



The financial benefits of advice provision – 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

- CAB Scotland provided advice on 496,585 new issues across fifteen different advice areas in 2011/12
- Around one in every five people in Scotland have visited a CAB in recent years
- The majority of advice is provided in five areas (benefits, debt, employment, housing and relationship), which account for more than 80% of all CAB activity
- There are a series of adverse consequences for those involved in these five advice areas, including additional health service costs, increased unemployment benefits, a loss of economic output and clients losing income
- 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

This study estimates that:

- Health costs across all five advice areas equal to £21.5 million (m)
- The advice provided by the CAB reduces these costs by £14.5m
- Employment issues involving CAB clients increases unemployment benefit costs by £18.7m
- The advice provided by the CAB reduces these costs by £12.9m
- Even on a very conservative estimate, employment issues involving CAB clients create a loss of economic output equal to £28.8m.
- The advice provided by CAB reduces these costs by £19.5m
- CAB interventions increased client incomes by £63m in 2011/12
- This additional spending created 1,246 jobs and £27.4m worth of wage income in Scotland
- On a conservative basis, CAB interventions saved £15.3m in reduced costs of dealing with those presenting as homeless.

Summary of Results

Estimated Health Costs and advice savings

Total Health Costs (£m)	21.2
Total advice savings (£m)	14.5

Additional unemployment payments and advice savings

Total additional payments (£m)	19.2
Total advice savings (£m)	12.9

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)	63
Employment supported	1,246
Wages Supported (£m)	27.4

Employment & Wages in Scotland supported by CAS/CAB

Additional Employment	344
Total Employment	1,092
Additional Wages (£m)	4.3
Total Wages (£m)	13.6

Homelessness Estimate

CAB Savings (£m)	15.3
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Introduction

Recent research has discussed the potential savings that might arise from the provision of consumer advisory services, an issue that has been discussed most fully in civil justice literature¹. Here, the key issue addressed is that problems (in areas such as employment or housing or debt) may cause certain types of adverse consequence, ranging from ill health to loss of employment and these adverse consequences can then result in costs to society in terms of, for example, health costs or higher levels of unemployment. However, a key argument discussed in the literature is that providing advice may mitigate adverse consequences and so reduce these costs – providing advice will not only benefit the recipient, but may also create wider benefits.

At present there is no information on how society in Scotland benefits from the provision of advisory services. This study produces estimates relating to the Citizens Advice service in Scotland² - the largest provider of free independent advice services in Scotland. Citizens Advice Bureaux (CAB) and Citizens Advice Scotland (CAS) employ 748 paid staff and have around 2,400 volunteers. CAB provides advice and information to people in need in over 250 locations in 30 out of the 32 local authority areas in Scotland.

As far as we are aware, this is the first attempt to address these issues in a Scottish context. Readers should also note that 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 is almost certainly greater than the figures shown here³.

¹See, for example. 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.

²Each of the 80 Citizens Advice Bureaux in Scotland is member of the umbrella body Citizens Advice Scotland (CAS) and our assessment covers both bodies.

³ In addition, while the study looks at the savings to society of some adverse consequences being avoided due to advice being given (and other areas such as the financial gain to clients as a result of CAB interventions) it does not examine the direct benefits to clients.

Background

There evidently is a significant need for advisory services in Scotland. For example, CAB advisors provided advice on 496,585 new issues in 2011/12⁴ and 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.

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 2011/12. This study focuses on five key advice areas (benefits, debt, employment, housing and relationships) – these areas accounted for 81% of all new advice provided. CAB provided advice on over 400,000 new issues in these five areas in 2011/12 (see Table 1).

Table 1 -Advice by area	Number
Benefits	187,229
Consumer goods & services	12,808
Debt	118,244
Education	2,445
Employment	44,072
Finance products & services	17,797
Health & Community Care	7,796
Housing	34,242
Immigration	3,733
Legal	22,414
NHS Concerns or Complaints	2,788
Relationships	18,163
Tax	7,943
Travel, transport & holidays	5,227
Utilities and communication	11,684
Total	496,585

Source: CAS Statistics (August 2012).

The number of people with a new issue seen at least once in regard to one of these five advice areas in 2011/12 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; this table shows the number of people who received advice. We use

⁴ The figure of 496,583 is at time of reporting (August 2012). Final total figures for the whole year will be higher.

these figures to calculate the costs of adverse consequences among those who experienced problems in the five advice areas discussed here.

