

PRELIMINARY RECOMMENDATIONS AND NEXT STEPS

Background

As set out in the remit for The Tackling Problem Debt Group, the Scottish Government plans to publish a vision for debt advice in 2019. The work of this group will be instrumental in shaping that vision, and in developing the practical steps to deliver it. We are therefore proposing that the TPDG agree a set of recommendations for future action.

Based on the discussions from the TPDG meetings so far and individual feedback sessions with members, we have set out our understanding of actions the TPDG may wish to recommend. A further update will be provided for discussion at the final meeting, incorporating additional recommendations from meetings four and five.

In compiling these recommendations, we recognise that the Scottish Government makes up only a small part of the free debt advice landscape, and a smaller part of the free advice landscape as a whole. However, we also believe that the Scottish Government has a role to play in improving outcomes, by both using its influence to increase collaboration across the sector, and by showing leadership through its own processes and practices.

In attempting to achieve these aims, we are seeking concrete action that will:

- Secure a free debt advice model that puts people at its heart – both the users of advice services and those who provide them.
- Meaningfully increase collaboration across the free debt advice sector to improve user journeys and ensure efficiency.
- Ensure Scottish Government funds are integrated with the wider debt advice landscape so that our offerings supplement local delivery.

Members are encouraged to feedback on the recommendations set out below.

Recommendations

1. Develop a robust programme of free debt advice user testing

A free debt advice offering that puts users at its heart requires a thorough understanding of what users want and need from advice services. This knowledge will be vital to ensure decisions by both funders and service providers can offer lasting outcomes and value. Going forward, the Scottish Government should conduct a programme of user testing designed to understand how and why users interact with advice services, and what their expectations are for future engagement. This programme should build on much of the good work already carried out on user experiences, and must be designed to gather a genuinely diverse range of views.

2. **Develop a debt helpline offering that is Scottish-focused and better integrated with Scotland's advice landscape**

Discussions of the future of helpline support highlighted many benefits in remaining as part of a UK-wide system: economies of scale; intelligence sharing; and the

flexibility to respond to fluctuating demand levels. However, set against this were concerns that Scotland's different debt system requires specific expertise, and that existing debt lines had under-developed links with the wider debt advice landscape. Going forward, the Scottish Government should explore how advantages, such as economies of scale, can be maintained while developing a more Scottish-focused system. This could involve either working more closely with existing providers to ensure that Scotland's needs are more accurately reflected in existing UK provision, or developing a bespoke Scottish helpline, perhaps with wider links to other kinds of free advice provision.

3. Develop a three year funding model for levy-funded debt advice

The majority of project funding for free debt advice is currently awarded on an annual basis. This leads to insecurity for advice providers, meaning it is difficult to retain staff or develop clear career progression. It also makes it challenging to develop and test innovative ways of working; and, by creating an ever-more competitive funding environment, it creates barriers to collaboration between advice providers. A transition to longer term funding models must be the long term aim. Achieving this is complex, and is particularly challenging in the current budgetary environment. However, there is an opportunity to take advantage of the relative certainty of levy funding to display the benefits of more sustainable approaches. Going forward, the Scottish Government should therefore commit to three year contracts for levy funding as the norm.

4. Operationalise the Funders Framework

The Funders Framework was developed by Scottish Government with a view to bringing more consistency and clarity to advice funding across Scotland. Discussions suggest that there is strong support for the principles set out in the Framework, but that they are not always well understood, and that turning them into a reality is challenging. Going forward, the Scottish Government should work to ensure their debt advice funding adheres to these principles, but more broadly, should explore how the process of embedding the principles of the framework into wider advice provision can be achieved.

5. Develop a model of SG levy funding that is transparent, independent, and rigorously reviewed and evaluated for impact

The complexities of the free debt advice landscape and the challenges of ensuring limited funding is used most effectively have been well documented. Although solutions to these challenges are complex, it is clear that Scottish Government funding must complement local delivery, and that achieving consistent advice coverage might require different interventions for different communities. Achieving this means continuous monitoring of existing provision, and rigorous assessment of which interventions deliver most.

Delivering change will require Scottish Government to develop a mechanism to:

- assess provision of free debt advice across Scotland and how it complements or interacts with other provision;

- recommend where Scottish Government money could have the most impact; and
- evaluate outcomes of interventions to monitor impact.

Going forward, the Scottish Government should explore and implement the mechanism best able to deliver these requirements.

6. Develop a more integrated funding landscape for free debt advice

As set out in the previous recommendation, the Scottish Government must ensure that its free debt advice offerings complement rather than displace existing funding. A recurring theme of TPDG discussions has been the Scottish Government's limited size in the free debt advice landscape, and the acknowledgement that it is only one organisation among many. The Scottish Government cannot and should not drive the priorities and methods of other funders. However, collaboration between funders is as important as collaboration between advice providers. Going forward, the Scottish Government should use its influence to bring funders together and encourage strategic decision-making and the sharing of best practice.

7. Harness the potential of technology in a way that practically improves the experience of both providing and receiving debt advice

It is accepted that technology could have a profound impact on the delivery of debt advice, and in many cases, is already altering the advice experience. Discussions suggest that the Scottish Government should avoid rigid targets for embedding new technology, but should continually seek to develop and evaluate solutions that offer genuine value to both users and providers. Going forward, the Scottish Government should be mindful of the need for better intelligence sharing as well as for innovation that will improve the process of advice provision, and should develop a mechanism to fund innovation in both these areas.

Consumer and Competition Policy Unit
October 2018