



**The continuing financial benefits of advice provision to the
common good: the example of the Citizens Advice Service in
Scotland**

**A report to Citizens Advice Scotland from the Fraser of Allander
Institute**

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Executive Summary

- Citizens Advice Bureaux in Scotland provided advice on 559,854 new issues across fifteen different advice areas in 2013/14, an increase of 8.8% from our previous report in 2012.
- In this report we examine five of those advice areas - benefits, debt, employment, housing and relationships – which account for 79.6% of all new issues. This compares to 81% of all issues in the previous report. Homelessness, which had a saving of £15 million in the previous report, has not been examined as it was previously, due to comparative data not being available.
- There are a series of adverse consequences for those involved in these five advice areas, including additional health service costs, increased unemployment benefits, and a loss of economic output.
- There is a major benefit to society of CAB advice gaining income for clients which in turn supports additional jobs and wages in the economy.
- Previous research in this area shows that providing advice to clients is very effective in mitigating adverse consequences and so reducing the costs associated with these – in most cases, advice is typically able to positively benefit around 70% of clients.
- Around one in every five people in Scotland has visited a CAB in recent years.

This study estimates that Citizens Advice Bureaux across Scotland contribute a total benefit to the common good in Scotland of £168.7 million through the following¹:

- Health costs across all five advice areas equal to £32.6 million
The advice provided by the CAB reduces these costs by £22.5 million.
- Employment issues involving CAB clients increases unemployment benefit costs by £19.9 million
The advice provided by the CAB reduces these costs by £13.4 million.
- Even on a very conservative estimate, employment issues involving CAB clients create a loss of economic output equal to £28.8 million
The advice provided by CAB reduces these costs by £19.5 million.
- CAB interventions increased client incomes by £67.9 million in 2013/14
This additional spending created 1,343 jobs and £29.6 million worth of wage income in Scotland.
- Total wages supported by CAS and CAB employment alongside effect of effect of wage and supplier spending amounts to £15.9 million.

¹ Please note that the financial results in this report are quoted to one decimal place and are therefore subject to rounding error (i.e., the difference between a rounded-off numerical value and the actual value). The figure for the total impact of CAS/CAB quoted above (£168.7 million) is actually £168,691,610.

Summary of Results

Estimated Health Costs and advice savings

Total Health Costs (£m)	32.6
Total advice savings (£m)	22.5

Additional unemployment payments and advice savings

Total additional payments (£m)	19.9
Total advice savings (£m)	13.4

Additional output losses and advice savings

Total output losses (£m)	28.8
Total advice savings (£m)	19.5

Employment & Wages in Scotland supported by CAS/CAB Client Financial Gain

Client Financial Gain (£m)	67.9
Employment supported	1,343
Wages Supported (£m)	29.6

Employment & Wages in Scotland supported by CAS/CAB

Additional Employment	406
Total Employment	1,343
Additional Wages (£m)	5.1
Total Wages (£m)	15.9

Total contribution² (£m) **£168.7 million**

² Please note that the financial results in this report are quoted to one decimal place and are therefore subject to rounding error (i.e., the difference between a rounded-off numerical value and the actual value). The figure for the total impact of CAS/CAB quoted above (£168.7 million) is actually £168,691,610.

Chapter One - Introduction

Research, particularly in the civil justice area³, has discussed the potential savings that might arise from the provision of advisory services. One issue addressed in this literature is that individuals involved in, for example, legal disputes may experience certain types of adverse consequence such as stress illnesses. In turn, the need to treat these may result in costs to others such as additional health costs if these involved require medical treatment.

However, legal disputes are just one example of a much wider range of advice areas that might involve adverse consequences, which can also occur where people have problems in areas such as debt or housing. In addition, adverse consequences are not limited to health costs, but can also include issues such as the need to pay unemployment benefits to those who lose their job as a result of a dispute. A key argument discussed in the literature is that providing advice may mitigate adverse consequences and so reduce many of these costs – providing advice will not only benefit the recipient, but may also create wider benefits.

In 2012, the Fraser of Allander Institute reported the results of a study that assessed the potential savings to society that arose from the provision of citizens advice bureaux services in Scotland⁴. That research produced estimates for the Citizens Advice Service in Scotland, the largest provider of free independent advice services in Scotland for 2012, and the present study updates this exercise for 2014. The study estimates the costs of a range of adverse consequences that result from five advice areas (those who approach Citizens Advice Bureaux with problems involving welfare benefits, debt, employment, housing and relationships) and also estimates the savings across these areas that result from providing advice.

Citizens Advice Bureaux (CAB) and Citizens Advice Scotland (CAS) together employ 883 paid staff and have around 2,400 volunteers. Citizens Advice Bureaux provide advice and information to people in need in over 200 locations in 30 out of the 32 local authority areas in Scotland. Whilst the Citizens Advice Service in Scotland offers additional advice services

³ “See Pleasance, P. et al. (2008) The Health Cost of Civil Law Problems: Further Evidence of Links Between Civil Law Problems and Morbidity and the Consequential Use of Health Services, 5(2) Journal of Empirical Legal Studies , pp.351-374.

