Policy in Practice

How the debt sector is connecting people to support

Wednesday 31 January 2024

Housekeeping

- Audio check
- Please ask questions throughout
- Poll, download and a short survey
- Aim to finish by 11.45
- Slides and recording will automatically follow
- Follow us on Twitter @policy_practice

We believe in the power of technology and data to change lives
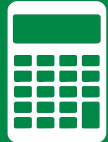
Policy in Practice: What we do

Policy

A team of professionals with extensive knowledge of the welfare system. We're passionate about making social policy work

Analytics

We help over 100 local authorities use their household level data to identify vulnerable households, target support and track their interventions

Software

Our benefit calculator engages over 10,000 people each day. We identify the steps people can take to increase their income, lower their costs and build their financial resilience

Agenda

- The outlook for people in debt and for debt advice
- Council's view of people in debt and how they can offer practical support
- How the debt sector is responding
  - Introducing DebtStream
  - Introducing Lightning Reach
- How Policy in Practice is responding
- Questions and answers
- Next steps

Today's speakers

Janet Harkin
Chief Marketing Officer
Policy in Practice

Deven Ghelani
Director and Founder
Policy in Practice

Brett Ellis
Head of Partnerships
and Enterprise
DebtStream

Ren Yi Hooi
Founder
Lightning Reach

Stuart Bungay
Consultant
Policy in Practice

Deven Ghelani
Policy in Practice

The outlook for people in debt: MAPS

- 2013: 9.2 million people are in serious debt and 2.1 million are struggling with repayments
- 2023: 8 to 10 million people in serious debt and over 2 million people are struggling with repayments

Better Debt Advice

People who need debt advice

32% have accessed the debt advice they need **= 1.7m** adults

National Goal
2m more people accessing debt advice in

2030

People will access and receive high quality debt advice when they need it, because of stronger and earlier engagement, and because funding, supply and services more closely match need.

The outlook for debt advice: Stepchange

- 2013: 508k people contacted Stepchange; demand driven by unemployment or a fall in income
- 2023: 581k people contact Stepchange; a **cost of living** increase was the main driver

- A '**cost of living increase**' is the second most common reason for debt, up by nine percentage points year-on-year to 15% in 2022

- The mean **monthly surplus** per client has decreased from £100 in 2021 to £73 in 2022

- The proportion of clients with a **negative budget** is 29% in 2022 and notably higher among clients in receipt of Universal Credit (46%)

- One third (33%) of clients were in **arrears with their energy bills** in 2022

- The **mean unsecured debt** amount per client increased by **25% year-on-year to £13,941**

- **Credit cards** (66%) remain as the most common unsecured debt type held by clients

- In 2022, **two in five** (40%) StepChange clients were **in full-time employment** (2021=37%)

- StepChange continues to advise a growing proportion of women (**63% in 2022 vs. 61% in 2021**)

- We advised a **growing proportion** of those aged between 25-39, up by two percentage points in 2022 to 48%

- We also advised a **higher proportion of single parents**, accounting for one in four clients (26%)
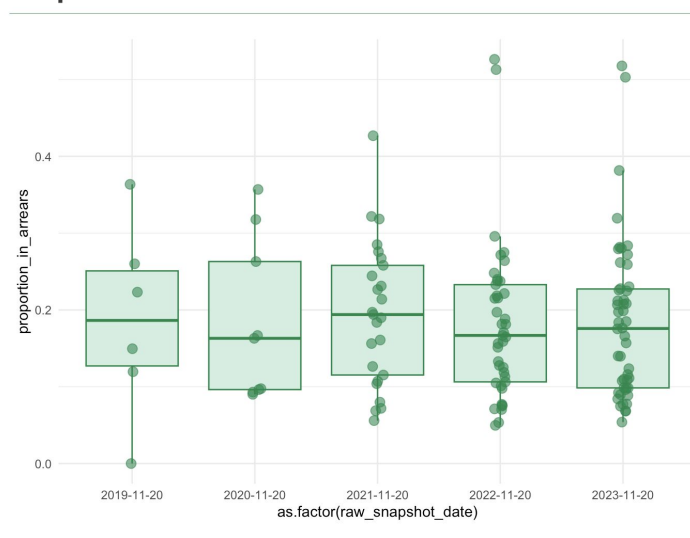
Council's view of people in council tax arrears: LIFT

