#Buildbackbetter for personal financial wellbeing - insights into policy development priorities for a post Covid-19 environment

Briefing Paper BP13/2020

Justifying Existence or Making a Difference? Assessing the broader impact of debt advice services

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Introduction

This article focuses on publicly funded debt advice services and how their broader impact(s) can be most appropriately measured. In Ireland, where a network of state funded services exists,[1] reporting currently tends to focus on numbers in respect of clients advised, their salient characteristics, and the debts with which they present, our sense being that such headline figures are of most interest to policymakers/funders.[2] To date, however, there has been little policy interest in terms of identifying *how* service interaction has impacted on these clients or on society at large, nor has there been much emphasis on factoring in context or evaluating the service delivery process itself. In this briefing paper, we briefly critique approaches for so doing and suggest that a multiple criteria (logic) model offers a useful framework in the context of publicly funded debt advice. Such a model will matter even more as we slowly come out of Covid-19, as understanding the role for, and impact of, debt advice becomes ever more important given the scale of the personal and household economic challenges faced in our respective countries.

[1] In the form of Money Advice and Budgeting Services (MABS). See: https://www.mabs.ie/en/

[2] These statistics also include waiting times. See: https://www.mabs.ie/en/about_us/mabs_statistics.html

Debt advice in Ireland

The term 'debt advice' is conventionally used to describe advocacy/support services for people experiencing financial difficulties and over-indebtedness, and is sometimes referred to as money advice or debt counselling. A growing body of research illustrates the ways in which such advice can help resolve debt problems, increase income, up-skill, and ease pressure, thus improving mental health and wellbeing.[3] In common with international best practice, MABS services in Ireland provide free, independent, impartial debt advice services in a rights-based, empowering and non-judgmental way in accordance with client capacity.[4]

Debt advice does not of course exist in a vacuum, and in common with their European counterparts, debt advisers (referred to in Ireland as money advisers) encounter clients for whom over-indebtedness is often the result of a complex interaction of structural, institutional, cultural and individual factors, the majority of which lie outside of their control.[5] A further part of MABS' remit is to highlight policy issues identifiable by dint of its casework and thereby play a preventative societal role, including by way of community education.

In this complex environment, identifying useful impact indicators is a challenge, and one to which we have still to rise in Ireland. Outcome reporting is not standardised within MABS for example, nor is context factored in or the qualitative dimensions to service provision; further, although useful indicators can be identified in the literature, these are primarily focused on value to individuals and until recently did not relate to wider society.

Cost-benefit and debt advice

Using a cost-benefit approach is one way of identifying broader impacts of debt advice interventions, and this is a methodology that has been applied in respect of advice provision to citizens more generally both in the United Kingdom[6] and Ireland.[7] The key concept here is the estimation of 'public value', the original concept of which centred on twin strands of economic and social value being used to evaluate policy and programmes for the purposes of strategic management.[8] More recently, public value has involved monetising both economic

[3] See: Orton, M. (2010) *The Long-Term Impact of Debt Advice on Low Income Households: The Year 3 Report*. Warwick: Warwick Institute for Employment Research and Friends Provident Foundation.; also, Stamp, S. (2012) The Impact of Debt Advice as a Response to Financial Difficulties in Ireland. *Social Policy and Society Journal*, Volume 11, Issue 01, January 2012, pp 93-104.

[4] Korczak, D. (2004). *The Money Advice and Budgeting Service Ireland - Synthesis Report of the Peer Review Meeting in Cork*, 18-19 November 2004. Report for DG Employment, Social Affairs and Equal Opportunities. Brussels: European Commission.

[5] Civic Consulting (2013). *The Over-Indebtedness of European Households: Updated Mapping of the Situation, Nature and Causes, Effects and Initiatives for Alleviating its Impact.* Brussels: European Commission.

[6] Citizens Advice (2014). *Making the case: The value to society of the Citizens Advice service.* London: Citizens Advice.

[7] O'Connor, N. (2017). *Making an Impact: The Public Value of Citizens Information Services in Ireland*. Dublin: Citizens Information Board.

[8] Moore, M (1995) *Creating Public Value: Strategic Management in Government.* Cambridge (Ma): Harvard University Press.

and social value outcomes whereby it can then be related to inputs (primarily resources) to produce a de facto 'cost-benefit' calculation.

One UK study[9] for example relates public value to casework data volumes and recorded outcomes, with values assigned as proxies to calculate, inter alia, estimated savings to local and central government as a result of service interventions. As regards debt advice cases specifically, the research cites several relevant indicators including: (i) amounts of debt rescheduled; (ii) amounts of debt written off; (iii) lump sum backdated welfare or tax payments; (iv) ongoing entitlements to welfare payments; (v) debt prioritisation, and; (vi) client attendance at financial capability courses.[10] Indeed, there has been considerable thinking and development in the UK in this regard, with organisations exploring differing approaches to measuring impact, including a comparable Social Return on Investment (SROI) model.[11] SROI has engendered much support in light of its evidence based and independently verifiable approach to measuring social value; critics, however, caution against over-dependence in light of its business-centric ethos, arguing that it can sideline mission and advocacy focus, further that many social outcomes are not readily quantifiable on a cash basis.[12]

Calculating public value is undoubtedly a useful concept from a debt advice perspective as illustrated above. There are, however, potential limitations to its use in this context. Firstly, the model appears quite technical and perhaps beyond the capacity of smaller services to implement without external and possibly expensive – consultancy. Secondly, it is predominantly quantitative, and thereby arguably misses key qualitative, contextual and service delivery dimensions and challenges. Finally, it could - albeit unintentionally – further marginalise. By way of example, a cost/benefit type approach is likely to result in higher values in more affluent areas where services are working with those with greater disposable incomes to pay down debts; this is because such households may require less intensive intervention and be able to pay down debt quicker, or achieve higher value insolvency outcomes. By comparison, relatively lower public value may be identifiable in places or

[9] Ibid, footnote 6.

