

Challenge

The Reimagine Debt pilot sought to prove whether proactive approaches are more effective in tackling debt and reducing arrears

Solution

LIFT pinpointed households in arrears eligible for the pilot. Policy in Practice tracked debt journeys and compared the impact of interventions with a control group

Impact

Arrears across all cohorts in the treatment group fell significantly and additional social impacts proven, alongside economic benefits for councils and families

In partnership with



Cabinet Office

**Barking &
Dagenham**

Newcastle
City Council 

EQUIFAX[®]

“Debt is not about numbers, debt is about people, behaviours and circumstances. We fix debt problems by focusing on people.”

Steve Coppard, Cabinet Office

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Reimagine Debt: A proven approach to preventing debt that can be scaled across government

In 2018 the Government launched the cross-departmental Reimagine Debt programme, led by the Cabinet Office and two pilot local authorities. They initiated proactive, preventative and holistic debt interventions with residents to improve how money owed to local and central government was managed and collected.

In phase one of the project, Newcastle and Barking and Dagenham councils each manually pooled debt data on 39 families and offered them holistic debt guidance. In order to make the case for scaling the pilot, the Cabinet Office asked Policy in Practice to evaluate the effectiveness of the trial and show how administrative data could be used to scale these benefits to deliver preventative support to thousands of families.

The LIFT platform was able to identify households facing multiple debts, and track 72% of the total cohort to produce an accurate overview of the pilot's success. Arrears were shown to fall, and outcomes including employment, housing and living standards improved, delivering an ROI multiple of between 24-34x. LIFT is used by dozens of councils throughout the UK to identify and engage vulnerable residents, analyse policy and track the effectiveness of their interventions.

Reimagine Debt: building a case for a preventative approach

Reimagine Debt sought to reduce debt by improving the quality of support interactions with frontline advisors and empowering customers. Holistic support was offered in the form of short, informal meetings with residents to discuss typical debt management advice as well topics like mental health and wellbeing. Follow up meetings were held as needed with each customer having an average of four advice sessions to guide them on the actions to take.

These follow up meetings generally included applying for Discretionary Housing Payments and other underclaimed benefits, budgeting, and liaising with creditors including council tax departments, as well as private sector creditors. In Barking and Dagenham many residents were referred to Citizens Advice or a fuel poverty referral network and free energy advice. Support at Newcastle City Council was provided by Money Matters, their in-house Debt and Budgeting Team. Between sessions the councils had access to LIFT to monitor the customers' debt data to track their financial resilience and level of arrears.

A tale of debt prevention in two cities

Policy in Practice carried out analysis using the Low Income Family Tracker (LIFT) platform. By identifying, analysing and tracking changes in household income and arrears on a monthly basis, councils improved customer engagement, targeted support proactively, and were able to see each customer's journey on a single screen.

LIFT tracked 18 out of 28 households in Barking and Dagenham and 10 out of 20 in Newcastle. Both councils took different approaches to support their cohorts. LIFT compared these households to a control group to show whether arrears fell more than similar households, and to prove the effectiveness of the intervention.

OUTCOME TRACKER

View the impact of a specific outreach or campaign and how its affected outcomes for your residents.

Explore the movement in and out of a specific outcome and other changes in events during that period. Click + icons to drilldown to the household journey screen.

1. Start date...



2. End date...



3. Paste HB list for campaign group (Optional)

Household numbers

Main changes between Jun 2018 and Jul 2019

Include households who are only in the data at either the start or end date?

No - Only show households in bo..

CORE OUTCOME (REDUCTION IN)

Arrears of £250+	18% to 8%	▼ -10%
Cash shortfall	55% to 50%	▼ -5%
Unemployment (working age)	91% to 67%	▼ -24%
Temporary accommodation	0% to 0%	-

INCOME AVERAGES

Income after costs	£211 to £284	▲ +£73
Take home income	£1,761 to £2,035	▲ +£275
Earned income	£67 to £176	▲ +£108
Benefits income	£1,643 to £1,814	▲ +£171

DEBT AVERAGES

Arrears	£245 to £71	▼ -£174
Rent arrears	£0 to £0	-
CT arrears	£245 to £71	▼ -£174

Findings at a glance



Arrears fell by

65%

vs 21% in the control group

Arrears of over £250 by fell by

10%

Cash shortfall fell by

5%

Unemployment fell by

34%

Barking & Dagenham

Arrears fell by

29%

vs 24% in the control group

Arrears of over £250 by fell by

16%

Take home income rose by

£26+

Benefits income increased by

£115+

[Watch a video of the analysis](#)



Arrears fell by more than the control group

Tracking income and debt over time

Using Housing Benefit reference numbers to track residents, LIFT's outcome tracker drilled down to analyse multiple outcomes. These included income and debt, financial resilience, cash shortfall, and unemployment across twelve months.