Table 2 - Client numbers by area	Number	% of total clients	Average number of issues
	of clients		per client
Benefits	84,461	30.3	2.2
Debt	39,112	14.0	3.0
Employment	31,575	11.3	1.4
Housing	27,146	9.7	1.3
Relationships	15,276	5.5	1.2

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.

We next discuss some evidence on the extent to which some adverse consequences affect people seeking advice. Following this, we review evidence which demonstrates the effectiveness of advisory services. The remainder of the study provides estimates of costs of some adverse consequences and the cost savings that can result where CAB advice is provided, and the economic benefits in terms of client financial gain and employment.

Evidence on the incidence of adverse consequences

The key evidence base 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).⁵ This examines the experience of those involved in a total of eighteen different types of advice areas.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 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.

⁵ LSRC is independent research division of the Legal Services Commission. The LSRC figures were supplied to us by Citizens Advice.

⁶ The range of both problem areas and the type of adverse consequences that can occur are detailed in Appendix One

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 CAS advice area						
<i>CAS advice area</i>	Benefits	Debt	Employment	Rented Housing	Owned Housing	Relationships
<i>Proportion experiencing following adverse consequence (%)</i>						
Physical ill health	11.7	6.1	11.3	14.2	11.5	17.6
Stress-related illness	27.0	29.6	26.8	31.6	22.9	47.3
Rel. breakdown	-	3.8	4.4	1.2	2.9	19.6
Personal Violence	-	0.4	2.9	1.2	1.5	14.8
Prop. Damage	-	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

Evidence on the effect of advice

CSJS data also shows that providing advice provides 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.

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

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

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 ensue⁸. We examine the extent to which adverse consequences will occur as the result of problems, and then discuss the extent to which providing advice manage to reduce the incidence of these and reduce the costs of dealing with problems that would otherwise occur.

We would seek 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.

⁸ Other effects, including its economic impact in terms of providing jobs and wages in Scotland are examined later in this study.

The effect of advice – research evidence

Prior to this, we review a number of recent pieces of research which have investigated how receiving advice can mitigate the potential downstream costs of problems.

Towards a business case for legal aid⁹

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

⁹ Paper to the Legal Services Research Centre’s eighth international research conference, Citizens Advice, July 2010.

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
- 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 people¹⁰

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 resolved¹¹.

The benefits of welfare rights advice: a review of the literature¹²

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

¹⁰ Department for Constitutional Affairs, 2006.

¹¹ We discuss these results further below.

¹² National Association of Welfare Rights Advisors, 2006.

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 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 Glasgow¹³.

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).

¹³ 'The Impact of Welfare Spending on the Glasgow Economy', Fraser Allander Institute, University of Strathclyde (2003).

*A Helping Hand: The Impact of Debt Advice on People's Lives*¹⁴

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.

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.

¹⁴Legal Services Research Centre, Research Findings Number 15, (2007).

Measuring the impact of advisory services

As noted, advice is provided across a number of areas and each area may involve different consequences. We assess the benefits of advisory services for five advice areas (benefits, debt, employment, housing, and relationship) 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 homelessness.

A later part of the report looks at the economic benefits of client financial gain and the employment of CAS and CAB.

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 estimates represent only part of the overall work of CAB.

1. Savings to NHS

Our estimates of the health costs that result from problems in the above areas are shown in Table 5 below. In total, we estimate the total costs of the adverse consequences at £21.2m. Table 5 also shows the savings made by providing advice, which we estimate at £14.5m. That is, the health costs arising from adverse consequences would have been £21.2m if advice had not been provided and advice reduces these costs by £14.5m.

Table 5 - Estimated Health Costs and advice savings (all areas)		£ million
Total Health Costs		21.2
Total Advice Savings		14.5

We next detail how we derived these estimates, beginning with the example of the stress illnesses that result from those who seek benefits advice:

Health Costs

Stress illness

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). This is problematic, particularly in that we do not know the extent of treatment administered to those

affected by this ailment. For example, 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 times.¹⁵ Given this, we have used what we feel is a very conservative estimate, which is that those who suffered a stress illness visited a G.P. three times. The benefit of using a minimal assumption is that this provides a low estimate of the costs of adverse consequences, and means that it is very likely that we have under-estimated these costs. In addition, 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)¹⁶ who estimate the average cost per consultation for a general practitioner in Scotland at £35¹⁷. 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 care,¹⁸ and we have used their estimates of average prescription costs per consultation (£42.7).