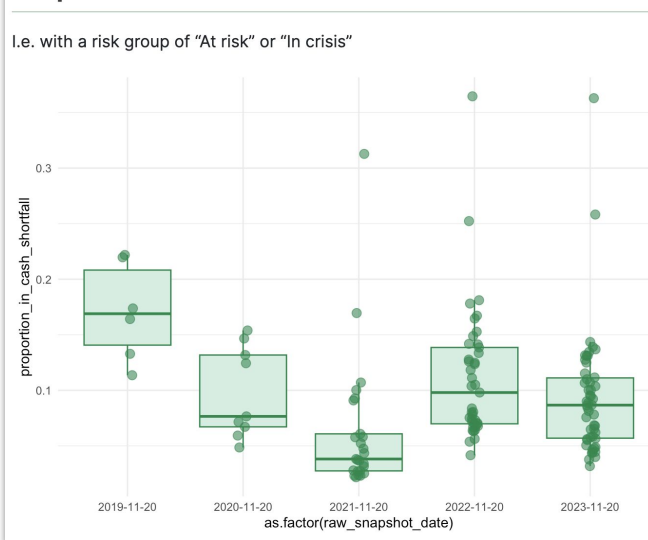Councils are seeing a small jump in the proportion of low income households in council tax arrears.

And a similarly big jump on the households in cash shortfall, or facing a negative budget.

All while council tax continues to rise.
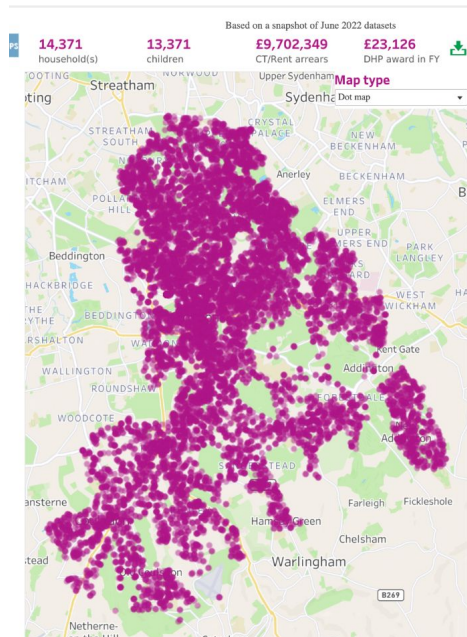

Proportion of LIFT cohort in CT arrears

Proportion of all LIFT cohort in cash shortfall

I.e. with a risk group of "At risk" or "In crisis"

Councils can do something to help households in debt

Councils can pinpoint which of their residents are in debt and struggling to repay.

They can use their benefits data to identify unclaimed benefits and better target discretionary support to improve collection and more importantly improve lives.

Based on a snapshot of June 2022 datasets

| 14,371 household(s) | 13,371 children | £9,702,349 CT/Rent arrears | £23,126 DHP award in FY |

Map type: Dot map

Policy in Practice

Debt Segmentation Report

Telford and Wrekin September 2035

Headline figures

Debt types			Debts by band		
	Individual debts	Value	Debt band	Count of debtors	Value
CTax Arrears	21,638	14.5M	£1 - £99	2,117	120K
HB Overpayments	4,360	8.21M	£100 - £249	4,321	745K
UC Deductions	6,280	2.39M	£250 - £499	5,008	1.84M
Rent Arrears	1,118	525K	£500 - £999	5,260	3.71M

Poll: What is the biggest source of stress for your customers who are in debt?

What we found in 2022

What is the biggest source of stress for your customers who are in debt?

Poll Results (single answer required):

Council tax debt	16%
Rent arrears / mortgage arrears	50%
Universal Credit advance or benefit sanctions	16%
Credit card debt or utilities debt	17%
Other debt, eg loans from friends and family	2%

Brett Ellis

DebtStream

What is DebtStream & How our core product works

DebtStream is a digital 'self-service' **customer engagement & collections platform**, enabling businesses carrying credit, such as debt collection agencies, lenders, local authorities and utilities providers to **engage with their customers online under their own brand**.