Painting a picture of individual household journeys

LIFT identified 35 of 39 households through benefits administration data, and tracked 28 of them from mid-2018 to mid-2019. The cohort was limited to 28 due to people moving out of the administrative dataset. 16 households saw their arrears fall; seven saw their arrears rise; there was a positive impact on a wider range of other outcomes including employment and benefit take-up.

LIFT's household journey function tracked the journeys of the cohort through the pilot. This presented changes in arrears vs savings and income vs expenditure over time of individual households as visualised in the examples below.



Benefits to households

Although Newcastle and Barking and Dagenham councils took different approaches, both showed positive outcomes for the households on the programme. Based on the fiscal, economic and the social benefits LIFT tracked, alongside the feedback from the councils involved, we can see that during the period of the programme all areas improved with arrears reduced across both councils. LIFT can identify benefits and social tariffs people are eligible for, to directly help increase incomes and reduce costs.

A catalyst for wider adoption of holistic services

Similar trials have anecdotal and case study evidence of the benefits of holistic support to people in debt. LIFT allowed Newcastle and Barking and Dagenham to quantify the benefits, and show that the intervention had a positive impact on its residents, and that this impact was higher than for the control group.

The limited scale of the pilot means that this positive impact couldn't be proven at the 95% confidence level. We want to work with more councils and use LIFT to evaluate a scaled approach to early and holistic debt interventions.

Newcastle's proactive approach saw half of households become arrears free

Newcastle's Rol	
Fiscal savings	£113,682
Economic savings	£61,415
Total savings	£175,097
Total cost	£6,873
Total benefit	£168,224
Rol	24x

"Often, residents have other challenges to deal with which can affect how they're able to deal with the financial aspects of their lives. Proactive and holistic debt interventions can support them to do this, helping people to get back on their feet and have a more stable life."

Claire Horton
Newcastle City Council

By numbers

292,200 Population

64,600 Children and young people (age 0 - 19)

30% of children live in poverty compared to an English average of 20.1%

26% of the school population is entitled to receive free schools meals

15.6% unemployed rate

40th most deprived local authority

Newcastle Council chose to focus on those most at risk for the pilot. They identified 20 households already in serious debt. Of these, 14 households engaged and were offered holistic support alongside debt guidance.

A debt management plan was required in the majority of cases, and four debt relief orders were granted.

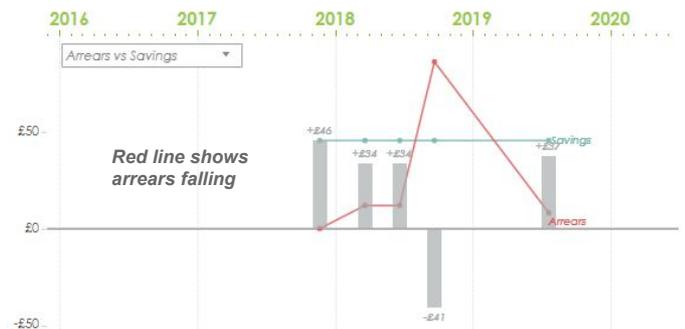
Of the 10 households LIFT could track the following outcomes were found:

- Average benefits income **increased by £171 per month** and average rent and council tax arrears **fell by £174**
- Five households (50%) became arrears free and average earned income **increased by £108 per month**
- The proportion with rent or council tax arrears greater than £250 **fell from 18% to 8%**. Unemployment fell from 91% to 67%
- Arrears fell by **3x more** in the treatment group than in the control group

One family's journey out of debt

A couple with one child living in Newcastle were struggling with council tax arrears, DWP benefit overpayments and other debts of many thousands of pounds. The father was struggling with mental and physical ill-health and was unable to work. The family's issues with debt were causing them a great deal of stress. They were struggling to pay their bills, had used a food bank and were prioritising £55/week repayments to doorstep lenders

After engaging with an advisor, they applied for two Debt Relief Orders (DROs). The DROs - for a total of £15,033 - were approved in July 2019. Using LIFT, we can see that their council tax arrears were rising up to September 2018 and fell sharply in July 2019.