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 £7.8m in 2011/12 (see Table 6). This figure (£7.8m) represents the costs of treating stress illness among those who sought advice on benefits in 2011/12.

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. On the assumption that this solved the problem, this would mean that 23,445 people would avoid having to undergo medical treatment for stress illness. Using the same costs as above would mean that stress-related health costs would be reduced by £5.5m - this figure of £5.5m is thus the reduction in health costs that arise as a result of providing advice across all areas of advice.

¹⁵ 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).

¹⁶ "A Manifesto for Patient Care in Scotland" RCGP 2011, Page 3

¹⁷ The RCGP actually estimates a range of figures on cost per consultation, and we have used £35 as this corresponds very closely to the estimate of £36 reported in the PSSRU study cited in footnote 16.

¹⁸ The 2011 edition is available at <http://www.pssru.ac.uk/project-pages/unit-costs/2011/index.php>.

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	7.8
Savings due to providing advice	5.5

Physical illness

Our estimate of the physical illness costs is again based on the number who sought CAB advice and LSRC figures on the proportion seeking advice who suffered from a physical illness. We have again assumed consultation costs of £35 and prescription costs of £42.7m and, on this basis, can estimate the total costs of the physical illnesses arising from those who seek advice. Also as above, we use LSRC data which indicates those who sought advice received a substantial benefit, meaning that providing advice would reduce health costs.

All other health cost estimates have been derived using a similar procedure, and we now discuss these in detail.

Benefit advice - physical illness

Our estimate of the physical illness costs arising from benefits issues is that this creates health costs of £2.3m. This again based on the number who sought CAB advice on benefits in 2011/12 (84,461) and LSRC figures on the proportion seeking welfare advice who suffered from a physical illness (11.7%) – on this basis, 9,980 of those who sought welfare advice in Scotland would have suffered a physical illness. We have again assumed consultation costs of £35 and prescription costs of £42.7m and, on this basis, the total costs of the physical illnesses arising from those who suffer benefits advice is estimated at £2.3m. As above, we use LSRC data which indicates that 70.3% of those who sought advice received a substantial benefit, meaning that providing advice would reduce health costs by £1.6m (Table 7).

Table 7 - Costs of physical illness and advice savings (benefit advice)	£ million
Physical ill-health costs resulting from benefit problems	2.3
Savings due to providing advice	1.6

Debt advice- stress illness

Health problems may also arise among those seeking advice on debts, and we have used a similar method to estimate these costs. CAB provided advice on debt issues to 39,112 clients in Scotland in 2011/12, and the LSRC estimate that around a third (29.6%) of those who experience a problem with debt will experience a stress illness. On this basis, we estimate that 11,577 CAB clients will experience this symptom. Using the same assumption for the cost of G.P. visits, the total costs of stress illness resulting from debt problems would amount to £2.7m (Table 6).

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 £2.1m in health costs by avoiding the need to treat people for stress illnesses (Table 8).

Table 8 - Costs of stress illness and advice savings (debt advice)	£ million
Stress related ill-health costs resulting from debt problems	2.7
Savings due to providing advice	2.1

Debt advice- physical illness

The physical ill health costs resulting from debt problems are estimated at £0.56m (see Table 9). This is estimated on the basis of LSRC data that 6.1% of the 39,112 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 £0.42m.

Table 9 - Costs of physical illness and advice savings (debt advice)	£ million
Physical ill-health costs resulting from debt problems	0.56
Savings due to providing advice	0.42

Employment advice – stress and physical illness

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 31,575 people with employment advice in 2011/12 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 that 8,473 people in Scotland will require treatment for stress and 3,583 will experience a physical ailment. We estimate that total health costs of these at £2.8m in 2011/12. Based on the LSRC data in Table 4, which estimates that two thirds of those receiving advice would obtain a substantial benefit, we estimate that providing advice would bring total savings of £1.9m (Tables 10 and 11).

Table 10 - Costs of stress illness and advice savings (employment advice)		£ million
Stress related ill-health costs resulting from employment problems		2.0
Savings due to providing advice		1.3

Table 11 - Costs of physical illness and advice savings (employment advice)		£ million
Physical ill-health costs resulting from welfare problems		0.84
Savings due to providing advice		0.56

Housing advice –stress and physical illness

On the basis of the numbers receiving housing advice who suffered both stress and physical illness, we estimate that the stress and physical illness costs caused by housing problems at £2.0m and physical ill health costs at £0.7m. Providing advice would save a total of £1.9m in health costs across both areas (Tables 11 and 12).

