

## CASE STUDY BENEFIT AND BUDGETING CALCULATOR

### ENFORCEMENT AGENT HELPS VULNERABLE HOUSEHOLDS DEAL WITH DEBT

Changes to the welfare system are being felt by people who now have less income as a result. Policy in Practice estimates that the average hit faced by low income households, on top of existing pressures, will be over £40 per week by 2020. More households are *can't pay* rather than *won't pay*.

Ethical enforcement agencies have a dual responsibility to help clients and customers, both of whom are feeling the pinch. Phoenix recognises they are able to help people better understand their financial position, find ways to increase their income and lower their expenditure, before considering any enforcement action. Using Policy in Practice's Benefit and Budgeting Calculator they bring welfare support together, around the customer.

### LOW INCOME HOUSEHOLDS ARE LESS FINANCIALLY RESILIENT

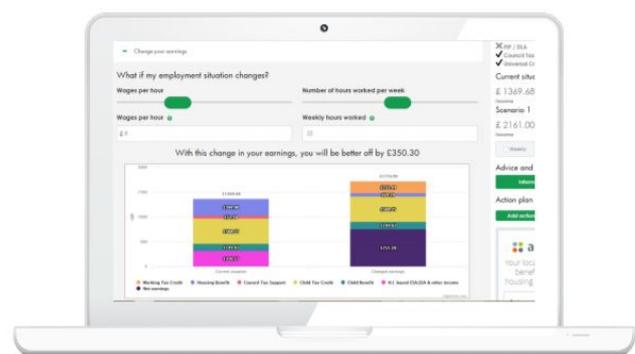
Working age households have lost an average of £23 per week due to welfare reforms and once they move onto Universal Credit they'll lose an extra £11, according to analysis by Policy in Practice. Critically, this will increase to £40 per week once rising rents and inflation, combined with the benefits freeze, is considered. The outlook for low income households is not positive.

With most local authority billing and debt collection activities occurring via letter or phone, Phoenix are often the first face to face contact people have. Their ethos is to deliver outstanding collections for creditors from people who can pay; it is not good enough to simply 'return their debt as unenforceable'. Phoenix helps lift people from the spiral of increasing debt and works with others to better support vulnerable people in debt.

### PEOPLE NEED HELP TO UNDERSTAND THEIR FINANCES BETTER

Carole Kenney, Customer Service & Performance Delivery Director at Phoenix, said "We needed to look at people's circumstances before giving more flexible payment arrangements which meant we had to make decisions about what people could afford to pay. It was very difficult for staff to be objective and consistent in their approach, which wasn't very fair for the customer. This also made it difficult for us to explain our reasoning to our clients.

"I decided Policy in Practice's Benefit and Budgeting Calculator was something we really needed. It's enabled us to provide a consistent approach to assessing affordability. We've been able to give our customers an online tool which lets them take control of their finances and liaise with us electronically, without the awkwardness or challenge sometimes faced in person."



*"Phoenix helped me understand my finances better. They showed me how, by increasing my part time hours at work, I can earn more through working tax benefits, even after higher childcare costs. I'm no longer worried by my debt which I can not only pay off quicker than I imagined and still have enough money to provide for me and my daughter."* Miss R

## PHOENIX'S WORK LEADS TO 48% FALL IN COMPLAINTS

The Benefit and Budgeting Calculator is offered as a self-serve facility for customers to take control of their own financial situation without the potential discomfort of discussing their circumstances face to face or via phone. The tool offers a live chat helpdesk to customers staffed by Policy in Practice experts and Phoenix's dedicated Welfare team is also on hand to offer guidance or specialist referrals where necessary.

The Benefit and Budgeting Calculator gave measurable benefits to Phoenix's operations within weeks of implementation. Improvements to key service levels include:

- **12% improvement in early engagement rates**  
Providing a tangible offer of assistance helps improve the number of customers who grasp the extent of their money challenges. Information about the calculator and how it can help people struggling with debt is now included in Phoenix's first letter to customers. First letter response rates (ie. people making a payment or calling the Contact Centre) have improved by 12%, with an improvement in answered outbound calls to customers who have received these letters of over 7%.
- **14% increase in early stage payment arrangements**  
By providing objective evidence about affordability, payment arrangement terms are being agreed earlier in the collection process, before substantial enforcement stage fees are charged to customers. The offer of a quantitative assessment to customers who can afford to pay, but initially claim hardship, often leads to a quick full payment or shortened arrangement term. The ratio of payment arrangements agreed during the earlier Compliance Stage of the enforcement process has improved by over 14%.
- **37% reduction in payment instalment defaults**  
Within four weeks of using the Benefit and Budgeting Calculator the number of arrangements with missed payments over the first 3 months has reduced from 8% to 5%.
- **48% decrease in complaints relating to payment term flexibility and charges**  
Common complaints to enforcement agents tend to be unreasonably high and inflexible payment demands, and high enforcement stage fees. Being able to reliably assess affordable and achievable payment plans, and starting these early in the collection process before high fees accrue, has led to a measurable reduction within these complaint categories.

### FURTHER INFORMATION

Policy in Practice works to reduce poverty by making the welfare system easier to navigate. Our award winning Benefit and Budgeting Calculator is used by over 10,000 people daily. Our analytics services help councils find relationships in data to understand the drivers of poverty. We help councils design council tax support schemes that support the most vulnerable households, now and in the future. We've promoted a data-led approach to improve the design and delivery of social policy interventions since 2013.

Contact Policy in Practice for a demo of the Benefit and Budgeting Calculator on 0330 088 9242, [hello@policyinpractice.co.uk](mailto:hello@policyinpractice.co.uk) or visit [www.policyinpractice.co.uk](http://www.policyinpractice.co.uk)