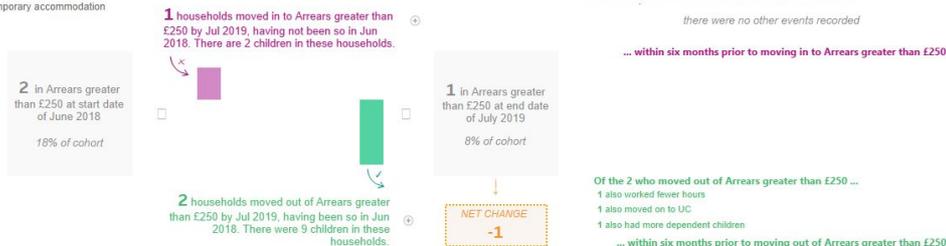
OUTCOME TRACKER

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1. Start date...		2. End date...		3. Paste HB list for campaign group (Optional)	
2017	2019	2017	2019		
Household numbers	Main changes between Jun 2018 and Jul 2019	Include households who are only in the data at either the start or end date?	No - Only show households in bo...		
14 total households	CORE OUTCOME (REDUCTION IN)	INCOME AVERAGES	DEBT AVERAGES		
10 of which have data at start and end dates	Arrears of £250+ 18% to 8% ▼ -10%	Income after costs £211 to £284 ▲ +£73	Arrears £245 to £71 ▼ -£174		
	Cash shortfall 55% to 50% ▼ -5%	Take home income £1,761 to £2,035 ▲ +£275	Rent arrears £0 to £0 -		
	Unemployment (working age) 91% to 67% ▼ -24%	Earned income £67 to £176 ▲ +£108	CT arrears £245 to £71 ▼ -£174		
	Temporary accommodation 0% to 0% -	Benefits income £1,643 to £1,814 ▲ +£171			

CORE OUTCOMES (MOVEMENT IN / OUT OF)

- Arrears greater than £250
- Cash shortfall
- Unemployment (working age)
- Temporary accommodation



Barking and Dagenham's proactive approach reduces arrears by £1,216 per household

Barking and Dagenham's Rol	
Fiscal savings	£246,449
Economic savings	£78,835
Total savings	£325,284
Total cost	£9,545
Total Benefit	£315,739
Rol	34x

"Debt is almost always a symptom of a deeper challenge. Data allows you to quickly identify that there's a problem, and face to face interaction allows you to tackle the root cause and find solutions."

Mark Fowler
Barking and Dagenham

By numbers

212,906 population (7th smallest population in London)

27% Children and young people (age 0 - 15)

63% of working age (16 - 64)

5.7% unemployment (2nd highest in London)

69.8% employment (below London average of 74.5%)

1.3% of income support claimants (highest in London)

Get in touch

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Barking and Dagenham took an early intervention approach working with families through their community solutions team. 28 households with combined government debt of below £8,000 were referred. Of this cohort 25 people were seen and 17 experienced a positive outcome.

Of the 18 households LIFT tracked, the following outcomes were found:

- The proportion of rent or council tax arrears greater than £250 **fell from 74% to 58%**
- The average benefits income increased by **£115** per month and average rent and council tax arrears fell by **£1,216**
- The average income fell **£124** per month, however three households (**17%**) became wholly **arrears-free**
- Arrears fell by **£200** more in the treatment group than in the control group

Debt and homelessness impact

Barking and Dagenham reported that 19 tenancies were sustained and three evictions occurred during the project. Two moved from temporary to permanent accommodation and one household moved from one temporary accommodation to another. They also found that 13 households had had no council tax arrears, with seven in credit on their rent account. Two families had rent arrears of less than £200, however 15 had rent arrears of over £200. Nine had council tax arrears and seven other had previous year council tax arrears.

Social impact

A resident who reported feeling suicidal when first joining the programme began a work trial via the Job Shop and started work. Another who suffered from depression and on medication secured a job interview with Marks and Spencer. Another resident began spending time volunteering in the youth sector with another actively trying to find employment. In terms of benefit uptake one household gained access to Free School Meals as a result of the support with another accessing discounted travel fares.

A resident who reported eating only toast for three meals was referred to a foodbank. A domestic violence victim transferred all bills in her name, and was supported into work.

Barking and Dagenham's return on investment by service area

In addition to a better approach to collections, the table below shows the return on investment, based on the fiscal savings to other council departments, as a result of the pilot.

Service area	Annual cost for one household	Number of households	Total annual savings
Eviction: Simple case	Cost of eviction: £8,800	15	£190,750
Eviction: Complex case	Cost of eviction: £14,800	4	
Health: Physical treatment	GP and prescription costs: £941	1	£2,601
Health: Mental treatment	Anxiety/depression treatment: £830	2	
Domestic Violence	Cost per incident: £12,470	1	£2,470
Employment / Out of Work Benefits	Fiscal benefit from a workless claimant entering work: £12,657	4	£50,628
Total fiscal savings			£246,449