Our platform **drives frictionless customer engagement** at a lower cost in a compliant, non-threatening or imposing manner, **reducing operational costs**, **driving efficiency**, **increasing call centre capacity** and **driving up revenue**

Integrate our platform to existing client systems

Drive customers to engage on our platform
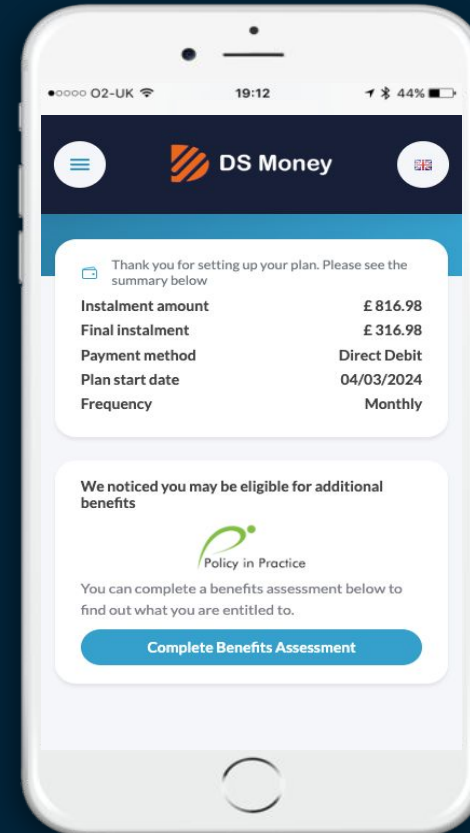
Customers manage their debt online

Flexible and easy to configure for businesses
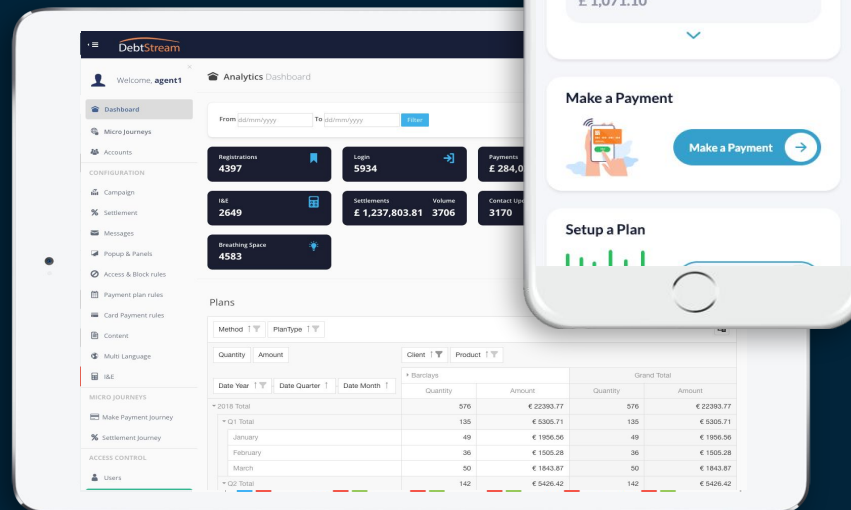
Income maximisation

Empower consumers to see what benefits and support they may be missing out on so they can optimise their income
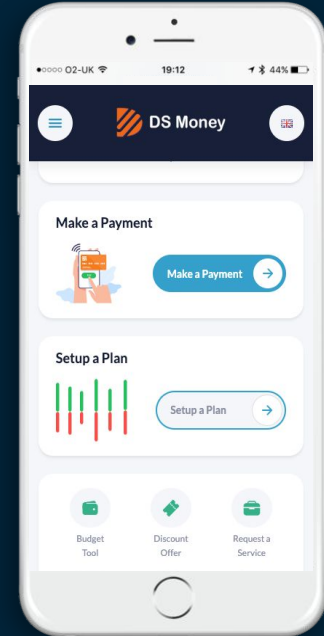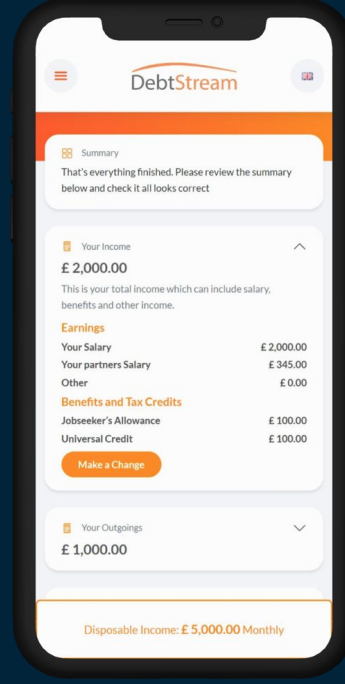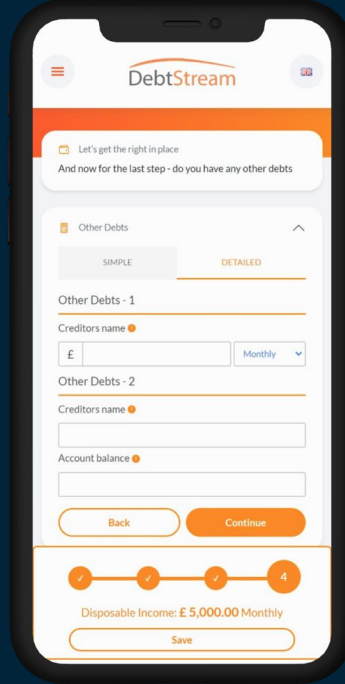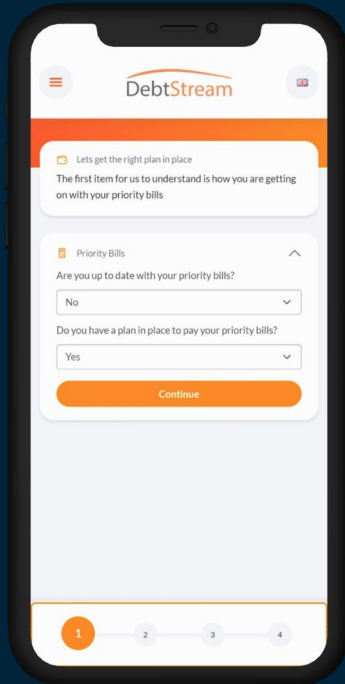
Vulnerable Customers