⁴ “The financial benefits of advice provision – the example of the Citizens Advice Service in Scotland”, November, 2012. Available at [advicehttp://www.cas.org.uk/publications/financial-benefits-advice](http://www.cas.org.uk/publications/financial-benefits-advice).

through its Citizens Advice Consumer Service, this study is still in relation to bureaux services only and updates this impact to 2014⁵. We have also only examined new issues and not the total number of issues. One client may present with several issues on a visit and may return many times. This report only examines the number of new issues (i.e. first presented by a client) and not the average 2.1 issues per client.

Readers should note that, as in our previous study, conservative assumptions have been used throughout the study and the figures thus represent a minimum estimate of the impact of advisory services. In addition, as we investigate only the effect of the major areas of advice, the overall impact of CAB advice will be greater than the figures shown here.

Our study estimates that Citizens Advice Bureaux across Scotland contribute a total benefit to the common good in Scotland of £168.7 million.

⁵ Not that while the calculations in this study are on the same basis as our previous report, calculations of both costs and the benefits that arise from providing advice have been updated to 2014 where possible.

Chapter Two - Background

There evidently is a significant need for advisory services in Scotland. For example, an Ipsos Mori poll in 2009 found that one in every five members of the public in Scotland had visited a bureau for advice in the previous three years. Table 1 below shows that CAB advisers provided advice on 559,854 new issues in 2013/14. This figure (559,854) represents an increase of 12.7% from the previous year, when CAB provided advice on 496,585 issues.

Clients seek advice on a range of issues, and CAB deal with some 15 distinct advice areas - Table 1 below shows the number of new issues where advice was provided in these fifteen areas in 2013/14. This study focuses on five key advice areas: benefits, debt, employment housing, and relationships (relationships advice includes issues such as child support and protection, divorce, marriage, civil partnership, domestic abuse, discrimination). These five areas accounted for around four-fifths (79.6%) of all new advice provided in 2013/14 (see Table 1).

Readers should note one important change from the previous version of this report. Following legislative change which re-designated Council Tax from a benefit to a tax issue, CAS removed Council Tax as an issue from within their Benefits, Tax Credit & National Insurance advice area and moved it into their Tax advice area. As this is a report that updates a previous 2012 study, we have chosen to include council tax issues within the advice area of benefits so that it compares directly with the 2012 report. Therefore the figures under benefits include council tax issues for the purposes of this report only.

The number of clients with a new issue seen at least once in regard to one of these five advice areas in 2013/14 is shown in Table 2. Clients may have multiple issues, as seen in Table 2, or be seen on more than one occasion; and so while Table 1 indicates the volume of work undertaken by CAB, Table 2 shows the number of people who received advice (314,150). We use these figures to calculate the costs of adverse consequences among those who experienced problems in the five advice areas discussed here.

Table 1- CAB advice by area	Number of cases
Benefits	219,244
Consumer goods & services	16,709
Debt	119,492
Education	2,859
Employment	46,540
Finance products & services	21,881
Health & Community Care	8,952
Housing	40,287
Immigration	4,445
Legal	24,958
NHS Concerns or Complaints	4,440
Relationships	20,133
Tax	7,621
Travel, transport & holidays	7,585
Utilities and communication	14,708
Total	559,854

Source: CAS (August 2013/14).

Table 2 - Client Numbers by area	Number of clients	Average number of issues per client
Benefits	101,350	2.3
Debt	35,999	3.3
Employment	31,386	1.5
Housing	29,784	1.4
Relationship	16,333	1.2
Other	89,297	1.2
Average for all advice		2.1

Source: CAS (August 2013/14).

Adverse consequences of problems

As Table 1 shows, advisory services clearly fulfil a need felt by many people. However, what is perhaps less well appreciated are the consequences that can arise for those seeking advice. Unsolved problems can create a range of adverse consequences, ranging from ill health (most notably stress illness), losing money, losing your job and relationship breakdown. Any of these are also likely to involve a cost to society, which can include increased spending on health and increased benefit costs and a loss of output from those who experience unemployment. Importantly, a number of studies have shown that providing advice appears to significantly reduce the incidence of adverse consequences and so reduce the costs of

dealing with them. The previous study discussed some evidence on this and also reviewed other evidence which demonstrated the effectiveness of advisory services.

As discussed in our previous 2012 study, a number of recent pieces of research from other organisations have investigated how receiving advice can mitigate the potential downstream costs of problems. These were provided in the 2012 report and we provide the analysis of that data again at Appendix 1.

Evidence on the incidence of adverse consequences

The key evidence base, used both here and in our earlier study, on the incidence of adverse consequences (and the impact of advice) is the Civil & Social Justice Survey (CSJS) produced by the Legal Services Research Centre (LSRC).⁶

CSJS figures shows that the most common type of adverse consequence is stress illness, which is a common consequence in almost every type of problem. While this is perhaps to be expected in relation to some issues, for example with mental health where 74% of those with a problem reported this, domestic violence (58%), problems with children (50%) and relationship breakdown (47%), high levels of stress-related illness also occurred in other areas including those studied here – stress illness typically occurs in around 25-30% of these areas. For example, the lowest incidence of stress illness was for problems involving owned housing, but even here 23% of CSJS respondents reported suffering this. The highest incidence was for employment problems, where 32% reported that they had suffered from a stress illness as a result of a problem.

The second most common adverse consequence is simply that being involved in problems causes people to suffer a loss of confidence. This was a very common occurrence across all areas, although perhaps not surprisingly tended to occur most frequently where personal difficulties were involved. For example, 22% of those who suffered from discrimination experienced a loss of confidence, and this was also a frequent issue in relationship breakdowns (29%), divorce (27%) and immigration (30%).