[10] It may also be possible to factor in health and wellbeing values, given that the correlation between over-indebtedness and ill-health is now widely established (see for example Civic Consulting, Ch.7, ibid).

[11] Baker Tilly (2014). *Transforming Lives: A Review of the Social Impact of Debt Advice for UK Individuals and Families, Evaluated using SROI.* Leeds: StepChange Debt Charity; Europe Economics (2018). *The Economic Impact of Debt Advice: A Report for the Money Advice Service.* London: the Money Advice Service; StepChange Debt Charity (2020). *Paths to Recovery: Understanding client outcomes 15 months after debt advice*. Leeds: StepChange Debt Charity.

[12] See for example: (i) Yates, B.T. and Marra, M. (2017) 'Social Return On Investment (SROI): Problems, solutions, and is SROI a good investment?' *Evaluation Program Planning,* 64: 136-144; (ii) Cordes, J. (2017) 'Using Cost-benefit analysis and social return on investment to evaluate the impact of social enterprise: Promises, implementation, and limitations'. *Evaluation Program Planning*, 64: 98-104; (iii) Maier, F. Schober, C. Simsa, R, and Milner, R. (2015). 'SROI as a Method for Evaluation Research: Understanding Merits and Limitations', *Voluntas 26,* 1805–1830, and (iv) Mook, L. Maiorano, J. Ryan, S. Armstrong, A. and Quarter, J. (2015). Turning Social Return on Investment on its Head. *Nonprofit Management and Leadership*, 26(2), 229-246.

communities that are more disadvantaged, as here service focus tends more towards ongoing support, which involves greater input with fewer tangible "results" in return. The corollary is that services in more marginalised locations might be tempted to prioritise more affluent, higher debt clients if 'success' is judged primarily in these terms; the model may also - inadvertently perhaps - encourage cheaper, less socially inclusive inputs.

A multi-criteria/logic model approach

An alternative option for identifying debt advice impacts is to adopt a more multi-criteria ('logic model') approach, which aims to factor in qualitative as well as quantitative and contextual dimensions to debt advice work, including service delivery challenges and associated responses. Logic models can be applied to the planning and evaluation of not-for-profit services,[13] and a tailored version could prove useful in the context of a service such as MABS as it facilitates point in time 'snapshots' of an evolving process such as debt advice. A range of criteria can thus be factored in as shown below:

A Multi Criteria (Logic Model) for Debt Advice Casework						
Inputs	**Client Profiles**	**Presenting/ Changing Circumstances**	**Outputs/ Throughputs**	**Obstacles Encountered**	**Outcomes achieved**	**Impacts**
Resources, staff costs, premises, overheads etc.	Demographics, household characteristics, debts owed, creditor types	Debt triggers, underlying causes, consequences, changes	Service activities, volume & quality of casework, escalation of policy issues	Policy, legislative issues, casework challenges	Client incomes, expenditure, budgeting, debts	Health & wellbeing, financial inclusion/ resilience, policy/ practice/ legislative change, community

In essence, this model involves applying a case-narrative type approach to recording debt advice interventions. The start point here is to try and capture the extent to which the mission of a debt advice service such as MABS is being met,[14] and further to identify the obstacles which are preventing it from so doing and how these might best be addressed both internally and externally. As well as acting as a tool for prioritising core mission, a multi-criteria/logic model can also be used over time to design, plan and amend service delivery as and when

[13] Kellog Foundation (2004) *Using logic models to bring together planning, evaluation and action: Logic model development guide*. Battle Creek (MI): Kellog Foundation.

[14] Seven broad objectives were set for MABS by its funding Department during its developmental phase. Specifically, the MABS casework mission statement is as follows: "The prevention of homelessness, fuel disconnection, loss of essential goods or services, and loss of liberty whilst establishing or maintaining an acceptable or minimum standard of living and facilitating clients to clear their secondary debts at an affordable rate, within a reasonable period, whilst ensuring access to justice and that a client's rights are upheld, and encouraging self reliance". Comhairle (2006), *Money Advice Manual*, Section 2, p2.

appropriate, thereby providing a sort of management map. The model implicitly recognises that a service may not have all the data it needs to measure broader impacts in the round at all times, and that further research or analysis – by consulting clients/advisers or engaging external researchers for example - may be required from time to time.

Such a model could provide a comprehensive framework within which appropriate indicators and measures can be developed, applied and monitored over time. Whereas public value tends to look back to a certain degree, a multi-criteria/logic model is more creative and forward looking in that a baseline at client engagement is ascertained, and this can subsequently be compared with the situation at different times as clients move through the advice process i.e. it is a more dynamic approach to assessing impact. Many of the public value measures highlighted earlier can, moreover, be incorporated within such a model.

Conclusion

Publicly funded debt advice is first and foremost a client-centered service, which also has the potential to use insights gleaned to make a societal impact. Thus, a cost-benefit type or business-like approach is not perhaps the best fit for such a service, although it must of course be accountable for public funds. The trick here is to balance reporting needs, which enable policy makers to make informed decisions on the disbursement of public money, with service mission considerations, which in the case of MABS for example, can be quite ambitious.

Our initial exploration of cost-benefit models suggests that these go a good bit of the way towards enabling broader impacts to be identified, but tend to be somewhat complex and to ignore important factors such as societal and policy/practice challenges. In comparison, a broader, multi criteria/logic model offers - at least in theory - added potential for a debt advice service both to justify its existence and to identify in what way(s) it is actually making a difference, or can make a difference given the context within which it operates.

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