could be naturally too nervous
could be worried about potential outcomes
could be embarrassed by debt and how it happened (eg gambling)

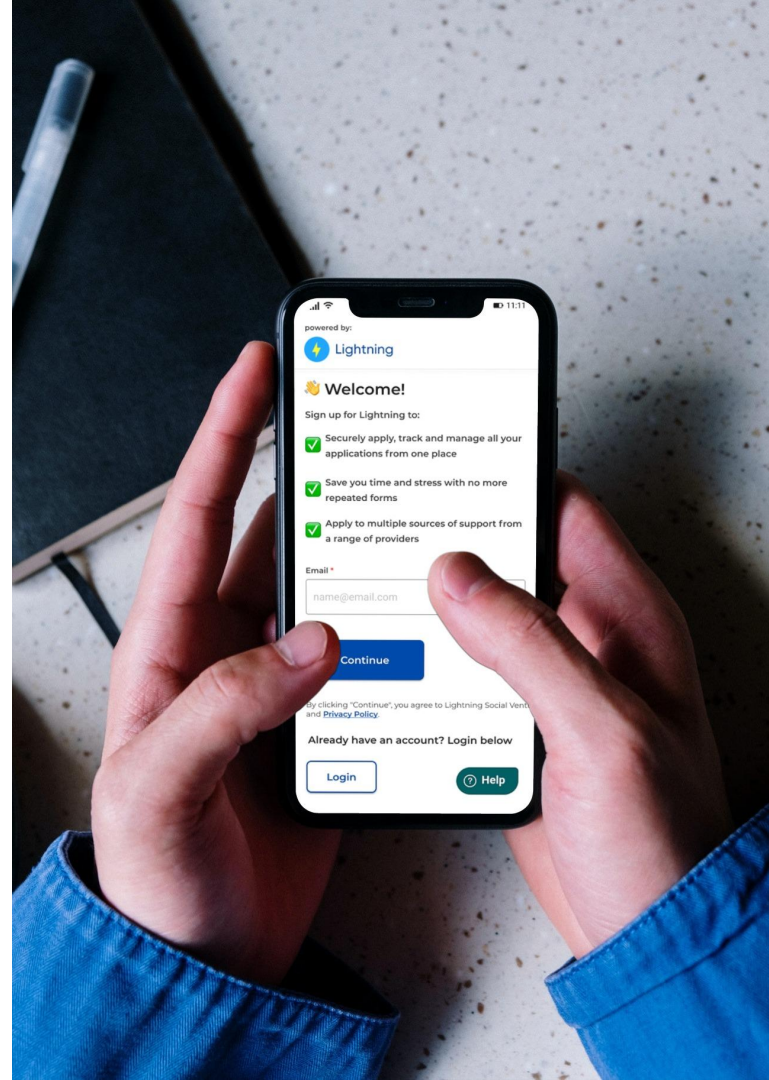# Consistent High Standards For Consumers

Ren Yi Hooi

Lightning Reach

Lightning Reach

Connecting people to support

About Lightning Reach

- **Financial support portal** making it easy for people to access a wide range of personalised support in one place (e.g. grants, help with bills, benefits)