Table 11 - Costs of stress illness and advice savings (housing advice)		£ million
Stress related ill-health costs resulting from housing problems		2.0
Savings due to providing advice		1.50

Table 12 - Costs of physical illness and advice savings (housing advice)		£ million
Stress related ill-health costs resulting from housing problems		0.67
Savings due to providing advice		0.44

Health costs – Relationships

Tables 13 and 14 show our estimates of the health costs related to relationships advice, which we estimate at a total of £2.3m.

Table 13 - Costs of stress illness and advice savings (relationship advice)		£ million
Stress related ill-health costs resulting from housing problems		1.70
Savings due to providing advice		0.77

Table 14 - Costs of physical illness and advice savings (relationship advice)		£ million
Stress related ill-health costs resulting from housing problems		0.63
Savings due to providing advice		0.28

2. Increased Costs of unemployment benefit (Job Seekers Allowance)

Total 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 three further effects beginning with increased costs to the state due to higher unemployment benefit costs. These follow in cases where people lose their job following a difficulty and result 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 - 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. However, a 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 14,227 would lose their jobs as a result of problems across all five areas, and that providing advice would prevent this happening for 9,579 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 2,465,000 people in employment in Scotland in the second quarter of 2012¹⁹.

Table 15 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 £ 19.2m, and that providing advice would save £12.9m in JSA costs.

Note that we have again adopted a very conservative assumption that JSA is paid for 19 weeks.²⁰ If calculated on an annual basis, the additional JSA costs would total £51.1m and

¹⁹ <http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market>.

²⁰ See the discussion in footnote 22 below.

advice would save £34.7m. The estimate is also conservative because there are also other additional benefits that those who are unemployed can access, but here we are focusing only on JSA payments only.

We now discuss the estimates shown in Table 15 in more detail, beginning again with benefits advice.

Table 15 - Additional unemployment payments and advice savings		£ million
Additional unemployment benefit costs- benefit problems		1.2
	Savings due to providing advice	0.82
Additional unemployment benefit costs- debt problems		0.21
	Savings due to providing advice	0.16
Additional unemployment benefit costs- employment problems		16.7
	Savings due to providing advice	11.3
Additional unemployment benefit costs- housing problems		0.61
	Savings due to providing advice	0.43
Additional unemployment benefit costs- relationship problems		0.54
	Savings due to providing advice	0.24
	Total additional payments	19.2
	Total savings due to providing advice	12.9

Benefits Advice

As noted above, CAB data shows that it provided benefit advice to 84,461 people in 2011/12. We have again used LSRC data to estimate the proportion who will suffer an adverse consequence. While CAB advised a considerable number on benefits (a total of 84,461 people), the LRSC figures show that the initial problem will result in only a very small proportion, just over 1%, of those who were advised on benefits, losing their job because of a problem. 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 for other types of problem, particularly for employment problems.

We have assumed that each person who becomes unemployed will receive only the current rate of JSA, currently £71 per week for those over 25,²¹ and have assumed that each

²¹Source:

http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_200090.html.

additional claimant claims benefit for 19 weeks²². On this basis, the total additional JSA costs (for those who received benefits advice) would be £ 1.2m. Providing advice in this area would save £0.8m.

Debt Advice

CAS provided advice on debt to 39,112 clients in 2011/12. 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 £ 0.21m and that providing advice in this area would save £ 0.16m.

Employment Advice

Loss of employment was a much more common consequence of employment problems. We estimate that 12,353 people would lose their jobs as a result of employment problems, based on the number receiving advice from CAB in Scotland (31,575) and the proportion who lost their job as the result of an employment problem as reported in the LSRC database, which estimates that 39% of employment problems result in someone losing their job. This accounts for the majority of employment loss across all areas.

The additional JSA costs are consequently much higher – on the basis of 19 weeks JSA, these total £16.7m. However, the benefits of providing advice are also significantly higher - providing advice would save £11.3m in additional JSA costs.

Housing Advice

Of the 27,146 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 £ 0.61m, and we estimate that advice would save £ 0.43m in JSA costs.

Relationships Advice

We estimate that the additional JSA costs as a result of relationships problems at £0.54m and advice savings at £ 0.24m.

²² This is the assumption used in the CAB study cited in footnote 9 above, and again represents what we would argue is a very conservative estimate. As noted in the text, estimating on an annual basis provides much higher estimates.

