Discussion paper for TPDG – workforce strategy

The upcoming meeting of the Tackling Problem Debt Group will consider workforce strategy.

Background to the provision of debt/money advice in Scotland and the emergence of "approved advisers"

Money Advice or debt advice has been available in Scotland since the 80's and provided by CABx, local authorities, amongst others. It was very ad hoc with little training available. Many projects were funded through the then Scottish Office, and were targeted at what was referred to as Areas of Priority Treatment, and individual projects positively targeted areas of deprivation. However, changes occurred with the introduction of the Local Government etc (S) Act 1994, where regions and districts were re-organised into all purpose Unitary authorities. This resulted in the loss of many of the projects, which had previously become mainstreamed, and others were subsumed into different Departments within the various Councils. Where for example many Trading Standards Departments had money advisers working closely with the Trading Standards Officers, which helped reduce consumer detriment, that all changed with the new structures in place.

With the advent of the new Scottish Parliament and its powers, and the emergence of the Striking the Balance Group, which was a cross party group looking at a replacement for poindings and warrant sales, money advice began to be recognised as central to assisting consumers resolve their debt situations. The Debt Arrangement and Attachment Act 2002 was born, and introduced "approved money advisers" legislation and Ministerial commitment to money advice as a valuable profession. The roles and responsibilities of money advisers changed significantly with the introduction of the Debt Arrangement and Attachment Act, and the subsequent Debt Arrangement Scheme Regulations[1]. Ministers made significant investment into money advice to encourage the development of services, and to improve public access to approved advisers. In addition funding was available to improve IT capacity within the sector.

The Debt Arrangement and Attachment Act Schedule 4 sets out the requirements for approved advisers and as such, the current training programme runs under the auspices of the Wiseradviser brand and enables advisers to develop the skills and competences required to become an Approved Adviser, which in turn enables advisers to act on behalf of clients who are going through an insolvency option, such as bankruptcy, or a debt management option such as a Debt Payment Programme under the Debt Arrangement Scheme Regulations. The MATRICS project has provided the training and consultancy in respect of this legislation since its inception.

Currently, a significant amount of the training in Scotland has been delivered by MATRICS project personnel through its funding, but currently there are no qualifications available in Scotland specifically for Money Advisers related to the training provision.

The recent funding of money advice however, has been largely down to Local authorities and the Scottish Legal Aid Board Programmes such as Making Advice Work. Due to

[1] The Debt Arrangement Scheme (Scotland) Regulations 2004, provided for the approved money adviser status and implemented November 2004. The training and competence requirements are set out in Regulation 8(3)

cutbacks there has been a significant drop in the funding of advice services by local authorities over the past years and indeed changes in delivery mechanisms.

Current economic climate

Given the current economic climate, where there are more people in debt than before and the fact that people are struggling with everyday payments such as utilities and food, there is an even greater demand for services than before. Stepchange reported in 2017[2] that 41% of their clients were in arrears with council tax, and electricity arrears had increased by 37% since 2013. The Money Charity[3] reported that the average debt is £58,658 (including mortgages). However, at the same time funding has been significantly reduced into the sector. The recent Wyman review[4] has recommended that in order to meet the demand that there should a channel shift from face to face to telephone then from telephone to digital. As Scotland has significant island and rural populations, sometimes with little or poor broadband width, this can complicate things even further. However, it is acknowledged that where there is access to broadband and clients have the capabilities that this model can work for some.

So, the challenge is how do we develop the workforce in order to improve the quality and quantity of debt advice? Currently, there is little training available in terms of Continuing Professional Development for money advisers due to funding constraints.

Also, having previously conducted a survey to gather information on the money advice population, it was clear that there would be a number of advisers who will retire at the same time, and indeed some have retired due to voluntary redundancy. This has resulted in a loss of expertise and knowledge which takes years to recover from.

We are also aware that a number of advisers have been on long term sick leave due to the stress of dealing with clients.

So, in terms of any future strategy in our view, 5 broad principles should underpin the workforce strategy:

1. Retaining experience
2. Attracting new talent
3. Driving learning and development
4. Maximising adviser time to focus on clients
5. Protecting adviser wellbeing

1. Retaining experience

In recent years, a number of skilled and experienced advisers have left the sector: either voluntarily to seek more stable employment, or through redundancy and funding cuts.

The aim of retaining advisers will be perennially linked to the bigger question of funding and these two issues cannot be considered independently. Nonetheless, while examining ways to increase job security for experienced advisers, we should also explore how we provide opportunities for experienced advisers to return to the advice sector. The absence of current qualifications needs to be addressed as a priority, as the sector is becoming more regulated due to the Consumer Credit Act coming into scope and the Financial Conduct Authority having oversight of Consumer Credit since 1 April 2014.

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[2] Stepchange In the Red report 2017
[3] The Money Statistics – September 2018, The Money Charity
[4] Independent review of debt advice by Peter Wyman – published by the Money Advice Service – January 2018

Money Advice Scotland has run a programme of qualifications for over two decades mostly focusing on Scottish Vocational Qualifications in advice. Of recent times it partnered with the Institute of Money Advisers, and Staffordshire University. However due to costs and the quality of the qualification a decision was taken not to provide the qualification. During a three year period 2013 – 2016 Money Advice Scotland heavily subsidised the qualification from its own resources, to enable the money advisers to pursue qualifications.

2. Attracting new talent

When experienced advisers are leaving the sector, it is important that appropriately skilled people are brought in to replace this capacity.