- Working with leading partner organisations to **reach and support vulnerable clients** more quickly and effectively through innovative, streamlined platform

- Facilitated **>£9m** in grants to individuals, with **>100,000** users registered over the last 2 years (since we were founded in the pandemic)

Backed by:

Selected partners:

Selected features/awards:

The problem

c.13m — Individuals struggling with debt/bill payments, with **70%** of Lightning Reach users in debt

>50% — **unaware** of support available to them, and only **7%** seek help from their providers

>£19b — in benefits & other support missed out, while organisations struggle to assist their clients

Millions of people don't get the support they need, falling into (or deeper) into a debt crisis

*Backup data and detailed estimates available upon request

"They wanted to put my bills up to £300pm, and I owed £500 in gas and electricity. Being in debt triggered my PTSD - it was scary. There was nobody to help you search for anything."
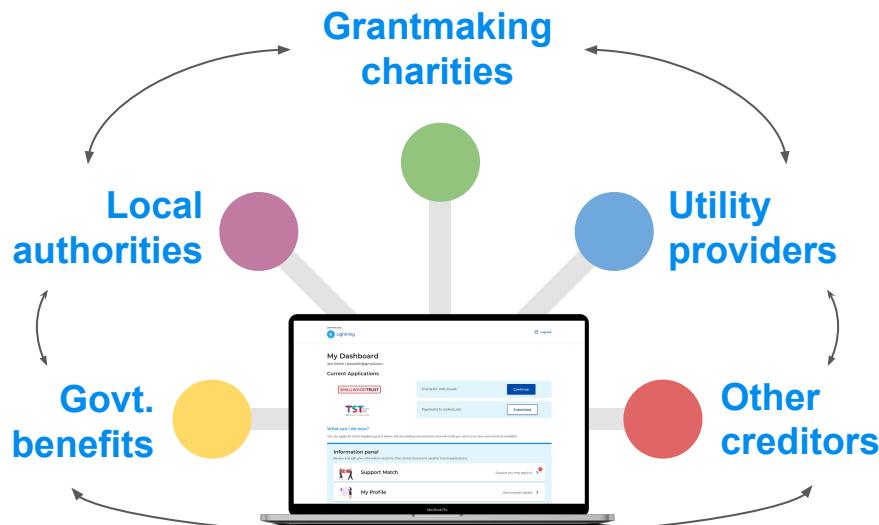
- Darren, ex-Air Force veteran

Our solution

Financial support portal making it easy to find and apply for a range of support in one place

Vulnerable individuals/families

- Find & get matched to personalised help
- Apply to multiple orgs in one place
- Simple, user-friendly digital experience
- Get faster, more timely support

Grantmaking charities

Local authorities

Utility providers

Govt. benefits

Other creditors

Organisations offering support

- Save time, reduce fraud & paperwork
- Reach those most in need at time of need
- Streamline admin and engagement
- Help customers access more support

Our collaboration with Policy in Practice

2-way integration enabling people to find benefits and other support in the same journey

Darren's story

- Ex-Air Force veteran
- Disabled and unable to work
- Struggling with mental health
- Trying to support two children
- Rising costs of living

"They wanted to put my bills up to £800pm, and I owed £500 in gas and electricity. Being in debt triggered my PTSD - it was scary. There was nobody to help you search for anything."

Experience & impact

- Applied for and received £1200 for energy costs from RBL via Lightning Reach portal
- Also matched to and received support from Ovo Energy, TSB, Social Security Scotland, Angus Council and Care Workers Charity

"Without (the portal), I would have never had help like this. There was so much support no one had told me about. When filling out forms previously they required so much info, but here there was nothing complicated - I couldn't believe how simple and easy it was."

| **Signed up on Lightning Reach** | → | **Received multiple matches** | → | **Applied to RBL & received £1200** | → | **Secured a range of further support** |

Key benefits

For individuals struggling with debt

- Quick, easy process to discover a range of personalised support

- Apply for multiple schemes without repeating information

- Engage at a time that suits them, securely and on any device

- Get faster, more timely support

For providers offering support schemes

- Save time, reduce administration and easily gather client data

- Reach a wider range of people, including those unaware

- Increase collaboration and reduce duplication

- Reduce fraud risk using tech

For creditors, advisors & support workers

- Proactively help identify a range of tailored support

- Save time researching support, signposting and/r or applying

- Empower clients to self-serve

- Maximise income and minimise need for last resort measures

How can we work together?