More disturbingly, problems in some areas also led to personal violence. While in most instances the incidence of this was relatively low, 11% of people involved in divorce reported

⁶ LSRC is independent research division of the Legal Services Commission. The LSRC figures were supplied to us by Citizens Advice.

this, as did 9% of those involved in a problem with neighbours. Damage to property also occurred in 19% of problems with neighbours and in 9% of problems with owned housing.

Finally, a very common consequence experienced by people with a problem is a loss of income. This affected around a third of those seeking benefit advice and 40% of those with an employment problem.

What the CSJS data makes clear is that a wide range of adverse consequences may result from problems. Table 3 below details CSJS figures on the incidence of all types of adverse consequence for the key areas of CAB advice⁷. As noted, the most common consequence is stress illness and typically around 25-30% of people experience this. However, problems also lead to a significant number of people losing income (as many as 40% of those with employment problems did so) and 25% of those with employment problems report losing their job.

Table 3 - Incidence of adverse consequence by CAB advice area						
CAB advice area	Benefits	Debt	Employment	Rented Housing	Owned Housing	Relationships
Proportion experiencing following adverse consequence (%)						
Physical ill health	11.7	6.1	11.3	14.2	11.5	17.6
Stress-related illness	27	29.6	26.8	31.6	22.9	47.3
Rel. breakdown	0	3.8	4.4	1.2	2.9	19.6
Personal Violence	0	0.4	2.9	1.2	1.5	14.8
Prop. Damage	0	1.2	0.7	3.3	9.2	4.7
Had to move home	0.8	0.4	0.6	12.9	1.5	10.1
Loss of employment	1.5	0.4	39.5	1.3	-	2.6
Loss of income	30.9	11.6	26.8	3.5	14.3	25.6
Loss of confidence	8.2	13.4	28.6	8.7	10.3	29.2

Source; CSJS⁸

⁷ CSJS data includes figures for both rented and owned housing, and we have conflated these to match the data available from CAS.

⁸ The figures in Tables 3 and 4 were provided by James Sandbach, author of “Towards a business case for legal aid”, Citizens Advice 2011.

Evidence on the effect of advice

CSJS data also shows that providing advice delivers a considerable benefit to those who receive it and hence significantly reduces the extent to which people experience many types of adverse consequence. Table 4 shows CSJS estimates of the proportion of those advisees who receive a substantive benefit from advice and for whom adverse consequences are avoided. The figures clearly show that providing advice delivers a substantial benefit across all areas.

Table 4 - Effect of advice - proportion of cases with substantive benefit	%
Benefits	70.3
Debt	76.3
Employment	67.6
Housing	69.7
Relationships	45.5

Source: CSJS

Chapter Three - Assessing the effect of advisory services

We firstly examine the CAB impact in terms of how the advice it provides may resolve problems and the potential benefits that ensue. We examine the extent to which adverse consequences will occur as the result of problems, and then discuss the extent to which providing advice manages to reduce the incidence of these and reduce the costs of dealing with problems that would otherwise occur.

We have sought to make the findings as accurate as possible and a key requirement of an accurate assessment of the benefits of advisory services is that we should try to realistically assess what would have happened if advice had not been provided. This involves addressing three issues:

Firstly, not all of those who seek advice will necessarily suffer an adverse consequence – only some proportion will do so, and advisory services can only have an impact where these will actually occur. The research must therefore establish the extent to which adverse consequences are likely to occur.

Secondly, given that the potential outcomes of providing advice may range from no effect to a full solution of the initial problem, we must obtain some impact of the extent to which receiving advice actually reduces problems.

Finally, research must establish accurate costs, both of the cost of adverse consequences such as health costs, and of the savings that result from providing advice.

This report also examines the economic benefits of client financial gain and its impact on employment as well as the employment of CAS and CAB.

Chapter 4 - Measuring the impact of advisory services and adverse consequences

As noted, advice is provided across a number of areas and each area may involve different consequences. In this report we update the areas of advice and again assess the benefits of advisory services for the five advice areas (benefits, debt, employment, housing, and relationships) and examine four different adverse consequences (stress illness, physical illness, loss of employment, and loss of income). The first sets of results are for the health costs and the savings to the NHS which may arise from difficulties which cause people to seek advice, and we explain the methods used to assess these through a detailed example. We then look at employment, output loss and loss of income.

We again note, however, that the estimates below represent only part of the picture. As discussed above, issues such as mental health, domestic violence and immigration are not included and the conservative estimates represent only part of the overall work of CAB. Therefore the overall impact will be greater than represented in this report.

Chapter 4.1 Savings to the NHS

Our total estimates of the health costs and savings that result from problems in the five advice areas we are examining are shown in Table 5 below. In total, we estimate the total costs of the adverse consequences at £32.6m. Table 5 also shows the savings made by providing advice, which we estimate at £22.5m. That is, the health costs arising from adverse consequences would have been £32.6m if advice had not been provided and advice reduces these costs by £22.5m.

Table 5 - Estimated Health Costs and advice savings (all areas)	£ million
Total Health Costs	32.6
Total Advice Savings	22.5

We now detail how we derive the savings to NHS estimates. Clients' problems may create two types of health costs. Firstly, one potential consequence is that the problem might result in the individual suffering a stress illness. In addition, the initial problem can in some cases mean that the individual experiences a physical illness - we examine figures on the extent of both below and explain how we have arrived at our estimate of both the health costs and savings of these particular adverse consequences.

