



**NIACRO Response to Independent Review of the
Funding of Debt Advice in England, Wales, Scotland and
Northern Ireland**

8 December 2017

1. NIACRO is a voluntary organisation that has been working for almost 50 years to reduce crime and its impact on people and communities. Specifically, its contributions have been to:
 - Support the resettlement of adults leaving prison and those on community supervision
 - Build skills, confidence and employability of people both in prison and in the community
 - Build the resilience of children, young people, families and adults who are displaying behaviour that would put them at risk of engaging with the criminal justice system, supporting positive lifestyle choices
 - Influence service providers in the statutory, voluntary and community sector and building their capacity to provide appropriate support and bespoke training
 - Contribute to public debate and influencing others with regards to criminal justice matters, at the highest level.

At the heart of NIACRO's work is a drive to reduce (re)offending within the understanding that integrated and flexible approaches towards desistance are most effective.

2. Preliminary Comments

NIACRO welcomes the opportunity to comment on the Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland.

3. Response Questions

3.1. Can you provide any data about the causes driving people to need to seek debt advice, which could inform a forecast of how demand might change over the next five years?

NIACRO's experience is that people are hesitant, almost reluctant to seek debt advice. Our Family and Money Matters (FAMM) service is an early intervention, diagnostic and referral service which works with people affected by the criminal justice system through imprisonment or community sentencing. Data from research conducted by the FAMM team indicates reluctance by people to have sought help in the past for a variety of reasons, such as having been able to manage before entering prison, not being ready to seek help and not knowing who to go to for help. Another factor was the cost attached to seeking debt advice putting people off.

3.2. Can you provide any data about stage(s) at which people seek debt advice (for example: when they feel that they have taken on too much debt; when they are struggling to pay their debts; when they have court orders enforced against them)? A related source of useful data would be listing the volumes from your different referral partners who send people needing debt advice to you.

The individuals who have engaged with our FAMM service have done so when financial plans start to unravel. This typically happens several weeks after arriving in custody when the loss of income affects repayment plans set up to service debt such as housing costs, Hire Purchase, credit cards, phone contracts, personal loans and so forth.

3.3. How does your organisation determine/define who needs debt advice and is there a mismatch between that and who, in practice, receives it?

Our service is specifically targeted at people impacted by the criminal justice system, be they someone sent to prison or a relative or loved one in the community who is doing without to financially support them during their sentence. Loss of income entering a household, disruption in benefit payments, delays in reassessing benefit entitlement can all destabilise coping strategies that have functioned effectively beforehand.

At NIACRO we use a triage system to determine what support is needed based on the urgency of action and the complexity of the case. We have referral arrangements in place with other specialist debt providers to ensure the client is provided with the most appropriate debt advice for their circumstance.

3.4. Can you provide any data about the make-up and quantum of the debts of the people you serve with debt advice?

The type of debt our FAMM service responds to includes credit card debt, personal loans, hire purchase / lease agreement, contract phones, overdrafts, utility debt, store cards, rent arrears, mortgage debt.

3.5. What are your views about how funding of debt advice could be targeted more directly at the people who need it? What in your view are the most effective ways of targeting advice?

Our service is designed to target people at their earliest point of contact with the prison system. The service is based in prisons in Northern Ireland where we find face to face contact the best approach for getting people to engage with the service. We are not allowed to bring electronic devices such as mobile phones, tablets, laptops into the prison for security reasons. We also find that a lot of the people we see have literacy deficits and having someone to help draft letters, read correspondence and explain legal complexities is a real practical benefit.

Working within the criminal justice sector NIACRO recognises the value in targeting resources and services at the point of need. Working extensively with marginalised individuals and groups who have disengaged or are excluded from mainstream services (due to criminality, lifestyle choices or both) we understand that early intervention, diagnosis, support and capacity building are of critical importance in affecting positive change in peoples lives

3.6. Could more be done to encourage people to seek advice earlier? If so, how and by whom?

We believe early intervention is crucial in encouraging people to seek advice. Engaging people before issues become crises, diagnosing potential risks and developing appropriate strategies along with building the capacity of the individual affected to become more proactive to identify and avoid debt problems escalating.

Financial institutions should take greater care to identify at the earliest stage when a person's ability to manage their financial commitments is becoming a problem. Banks, loan companies, credit card companies could intervene to offer advice and assistance with possibility of referral to a third party for independent advice.

Supply

3.7. Can you provide any data about the number of people you have provided with debt advice over the last five years? (Do you track repeat users of your services? If so, please supply data.)