A piece of work that builds a better understanding of money advice and its benefits to clients (and professional benefits) may help make this a more attractive career option.

It is also worth noting that the typical pay scales for money advisers are relatively low, particularly when considering the specialist knowledge and expertise (for example, in court representation) that is required to best support clients. This coupled with the statutory responsibilities of an approved adviser, and the need for "fit person" criteria to be met in the first place, for the adviser to be approved under the Debt Arrangement Scheme regulations.

To meet this aim of attracting new talent, it may also be useful to explore the potential of Modern Apprenticeships, or other new routes into the advice sector. Given that we know that many young people are affected by debt and would be content to talk with their peers there is a burning need to build the capacity of younger people. Stepchange[5] statistics show that 36% of clients are between 25 and 39. This figure has grown by 6% since 2013. Being a debt adviser needs to be a more attractive option, especially given that it comes with the responsibility of being a regulated profession.

In addition, given that the role of debt advisers requires skills similar to those within the financial services industry, (albeit from a different perspective), there is scope to attract more people from the financial services industry, and train them in debt advice. Where this has been done in a few locations across Scotland it has worked effectively. However, the barriers to access may be the levels of salaries, as mentioned previously.

3. Driving learning and development

Advisers should be regularly consulted on training and development needs. Money Advice Scotland recently held two focus groups with members to help determine gaps in current training provision. A survey is also underway and will close shortly. Money Advice Scotland would be content to share these findings with Scottish Government, but it is clear even at an early stage that advisers need much more to help meet the changing needs of clients. This work also seeks views on the development of a new money advice qualification.

Where advisers meet certain criteria, they may be eligible for an Individual Training Account (ITA) which would enable advisers to appraise the various types of qualifications which exist. Also, where an adviser is disabled they will automatically be able to access an Individual Training Account regardless of income level.

MATRICS should continue to be a valuable resource for advisers to secure second-tier support. Demand for assistance from the consultancy team is at record levels.

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[5] In the Red

Mentoring is another option that will help with the influx of new advisers. Many managers of advice services have no frontline advice experience. Intensive support could be offered via the MATRICS consultants, if services were resourced adequately to allow for this activity.

Adviser forums (whether online or in person via regional groups) also offer the opportunity to share professional expertise and good practice. Buddying systems also work and provide that one to one support.

New technology plays a significant role in assisting the development of the workforce. There are many technical solutions which have yet to be explored. For example, the sector could use videos of face to face (mock) interviews with clients to help build the confidence of new and existing advisers. Case studies could be used to underpin the interviews, which are simulations, but a good way to learn and discuss the "advice session".

Pod casts and webinars are other methods which could be used to provide learning.

"Open banking" will also provide new challenges for money advisers, and in many ways it will be positive, but advisers will need to be able to embrace the new technology and the challenges that the availability, and transportation of data will bring for their clients.

4. Maximising adviser time to focus on clients

The earlier mentioned Wyman review also called for substantial efficiency cuts. This is a criticism that is levied frequently at third sector and public-sector organisations, and the money advice sector is no different in this respect.

However, a number of these inefficiencies are created by systems: advisers regularly note concerns about the scale of various reporting requirements. These processes should be streamlined to allow advisers to spend as much time as possible on advice rather than admin, while also capturing demonstrable outcomes.

Advisers are attracted to the sector because they want to help people, and systems should be designed to allow as much time as possible to focus on clients. Research from the Money Advice Service has shown that this over-emphasis on reporting rather than advising clients affects morale.

5. Protecting adviser wellbeing

Money advisers work to bring stability to volatility. This is often extremely stressful work: many advisers have experience of clients who have committed suicide, for example. While the sector has long-considered the implications of vulnerability and mental health of clients, there is no equivalent focus on the wellbeing of advisers.

As the profile of clients in debt changes towards helping low-income people in increasingly desperate circumstances, the impact on advisers of dealing with this work on a day-to-day basis cannot be overstated. The workforce strategy should examine ways to monitor and safeguard adviser wellbeing. This will include training and guidance for advice agency managers to support advisers, and to identify issues which are affecting health and wellbeing. Annual surveys need to be run in order that we can map the trends emerging within the sector.

Conclusions

There is a co-ordinated programme of training available, which meets the needs of new advisers. However, existing advisers lack Continuing Professional Development opportunities. Advisers are experiencing difficult situations with their clients, and the programme of training available still falls short of their need and expectation. We need to be more innovative and have a more blended approach, and, be bold in the use of technology to give optimal output. Consideration needs to be given to a much broader programme of training, which includes the wellbeing of advisers.

Also we need to encourage new entrants to the market – not just volunteers but from other areas of expertise.

It goes without saying that consistent stable longer term funding is pivotal to the success of any future strategy, which needs to be well co-ordinated.

Questions for discussion

1. Are advisers well enough equipped to continue to give quality advice to clients?
2. Should there be one quality framework?
3. What tools do money advisers need to do their job well?
4. How do we fill the gap in CPD, and with what– especially for those who have been in the sector a long time?
5. Should (mandatory) qualifications form a core part of advisers' education?
6. Should there be Regional groups formed, and a buddying system in place?
7. Should the sector be working with the Fin Tech companies in Scotland, and FinTech Scotland, to develop more resources?
8. Should the sector be working closer with the Financial Services industry and have input to the curriculum?
9. How do we ensure that reporting requirements are kept to a minimum?
10. Should there be closer links with Skills Development Scotland and Scottish Enterprise?