

EAST AYRSHIRE COUNCIL

SOCIAL WORK COMMITTEE : 23 MAY 2002

ADDITIONAL FUNDING FOR DEBT ADVICE SERVICES

Report by Director of Educational and Social Services

1. PURPOSE OF REPORT

- 1.1 To inform elected members of additional funding for debt advice services to be provided by the Scottish Executive to local authorities and to seek Committee approval for proposals for the use of that funding.

2. BACKGROUND

- 2.1 Further to recent changes to the legislation governing debt recovery in Scotland, a working group was set up by the Scottish Executive to review the legal framework in Scotland for dealing with debt and to make recommendations for a humane and workable alternative system.
- 2.2 The working group was able to reach a firm consensus both on the shortcomings of the present system and on key elements of a new approach.
- 2.3 Further to the recommendations of the working group contained in the report *Striking the Balance*, the Scottish Executive is committing £3m each year from 2002/03 to support additional debt advice services across Scotland.

3. DISTRIBUTION OF ADDITIONAL FUNDING

- 3.1 Local Authorities are key funders of debt advice services and based on discussion with money advice agencies, the Scottish Executive estimate that these additional resources will support the full time equivalent of around 75 additional trained money advice workers across Scotland.
- 3.2 Allocation of this funding through the Revenue Support Grant is felt to be the best way of ensuring that the additional resources complement existing provision.
- 3.3 In acknowledging that demand for debt advice services is likely to reflect levels of income poverty, the distribution of the £3m is based on the existing Grant Aided Expenditure formula, within which the number of recipients of Income Support is used as the main indicator of deprivation and low income.
- 3.4 Based on this formula, £81,000 will be allocated to East Ayrshire and a revised Local Government Finance Order is to be introduced to allow the additional resources to be allocated through Revenue Support Grant payments during 2002/03.

4. CONDITIONS AND OUTCOMES

- 4.1 The Scottish Executive is anxious to ensure that the development of additional debt services, on top of existing provision, results from the extra funding.
- 4.2 Social Justice officials will write to all Councils to establish relevant information on existing local authority funded money advice services. They are also seeking the authorities' proposals for the additional funding.
- 4.3 A condition of Councils receiving their allocations from the £3m is that they assist in establishing baseline information and undertake subsequent monitoring, to reflect the impact of the additional resources at local level.
- 4.4 Proposals on how this additional funding will be used will be expected to include specific outcomes, particularly the additional number of full time money advice workers to be employed in the area.

5. EXISTING DEBT ADVICE SERVICES

- 5.1 Since its inception in 1996, East Ayrshire Council has consistently prioritised the need to tackle poverty within its boundaries and as such, recognises the part which debt plays in compounding the difficulties facing vulnerable individuals and families.
- 5.2 The Council currently provide debt advice services through Money Advisor/Debt Counsellor staff employed in the Department of Educational and Social Services and through its continued funding of East Ayrshire Citizens Advice Bureau as the main independent provider of advice and information.
- 5.3 The Money Advisors/Debt Counsellors operate within the Reception and Anti Poverty Services team, which, being the first point of contact for all people seeking Social Work services, means that they are ideally placed to offer information, advice and assistance to individuals with debt problems.

6. USE OF ADDITIONAL FUNDING

- 6.1 Further to the allocation of £81,000 to the Council for debt advice services, it is proposed that use of this funding should be as indicated at Appendix 1 of this report.
- 6.2 The funding will be used to employ additional staff, access additional resources and to facilitate the production and distribution of appropriate public information, all with a view to offering an increased and improved level of debt advice services to people living in East Ayrshire.
- 6.3 In the spirit of joint working and partnership, it is proposed that the total funding of £81,000 will be shared between Council directly managed services and services provided by the Citizens' Advice Bureau in order to increase the money advice capacity of both organisations. Specifically, it is proposed that approximately £52,000 is allocated to the Social Work budget to fund the costs of an additional post of Money Advice/Debt Counsellor, together with clerical support and essential equipment. In addition, it is

proposed that the balance of approximately £29,000 be paid to the Citizens' Advice Bureau to fund the appointment of an additional money advice worker and essential support costs. Appendix 1 gives a detailed breakdown of the proposals.

- 6.4 The proposals have been discussed and agreed with the Director of Community Services, who has lead responsibility for links with the Citizens' Advice Bureau.