As discussed earlier, not everyone who seeks advice on a particular problem will necessarily suffer an adverse consequence. The first step in assessing how advice on benefits can reduce stress illnesses is to establish how many of those who seek advice are likely to experience this. We do this firstly by looking at CAB figures which show how many people received advice in each of the five advice areas we are examining. We then use CSJS figures to estimate the extent of a range of adverse consequences across each area, beginning with benefits. CSJS details figures on the extent of a range of adverse consequences across the five advice areas studied here (benefits, debt, employment, housing, and relationships) and shows the proportion of people in each who suffered one of nine possible adverse consequences, again including those studied here.

We next estimate the costs of this particular adverse consequence (stress illness). Previous research in this area has suggested that those who suffered a stress illness may have visited a doctor for treatment as many as nine times⁹. Our estimate is based on data provided by the

⁹ This estimate is taken from a personal communication from James Sandbach, who authored a recent study in this area ("Towards a business case for legal aid", Citizens Advice 2011).

NHS Information Services Division (ISD), which shows that the estimated average number of GP or practice nurse contacts per patient in 2012/13 was 4.4¹⁰. Note also that we only include the costs of GP visits and prescription costs and exclude any primary health costs such as hospital visits.

The resultant health costs have been estimated from data published by the Royal College of General Practitioners in Scotland (RCGPS)¹¹ who estimate the average cost per consultation for a general practitioner in Scotland at £35 (this figure has not been updated since our 2012 report). We have then included an estimate for prescription costs published by the Personal Social Services Research Unit (PSSRU) at the University of Kent. They publish annual estimates of unit costs of health and social care¹² and we have used their estimates of average prescription costs per consultation (£44.64).

The final step is to obtain a realistic assessment of the extent to which providing advice helps reduce the incidence of adverse consequences. LSRC data estimates the percentage of those who received advice obtained a substantial benefit from this advice. Using the same costs as above we estimate the savings in stress-related health costs and therefore the reduction in health costs that arise as a result of providing advice across all five areas of advice examined. Our estimate of the physical illness costs has been derived using the same procedure.

Beginning with benefits advice, we show the estimates for savings to the NHS in terms of stress and physical illness in each of the advice areas.

Benefit Advice – stress illness

Table 6- Costs of stress illness and advice savings (benefit advice)	£ million
Stress related ill-health costs resulting from benefit problems	14.0
Savings due to providing advice	9.9

¹⁰ Practice Team Information (PTI), Annual Update (2012/13), page 3, available at <https://isdscotland.scot.nhs.uk/Health-Topics/General-Practice/Publications/2013-10-29/2013-10-29-PTI-Report.pdf?6309145690>. Note that the assumption that patients make an average of 4.4 visits differs from the one used in our previous study. There, we used what we felt was a cautious assumption that patients made 3 visits, but the figures used here reflect actual data for patient usage in Scotland.

¹¹ A Manifesto for Patient Care in Scotland" RCGP 2011, Page 3.

¹² The 2013 edition is available at <http://www.pssru.ac.uk/project-pages/unit-costs/2013/index.php>.

On the above basis, we estimate that stress related ill health costs involved in treating those involved in benefit problems and who suffer a stress illness totalled £14m in 2013/14 (see Table 6). This figure (£14m) represents the costs of treating stress illness among those who sought advice on benefits in 2013/14.

The final step is to obtain a realistic assessment of the extent to which providing advice helps reduce the incidence of adverse consequences. LSRC data estimates that 70.3% of those who received advice on benefits obtained a substantial benefit from this advice. Using the same costs as above would mean that stress-related health costs would be reduced by £9.9m as a result of providing advice.

Benefit advice - physical illness

Table 7 - Costs of physical illness and advice savings (benefit advice) £ million	
Physical ill-health costs resulting from benefit problems	4.2
Savings due to providing advice	2.9

Our estimate of the physical illness costs arising from benefits issues is that this creates health costs of £4.2m and providing advice would reduce health costs by £2.9m (Table 7).

Debt advice- stress illness

Table 8 - Costs of stress illness and advice savings (debt advice) £ million	
Stress related ill-health costs resulting from debt problems	3.7
Savings due to providing advice	2.9

Health problems may also arise among those seeking advice on debts, and we have used a similar method to estimate these costs. Using the same assumption for the cost of G.P. visits, the total costs of stress illness resulting from debt problems would amount to £3.7m (see Table 8).

As above, we use LSRC data on the proportion that see a substantial benefit - for debt advice, that is estimated at 76.3% (see Table 4 above). This produces an estimate that providing advice saves £2.9m in health costs by avoiding the need to treat people for stress illnesses (Table 8).

Debt advice- physical illness

Table 9 - Costs of physical illness and advice savings (debt advice)		£ million
Physical ill-health costs resulting from debt problems		0.77
Savings due to providing advice		0.59

The physical ill health costs resulting from debt problems are estimated at £0.77m (see Table 9). This is estimated on the basis of LSRC data that 6.1% of those who received advice on debt will experience a physical illness as a result of a problem over debt and the consultation plus prescription costs outlined above. We estimate that providing advice in this area would save £0.59m.