Between April 2016 and September 2017 NIACRO has provided advice to 448 people presenting with debt issues.

3.8. Can you provide any data about the demographic profile and geographic distribution of the people you provide with debt advice?

Our service users come from right across Northern Ireland and are both male and female and range in age from teenage years to mid sixties in age.

3.9. Can you provide any predictions about the number of people you expect to provide with debt advice in the future? (Data for any time period will be helpful.)

We anticipate that our current debt advice service can help 300 people per annum but that this may rise as our service users lives are affected by the roll out of Universal Credit in Northern Ireland over the next 12 months.

3.10. Can you provide any data about the cost of providing people with debt advice, broken down by cost per channel?

No comment

3.11. What are your views about how channel costs can or should change, taking into account your organisation's strategy, shifts in consumer behaviour, and new technologies? Are you able to provide data on cost-effectiveness per channel? (If so, please say how you have defined cost-effectiveness for this purpose.)

No comment

3.12. Is enough being done to ensure the quality of the advice provided? If more should be done, how would this be best achieved and what are the cost and benefit implications?

Niacro is a member of Advice NI and has achieved Debt Advice Quality Assurance Standard (DAQAS) award and the Northern Ireland Advice Quality Assurance Standard NIAQAS?? Our staff have completed the Money Advice Service (MAS) online training menu and also attend regular training offered free by Advice NI. Our staff also attend Northern Ireland Discussion Forum events and Ask The Expert seminars where the debt advice sector meets the financial sector to discuss topics of mutual interest / advantage.

The importance of have support within the sector to improve delivery through industry standards and free training cannot be emphasised enough.

The importance of good governance and good management practices such as good recruitment practice, investing time in staff induction, training, mentoring support, supervision; case monitoring and case review all improve the quality of advice provided.

The sector can develop a comprehensive menu of recognised professional qualifications for staff at all levels which are recognised by professional bodies and transferable to other sectors.

3.13. What are your views about how funding of debt advice could be more closely linked to better outcomes?

No comment

3.14. What are your views about whether there could be improved efficiencies in how debt advice funding is collected and distributed?

In Northern Ireland Debt Advice funding will be channeled from HM Treasury to the debt advice sector via the Department for Communities.

3.15. How much of the debt advice you offer is provided as part of a single/ multi-agency approach package of solutions dealing with interlinked problems (for example: health, mental health, housing etc) faced by the individuals seeking debt advice?

Debt is sometimes an outward symptom of other complex issues in a person's life. A person may be homeless, have poor mental health, have addiction issues, be unemployed and may be interfacing with statutory or non-statutory services for support with these.

The debt advice provided by the NIACRO FARM service is provided as part of a multi- agency approach to promoting the successful reintegration of people in custody back into the community. Working with the Northern Ireland Prison Service and the Probation Board for Northern Ireland the service aims to support people in custody and their families on the outside with debt management and financial capability with the aim of supporting desistance and reducing the risk of re-offending.

3.16. Do you consider the current level of funding is sufficient to enable you to meet the demand for debt advice today and over the next five years? Are the current means by which you are funded the most efficient and effective? If not, what changes would you like to see, and why?

Our current funding is renewed on an annual basis which presents difficulties for us in planning expansion of the service and with retaining experienced advice staff. More secure funding over a longer time frame would allow us the opportunity to embed good practice and develop our response in the prison setting and in the community.

Beneficiaries

3.17. What are your views about who, other than the individual receiving debt advice, benefits from it? Are you able to provide any data to support these views?

- financial institutions
- creditors
- courts
- family
- society
- tax-payer

3.18. Some people use free-to-client debt advice agencies and some people use fee-charging debt management firms. Based on your experience do you consider people find the route that is appropriate to their circumstances?

There is an assumption that if we pay for a service it must be better value. However as we know this is not the case. Yet when we go seeking a debt service in a search engine it is fee-paying companies that will inevitably appear first. Fee-paying services can be biased as they do not always look at the full range of disposals on offer to a client but promote the one it favours. Fee-paying services are also profit driven at the expense of outcome for the client.

Addressed primarily to other interested parties

3.19. What are your views about any political, economic, social or technological changes that might impact on the future of debt, debt advice and its funding in the next five years?

The Open Banking era presents a challenge for the debt advice sector with the threat with greater access to individuals personal banking information we will see a systematic targeting of products at financially vulnerable clients which will lead to increased levels of borrowing and indebtedness.

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