7. KEY ISSUES FOR SERVICE DEVELOPMENT

7.1 Public Information

7.1.1 In order to have the opportunity to offer specialist advice and assistance to individuals with debt problems, it is crucial that public information, outlining services available and how to access them is widely distributed and targeted.

7.1.2 Such information will be conveyed to the general public through a variety of formats, such as posters, information leaflets, community based awareness raising, campaigns and talks to groups.

7.2 Corporate Approach to Debt

7.2.1 Ongoing liaison between Money Advice/Debt Counsellors and staff within the Housing and Finance Departments in the context of indebtedness, currently takes place with regard to Housing and Council Tax Benefits, arrears and subsequent recovery procedures, including evictions.

7.2.2 Procedures however, require to be further developed and more focused on early intervention, in order for debt advice to be more effective through identification of, and action to resolve difficulties before they escalate to unmanageable levels for the individuals concerned.

7.2.3 Guidelines are to be issued by the Scottish Executive to ensure consistency of approach, and development of corporate debt recovery procedures, as Councils are in the unique position of being creditors themselves as well as providers of money advice services.

7.3 Preventative Work through Education

7.3.1 Money Advice/Debt Counsellors currently undertake work in two schools, highlighting to fourth and fifth year pupils the availability of credit, difficulties which this can cause and how to shop around, save and budget wisely.

7.3.2 This input is viewed by teaching staff as making a particularly valuable contribution in terms of life skills, and as such, its delivery requires to be expanded and further developed.

7.4 Advice and Information in the Court Process

7.4.1 Debtors often lack knowledge and understanding about legal procedures being taken against them, or about any protections available to them.

7.4.2 Advice incorporated as part of the court process is likely to make a real difference, as it will help debtors to take control of their situation and to manage their debt. At the same time, creditors will see the debtors' circumstances and be able to make informed decisions about realistic repayment terms or whether to proceed.

7.4.3 Initiating and developing this aspect of the money advice service will require additional training and the establishment of new protocols and procedures.

7.5 Health and Debt

7.5.1 The link between ill health and poverty is well established, but it is also the case that stress associated with indebtedness may exacerbate existing health problems or contribute to the onset of new ones.

7.5.2 It will be important therefore to ensure that GPs, CPNs and other community based primary health care staff are made aware of the assistance available to their patients through debt advice and conversely, that patients are provided with opportunities to access this help.

8. FINANCIAL IMPLICATIONS

8.1 The proposed developments will be funded entirely from resources allocated to the Council by the Scottish Executive for provision of additional debt advice services.

9. POLICY IMPLICATIONS

9.1 The additional resources will be used to increase and further develop debt advice services within the Councils existing policy.

10. PERSONNEL IMPLICATIONS

10.1 The proposals require the addition of a post of Money Advice/Debt Counsellor (AP4) and a post of Clerical Assistant (GS 1/2) to be added to the Social Work staffing establishment.

11. RECOMMENDATIONS

11.1 Members of the Social Work Committee are requested to:

- (i) Agree the proposals outlined within Appendix 1 with regard to the additional funding allocation;
- (ii) Refer the staffing implications to the Corporate Sub-Committee of the Policy and Resources Committee for consideration;
- (iii) Request the Director of Finance to amend the Social Work budget to reflect the additional funding from Scottish Executive; and
- (iv) Otherwise note the content of the report.

John Mulgrew
Director of Educational and Social Services

2 May 2002

LIST OF BACKGROUND PAPERS

Members requiring further information should contact Stephen Moore, Head of Social Work on (01563 576920).

APPENDIX 1

PROPOSAL FOR USE OF SCOTTISH EXECUTIVE FUNDING ALLOCATION (£81,000) FOR DEBT ADVICE SERVICES

DEPARTMENT OF EDUCATIONAL AND SOCIAL SERVICES

Human Resources	£
Money Advice/Debt Counsellor (AP4)	19,484
On costs	4,013
Clerical Assistant (GS1/2)	9,680
On costs	1,994
Sub-total	35,171

Physical Resources

Public Information	6,000
Lap-top	1,500
4 PCs	4,568
2 laser Printers	1,000
Training	1,700
Traveling expenses	2,000
Sub-total	16,768

Total EAC **51,939**

Balance **29,061**

Total Allocation **81,000**

In order to facilitate development of additional Money Advice Services within the independent sector, the balance of funding should be allocated to East Ayrshire Citizens' Advice Bureau.

AGENDA