Employment advice – stress and physical illness

Table 10 - Costs of stress illness and advice savings (employment advice)		
Stress related ill-health costs resulting from employment problems		3.0
Savings due to providing advice		2.0

Table 11 - Costs of physical illness and advice savings (employment advice)		£ million
Physical ill-health costs resulting from welfare problems		1.2
Savings due to providing advice		0.84

CAB clients who received advice on employment matters may also have suffered both stress and physical illnesses as a result of an employment problem. CAB provided 31,386 people with employment advice in 2013/14 and LSRC data shows that 26.8% will experience a stress illness and 11.3% a physical illness due to the initial problem.

On this basis, we estimate the total health costs (of employment advice) at £4.2m in 2013/14. Based on the LSRC data in Table 4, we estimate that providing advice would bring total savings of £2.84m (Tables 10 and 11).

Housing advice –stress and physical illness

Table 12 - Costs of stress illness and advice savings (housing advice)	£ million
Stress related ill-health costs resulting from housing problems	2.2
Savings due to providing advice	1.6

Table 13 - Costs of physical illness and advice savings (housing advice)	£ million
Physical ill-health costs resulting from housing problems	0.8
Savings due to providing advice	0.5

On the basis of the numbers receiving housing advice who suffered both stress and physical illness, we estimate that the combined stress and physical illness costs caused by housing problems at £3m. Providing advice would save a total of £2.1m in health costs across both areas (Tables 12 and 13).

Relationships advice –stress and physical illness

Table 14 - Costs of stress illness and advice savings (relationship advice)	£ million
Stress related ill-health costs resulting from housing problems	2.16
Savings due to providing advice	0.98

Table 15 - Costs of physical illness and advice savings (relationship advice)	£ million
Physical related ill-health costs resulting from housing problems	0.58
Savings due to providing advice	0.27

Tables 14 and 15 show our estimates of the health costs related to relationships advice, which we estimate at a total of £2.74m. The savings are calculated at £1.25m.

4.2. Employment and output savings

Additional health costs are not the only adverse consequence that can follow from problems in areas such as employment, debt and housing, and we now investigate two further effects: reduced unemployment benefit costs and output losses and what the savings are that can be made due to advice given.

The first is the increased costs to the state due to higher unemployment benefit costs. These follow in cases where people lose their job following a difficulty which results in additional costs to the rest of society in terms of increased unemployment benefit payments (Job Seekers Allowance) which can be reduced by the provision of advice.

The type of employment advice provided by CAB covers a wide range of areas where problems can involve the individual losing their job, for example employment discrimination, unfair dismissal, dispute resolution, cases going to employment tribunals, health and safety, parental rights, pay and entitlements, redundancy, and terms and conditions of employment. As noted above, providing advice is very effective in helping to resolve such problems. The CSJS data shown in Table 4 shows that 67.6% of those provided with advice on employment issues benefited from this. We discuss the financial cost and benefits in detail below.

The second useful overall assessment of the impact of advice services is also in terms of the reduction in the number of jobs that is attributable to advisory services. Across all advice areas discussed here, we estimate that a total of 14,058 would lose their jobs as a result of problems across all five advice areas, and that providing advice would prevent this happening for 9,504 people. While this is a significant issue for those involved, the numbers are relatively minor when compared with the total number in work in Scotland – Scottish Government figures indicate that there were 2,473,400 people in employment in Scotland in 2013.¹³

¹³ The total employment figure is for 2013. Source: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market>.

Increased costs of unemployment benefit (Job Seekers Allowance)

Table 16 details our estimates of the increased costs of Jobseekers Allowance (JSA). We estimate that the total additional amount payable in JSA across all advice areas would increase by £19.9m, and that providing advice would save £ 13.4m in JSA costs.

We have assumed that each person who becomes unemployed will receive only the current rate of JSA,¹⁴ and have assumed that each additional claimant claims benefit for 19 weeks¹⁵. On this basis, the total additional JSA costs (for those who received benefits advice) would be £1.4m. Providing advice in this area would save £1m.

Table 16 - Additional unemployment payments and advice savings		£ million
Additional unemployment benefit costs- benefit problems		1.4
	Savings due to providing advice	1.0
Additional unemployment benefit costs- debt problems		0.20
	Savings due to providing advice	0.15
Additional unemployment benefit costs- employment problems		16.9
	Savings due to providing advice	11.4
Additional unemployment benefit costs- housing problems		0.83
	Savings due to providing advice	0.55
Additional unemployment benefit costs- relationship problems		0.59
	Savings due to providing advice	0.27
	Total additional payments	19.9
	Total savings due to providing advice	13.4

We now discuss the estimates shown in Table 16 in more detail, beginning again with benefits advice.

Benefits Advice

¹⁴Currently £72.49. Source:

http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_20090.html

¹⁵ This assumption is based on CSJS data, see “Towards a business case for legal aid” (page 28) and again represents what we would argue is a very conservative estimate.

Whilst CAB advise a very large number of clients on benefits, the LRSC figures show that an initial benefits problem will result in only a very small proportion actually losing their job - just over 1%. On this basis, only a very small number of CAB clients would actually lose their job. Note that, as discussed below, the proportion losing their job is much higher in other advice areas, for example, employment problems. Therefore the total additional JSA costs (for those who received benefits advice) would be £1.4m. Providing advice in this area would save £1m.

