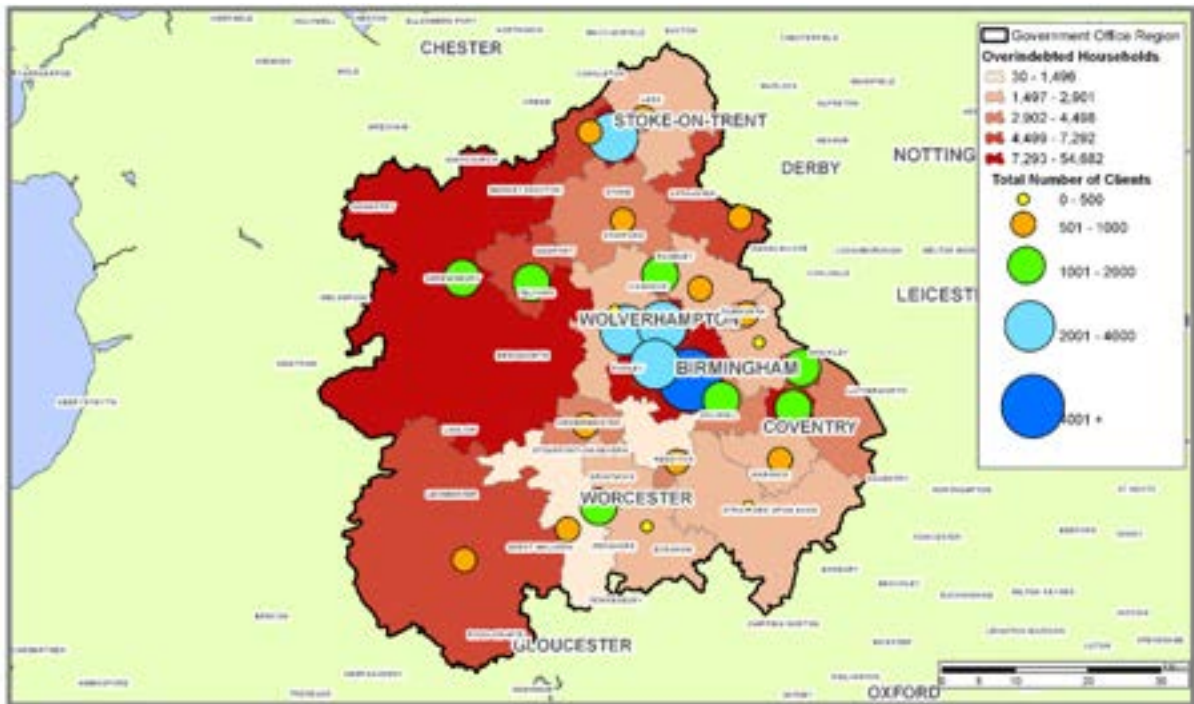
Scotland



South East



West Midlands



Yorkshire and Humber