Lightning

If you have clients in need of support
Refer / signpost your clients to the Lightning Reach portal
- Help your clients find a wide range of support
- Enable self-serve and save time searching for support
- Custom referral links and impact reporting available
- Option to turn on integration with Better Off Calculator

If you offer grants or other financial/wellbeing support
Add your support and accept applications through the portal
- Save time on administration and reduce fraud
- Increase your reach amongst target segments
- Flexible modular approach to suit your organisation's needs
- Enable access to your in-house funds plus external support

Contact us: dave@lightningreach.org
www.lightningreach.org

Stuart Bungay
Policy in Practice

Core challenges with benefits

In addition to the complexity associated with the financial lives of low income households, there are 3 main challenges that impact benefit take up

Problem 1

Awareness

Individuals don't know what they don't know and often don't think that they would be eligible.

Problem 2

Application complexity

Applying for benefits is not a simple process and requires a significant burden of proof

Problem 3

Stigma

Some individuals still feel that benefits are for other people & that there is a stigma attached.

A combination of these 3 factors means that significant benefits go unclaimed each year

How are we tackling the awareness challenge?

Reactive to proactive

We work with Local Authorities today to proactively target people for assessment

How does this work?

Pension Credit Case Study

The campaign, supported by Age UK London & GLA, saw over 8,000 eligible Londoners in 17 boroughs receive letters inviting them to claim

Ultimately, in this group 2,300 individuals claimed an average of nearly £4,000 per annum totalling over £8m in incremental support

In addition we secured an incremental £2m in backdated pension credit

All from one campaign in one part of one city

Historically we have only carried out this kind of analysis where we have universal credit data

We are now replicating this without UC data

Can this proactive approach work without UC data?

We are working with private sector clients now to use their data to try and identify people in their portfolio who are missing out

Using a small subset of data including;

Age
Housing status
Relationship status
Dependents
Postcode / Postal area
Income
Savings
Existing benefits

We have created a score which is designed to identify people most likely to be eligible

We can use this approach to get an understanding of those individuals likely to be positively impacted as well as those who aren't

Core use cases

Collections & recoveries

Many individuals in collections would benefit from a welfare / support assessment, but the complexity of the journey often makes this difficult for both parties to complete

Our targeted approach enables creditors to understand which customers are most likely to benefit and can then look to target these customers to go through the assessment journey, without impacting those for whom benefits are not available

Pre–arrears

In pre-arrears, many financial services organisations have tools and models to help them understand which customers are likely to enter into arrears. Often, however, there are limited tools to change this path for individuals

Income maximisation through the benefits calculator can make a material difference to that outcome when applied to the right individuals at the right time

Persistent debt

Since the FCA introduced the regulations around persistent debt, creditors have a duty to help individuals with sustained credit card debt to exit that situation

Again, targeted assessment based on probability can play an important role in supporting a holistic solution

Even in 'prime' or 'near prime' portfolios, a large number of people can be eligible for benefits of an average per person of around £300–400 per month

How does a proactive approach work in practice?

Step 1: Better Off Score

Our data based approach allows our clients to pre-score customers and identify those most likely to benefit from an assessment

High Probability   **Low Probability**

Step 2: Better Off Indicator

Our simple indicator (8 questions) can then be used to further qualify applicability

Positive   **Negative**

Our pre-screening approach allows for the calculator to be used proactively and targeted at exactly those individuals most likely to benefit. This significantly increases the volume of people who get support.

Step 3: Better Off Calculator

The full calculator assesses actual claim amounts and helps individuals apply for additional benefits and support

Assessed Benefits & Support

Step 4: Apply

Growing number of one click processes to facilitate applications

Simple Validated applications

This will lead into our consumer application which will ultimately help individuals manage their benefit position once across all benefits.

Questions and answers

Next steps

Take our very short survey when the webinar ends to:
● Give us feedback (thank you) and ask further questions of our speakers
● Request a follow up call to chat about how our solutions could help you

Register for our next webinars:
● **How East Riding of Yorkshire Council grew the income of 15,700 households by £13m** on Wednesday 28 February (2pm)
● **Modelling council tax support schemes: automation, banding, generosity and beyond** on Wednesday 27 March

Thank you

Brett Ellis, DebtStream
Ren Yi Hooi, Lightning Reach

Deven Ghelani, Policy in Practice
Stuart Bungay, Policy in Practice

hello@policyinpractice.co.uk
0330 088 9242