Debt Advice

The LSRC data also shows that the initial difficulty resulted in a loss of employment for only a small proportion (0.4%) of those receiving debt advice. Using this assumption, we estimate the resultant additional annual JSA costs at £0.2m and that providing advice in this area would save £0.15m.

Employment Advice

Loss of employment was a much more common consequence of employment problems. The proportion who lost their job as the result of an employment problem as reported in the LSRC database is 39%. This accounts for the majority of employment loss across all areas.

The additional JSA costs are consequently much higher at £16.9m. However, the benefits of providing advice are also significantly higher - providing advice would save £11.4m in additional JSA costs.

Housing Advice

Of the 29,784 CAB clients who sought advice in this area, we estimate that only a very small number actually lose their jobs as a result of the initial problem. The resultant additional benefit costs are estimated at £0.83m, and we estimate that advice would save £0.55m in JSA costs.

Relationships Advice

As detailed in Table 16 above, the estimates for additional JSA costs as a result of relationships problems stands at £0.59m and advice savings at £0.27m.

Output Losses

We detail above the costs to society in terms of the additional JSA payments that occur where someone loses their job as a result of some initial problem. However, losing employment also involves another loss, in that the person who loses their job is unable to contribute to producing goods and services in the economy. Note that this effect is different in kind from having to pay more in unemployment benefits. Increased unemployment benefits are transfer payments from one society to another - one set of people lose the same amount as others gain, and there is no net loss of economic output. Where someone is unable to produce goods and services, this represents a loss to society as a whole.

We have estimated the output loss involved by assuming that each person who becomes unemployed would have produced goods and services equal to the average Gross Value Added (GVA) in Scotland, estimated at £20,013 per head¹⁶. We have also retained the conservative assumption used in our previous report, that each job lost was filled after five weeks.

Table 17 below summarises the output losses across all areas. We estimate the total potential output losses at £28.79m, and that advice would save £19.45m. The majority of this arises from the high proportion of those with employment problems who lose their job, which the LSRC estimate at 39% of all those who seek advice on employment issues.

Table 17 - Additional output losses and advice savings		£ million
Additional output losses - benefit problems		2.0
	Savings due to providing advice	1.4
Additional output losses - debt problems		1.1
	Savings due to providing advice	0.80
Additional output losses - employment problems		23.9
	Savings due to providing advice	16.2
Additional output losses - housing problems		0.97
	Savings due to providing advice	0.68
Additional output losses - relationship problems		0.83
	Savings due to providing advice	0.38
	Total output losses	28.79
	Total savings due to providing advice	19.45

¹⁶ Source: ONS, Regional GVA Data Tables.

Chapter 5 - Economic Benefits

Whereas the previous section looked at benefits of advice in saving money to society, this section looks at two areas where there is a positive economic impact, first in terms of client financial gain and second the benefit of employment created by CAS and CAB.

As noted above, previous research has also examined the economic effects of advice, particularly in terms of job creation. For example, the FAI study discussed above examined the impact of the increase in benefit payments that resulted from receiving advice on the local economy in Glasgow. We next examine how the financial gain for CAB clients also has a positive impact on local economies.

Client financial gain

CAB will also intervene on behalf of people to attempt to resolve where they are owed or entitled to money. Figures provided by CAS show that CAB interventions on behalf of clients managed to increase clients' incomes by a total of £67.9m in 2013/14. This represents income to which people are entitled, but which they would not have received if CAB had not intervened on their behalf and can thus legitimately be considered as an additional impact of CAB and thus represents additional spending in Scotland that is attributable to the work of CAB. Please note that the £67.9m figure does not include clients' debt that was written off because of actions by the CAB so the total client financial gain CAB accrues for clients is far higher. For our purposes we are looking at direct income only.

While incomes will have risen by £67.9m, the total impact on Scotland of this additional money being received by CAB clients will be measured by the additional activity this creates in Scotland once this money is spent. This is because further economic effects result from the increase in income received by CAB clients – increased spending on goods and services either produced or distributed within Scotland will create jobs in Scotland. The increase in employment at those companies who receive additional spending will increase wages and create a further round of expenditure at suppliers in Scotland. This re-expenditure of the initial payments made therefore means that the total amount of economic activity created is greater than the initial amount spent.

We have estimated the employment and wages created by this increase in client financial income (£67.9m) through a modelling process based on figures provided in the Scottish Government's Input Output Tables. The total increase accruing to clients as a result of CAB

interventions (£67.9 million) was distributed by spending on goods and services according to figures provided in the Office of National Statistics (ONS) publication “Family Spending”. This publication details how expenditure by families is distributed by categories of goods and services, such as Food & Drink, Clothing & Footwear, Energy, Transport, and Recreation & Culture. A spending injection of £67.9 million, based on these categories, was then injected into an impact model derived from the Scottish Input Output Tables which, as described below, provide data on the pattern of purchases by 123 industries in Scotland (including those listed in Family Spending).

Using this procedure, we estimate that the additional £67.9m in income attributable to the CAB’s interventions will create 1,343 jobs and £29.6m worth of wages in Scotland (see Table 18).

Table 18 - Employment & Wages in Scotland supported by CAS/CAB		
Client Financial gain		
<i>Client Financial Gain (£m)</i>	<i>Employment supported</i>	<i>Wages supported (£m)</i>
67.9	1,343	29.6

Impact of CAS and CAB

Secondly, both CAS and CAB create economic activity in Scotland, simply as a result of their ongoing advisory activities. For example, both organisations employ people to provide advice and support services and both will pay wages to their employees. As well as paying wages to Scottish residents, both CAS and CAB will also purchase supplies, some proportion of which will be spent on goods and services either produced or distributed by companies located in Scotland.

In order to estimate the total impact of both wage and supplier expenditures on the Scottish economy, CAS and CAB expenditures require to be sorted into a set of goods and services expenditures consistent with those used in the Scottish Government’s Input-Output Tables. We have assumed that the estimated goods and services expenditures made are distributed according to the expenditure pattern of the relevant industrial sector in the Input-Output tables. These tables provide data on the purchases made from Scottish household expenditures and on the detailed Scottish purchasing structure of 123 Scottish industries, and they therefore allow us to identify the total impact on Scotland of the wage and supplier expenditures made by CAS and CAB.

Based on the pattern of expenditures in the Input-Output Tables, we have derived multipliers based on the data published in the Input Output Tables – for example, every £1 spent by CAS and CAB employees creates a further £0.47 worth of wage income in other industries in Scotland. In total, therefore, spending by CAS and CAB employees supports £15.9 million worth of wages in Scotland (Table 20). Similarly, every one job at CAS and CAB is estimated to support 0.46 of a job in other industries, so that the 883 CAS and CAB employees are estimated to support a total of 1,289 jobs in Scotland (Table 19).

Employment impacts

Figures obtained from Citizens Advice Scotland show that both CAS and CAB provide a total of 883 jobs between them, CAB employing 765 paid staff¹⁷ and CAS 118¹⁸. We estimate that the wage and supplier expenditures of both organisations will create a further 406 jobs and therefore a total of 1,289 jobs are supported across Scotland (Table 19).

Table 19 - Employment in Scotland supported by CAS/CAB		
<i>CAS/CAB Total</i>	<i>Additional Employment</i>	<i>Total Employment</i>
883	406	1,289

Wage impacts

Wage spending by both organisations equalled £10.9m. Including the effect of wage and supplier spending, this would support a total of £15.9m worth of wage income across Scotland (Table 20).

Table 20 - Wages in Scotland supported by CAS/CAB		
<i>CAS/CAB Total</i>	<i>Additional Employment</i>	<i>Total Employment</i>
10.9	5.1	15.9

¹⁷ CAB paid staff 2012/13.

¹⁸ CAS total staff as of 1/7/2014, which included temporary and permanent staff at time of reporting. This also includes increased staff numbers due to consumer landscape changes which saw CAS take over responsibility for the Extra Help Unit and Consumer Futures in April 2014.

Chapter 6 – Conclusion

We believe that our final sum of £168.7 million, whilst considerable, is only part of the overall savings made to society by the advice provided by Scottish Citizens Advice Bureaux.

Using the example of the Citizens Advice Service, this report has examined how advice benefits Scottish society as a whole. Previous research carried out by a number of agencies has established that providing advice delivers positive benefits to people who receive it and prevents further problems from occurring. We have sought to quantify this for the five main areas of advice provided by Citizens Advice Bureaux in Scotland.

The report puts a figure on the substantial savings in health costs delivered by advice services, and also details some of the wider economic impacts that arise from delivering advice. It examines the wider consequences of advice and shows that providing advice benefits not only the recipients themselves – for example, fewer people require using health services – but shows how advice also benefits others in society in a number of ways such as reduced taxpayer’s burden on the NHS, a lower unemployment bill and higher economic activity in Scotland.

This alongside the sum of all other impacts that in turn will go into the economy and support jobs such as the financial income that CAB gain for their clients each year, along with the employment of paid staff within the services of both CAS and the network of CAB in Scotland all go towards measuring the contribution to the common good in Scotland of this vital advice service.

We have only looked at a small number of adverse consequences that are avoided by being given good advice. As outlined in Chapter 2, there are a number of other areas such as having to move home, relationship breakdown, and loss of income that are all avoided by gaining advice on an initial problem.

Unfortunately due to a lack of other external data, we have not been able to quantify these other areas, for example the costs saved by problems being resolved and not resulting in a family breakdown we can envisage being considerable; reducing homelessness or preventing people having to leave their home will save society costs as well as individuals and families. If we had been able to measure the economic outcomes of advice for these areas using robust data, our estimate of the financial benefits of advice would have been considerably higher. In

addition, we also only considered the main five advice areas which cover 80% of bureaux work; it is clear that the other work carried out by CAB would also make a contribution to the common good of Scotland and saved society even further.

Appendix 1 - The effect of advice – research evidence

Towards a business case for legal aid¹⁹

This paper used CSJS data to examine how the provision of advice for civil justice problems can alleviate the adverse consequences associated with these, and also assessed how, by preventing adverse consequences, advisory services can prevent downstream costs from occurring and so reduce public services costs. The research derived a ‘business case’ for advice in terms of cost-benefit ratios, that is by comparing the costs of providing advice against the benefits (in terms of reduced costs due to fewer people suffering adverse consequences) of providing advice, and reported these for different forms of advice, including housing, debt advice, benefits advice and employment.

The importance of this paper also lies with the careful assessment methods used to derive its results and for the quality of the data underlying its analysis. It notes, for example, that an accurate assessment of the savings resulting from advice must take into account the following factors:

- i) The incidence of adverse consequences amongst those who seek advice – of those who seek advice on any of the areas listed above, in how many cases is the initial problem likely to cause them to suffer an adverse consequence (for example, stress-related ill-health)
- ii) The costs of adverse consequences to public services – what is the cost to the state in cases where adverse consequences occur
- iii) The link between receiving advice and avoidance of adverse consequences - how effective is providing advice in terms of reducing adverse consequences and so reducing the costs that would have occurred (if advice had not been provided).

As noted, this research derived cost benefit ratios for four different types of advice (housing, debt advice, benefits advice, and employment) and reported the following results:

- For every £1 of expenditure on housing advice, the state potentially saves £2.34

¹⁹ Paper to the Legal Services Research Centre’s eighth international research conference, Citizens Advice, July 2010.

- Every £1 of expenditure on debt advice, the state potentially saves £2.98.
- Every £1 of expenditure on benefits advice, the state potentially saves £8.80.
- Every £1 of expenditure on employment advice, the state potentially saves £7.13.

*Getting earlier, better advice to vulnerable people*²⁰

A number of studies focus on how providing early youth advice can improve the lives of vulnerable young people, for whom difficulties are more likely to lead to problems such as social exclusion, unemployment, mental health issues (especially stress-related) and crime.

This UK government report also accepted that dealing with these issues creates significant costs and estimated the total of this at a UK level at £3.5 billion. This included an estimated £2 billion in lost income through people losing their jobs, £1 billion in NHS costs and an estimated £200m in extra costs of unemployment benefits. The study also quotes evidence on the effectiveness of advice, noting that 70% who received advice saw the problem successfully resolved²¹.

*The benefits of welfare rights advice: a review of the literature*²²

This study focused more narrowly on welfare rights advice and reviewed a number of studies which examined two issues, the link between receiving welfare rights advice and increased health and social wellbeing and the effect that increased benefit incomes that result from receiving advice can have on the local economy.

Concerning the first issue, it noted a number of studies showed evidence that receiving higher incomes following the receipt of advice improved both mental and physical health. For example, one 2006 study of 345 people in England found that increased income both decreased bodily pain and reduced anxiety, due to both increased spending to meet material needs (such as heating) and reduced anxiety because recipients had fewer concerns over money.

This study also reported what is perhaps the most significant assessment of this issue. This was conducted by the Welsh Assembly to assess its Better Advice, Better Health project, which involved advice workers working with 6,445 clients and resulted in their receiving an

²⁰ Department for Constitutional Affairs, 2006.

²¹ We discuss these results further below.

²² National Association of Welfare Rights Advisors, 2006.

additional £3.448m (around £535 per client). In addition, 62.5% of GP's questioned felt that the initiative had resulted in improvements to patient's general health. The study also examined how the increase in benefits resulting from advice can impact on the local economy.

The Fraser Allander Institute (FAI) carried out an analysis of the economic impact that Glasgow City Council Welfare Rights Services (GCCWRS) on the local economy in Glasgow²³.

The initial effect of advisory and support services delivered by the GCCWRS in 2000-01 amounted to an estimated increase in local income among low-income households in Glasgow by £11m. The FAI estimated that an extra 264 jobs across Scotland resulted from this increased expenditure, with 163 of these in Glasgow itself. A follow up study in 2003 found that the initial effect was to increase local income among low-income households by £10.8m. The effect on employment was to create an estimated 258 additional jobs across Scotland (a slightly lower figure reflecting the slightly smaller amount of money raise by the GCCWRS) and with 180 of those in Glasgow. The increase in the latter reflects changes in Glasgow's share (it has risen) of Scottish employment over the two periods, which is used to estimate the distribution of jobs between Glasgow and the rest of Scotland that flow from the spending of increased benefit resources generated by GCCWRS (Fraser Allander Institute, 2003).

*A Helping Hand: The Impact of Debt Advice on People's Lives*²⁴

This study reported on a project sponsored by the Department for Constitutional Affairs (DCA), and involved four separate studies designed to estimate the effect of debt advice - the studies assessed the effect of advice through a variety of assessment methods including analysis of government data, qualitative interviews and a randomised control trial. This allowed the subject to be approached through multiple methods, and each individual technique was then used to provide context and corroboration for other parts of the study.

²³ 'The Impact of Welfare Spending on the Glasgow Economy', Fraser Allander Institute, University of Strathclyde (2003).

²⁴ Legal Services Research Centre, Research Findings Number 15, (2007).

The study reported a positive effect of advice across all areas (in most cases). In the qualitative interviews, 47% reported that their circumstances had changed for the better upon receiving advice and 67% reported lower debt as a result of receiving advice.

The study also found improvements in the health of clients who had received advice. Around two-thirds of clients reported better health and 90% felt that this stemmed from the receipt of advice.

Appendix 2 - CSJS Areas

Type of Problem

Employment

Neighbour

Housing Problems

Money/Debt

Welfare Benefits

Divorce

Relationship Breakdown

Domestic Violence

Children Related

Personal Injury

Clinical Negligence

Mental Health

Immigration

Unfair Police Treatment

Homelessness

Type of Adverse Consequence

Physical ill health

Stress-related illness

Rel. breakdown

Personal Violence

Prop. Damage

Had to move home

Loss of employment

Loss of income

Loss of confidence