3. Additional Output Losses

Section 2 above has detailed the costs to society in terms of the additional JSA payments that result 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 £20,220 per head²³. We have also assumed that each job lost was filled after five weeks, the average period for which a vacancy was open in Scotland in 2012.

Table 16 below summarises the output losses across all areas. We estimate the total potential output losses at £29m, and that advice would save £19.5m²⁴. 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.

It is important to note that the figures in Table 16 represent a very conservative estimate of the impacts. We have based these on the assumption that where someone loses their job, then they are replaced in a relatively short period of time and that the loss in output is therefore relatively modest. We note, however, that other sources claim that output losses may be far larger. For example, a 2006 paper by the Department for Constitutional Affairs²⁵ estimates that, at a UK level, problems can result in up to £2 billion in income being lost. Unfortunately, however, the document provides no explanation of how this figure was arrived at (or how it measures lost income) and this makes it extremely difficult to meaningfully compare this estimate with the analysis here.

²³ 2010 figure.

²⁴ That is, the output losses arising from adverse consequences would have been £29m if advice had not been provided and advice reduces these costs by £19.5m.

²⁵ "Getting earlier, better advice to vulnerable people", DCA 2006.

One possibility is that the DCA are quoting figures on an annual basis. If we also estimate the amount of output lost through job losses per year instead of the five weeks used to derive the figures in Table 16, the amount of output lost would total £296m (which should be compared with the figure of £29m in Table 16) and that providing advice would save £200m per year in Scotland. The figures in Table 16 therefore almost certainly represent the minimum output losses, and the conservative assumption used here does therefore seem likely to result in estimates that are very much at the lower end of the scale of potential losses.

Table 16 - Additional output losses and advice savings		£ million
Additional output losses - benefit problems		1.7
	Savings due to providing advice	1.2
Additional output losses - debt problems		1.2
	Savings due to providing advice	0.88
Additional output losses - employment problems		24.3
	Savings due to providing advice	16.4
Additional output losses - housing problems		0.89
	Savings due to providing advice	0.63
Additional output losses - relationship problems		0.8
	Savings due to providing advice	0.36
	Total output losses	28.8
	Total savings due to providing advice	19.5

4. 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, in terms of client financial gain and also 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.

i. 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 £62.97m in 2011/12²⁶. 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.

While incomes will have risen by £62.97m, 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.

²⁶. Figure (£62.97m) as at time of reporting (August 2012), annual figures will be higher. Note that this figure does not include client's debt that was written off because of actions by the CAB. Bureau also helped clients in Scotland to reschedule £51.9m worth of debt in 2011/12.

We have estimated the employment and wages created by this increase in income (£62.97m) by assuming that this creates spending on goods and services according to figures provided in the Office of National Statistics (ONS) publication “Family Spending”. On this basis, we estimate that the additional £62.97m in income attributable to the CAB’s interventions will create 1,246 jobs and £27.4m worth of wages in Scotland (see Table 17).

Table 17 - 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>
63.0	1,246	27.4

ii. Impact of CAS/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/CAB expenditures requires to be sorted into a set of goods and services expenditures consistent with those used in the Scottish Executive’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 are therefore allow us to identify the total impact on Scotland of the wage and supplier expenditures made by CAS/CAB.

Employment impacts

Figures obtained from CAS Scotland show that both CAS and CAB provide a total of 748 jobs between them, 74 at CAS and 674 at CAB. We estimate that the wage and supplier expenditures of both organisations will create a total of 1,092 jobs across Scotland (Table 18).

Table 18 - Employment in Scotland supported by CAS/CAB (£m)		
<i>CAS/CAB Total</i>	<i>Additional Employment</i>	<i>Total Employment</i>
748	344	1,092

Wage impacts

Wage spending by both organisations was equal to £9.2m. Including the effect of wage and supplier spending, this would support a total of £13.6m worth of wage income across Scotland (Table 19).

Table 19 - Wages in Scotland supported by CAS/CAB (£m)		
<i>CAS/CAB Total</i>	<i>Additional Wage Payments</i>	<i>Total Wage Payments</i>
9.2	4.3	13.6

5. Housing Issues

We have stated that we would seek to make our findings as accurate as possible, and there is one key area we sought to examine where this became especially difficult – housing / homelessness. The CSJS figures used throughout this study reports on the basis that those involved in problems may have had to move home - while some CSJS respondents may actually have lost their home, it is very unlikely that all would have done so.

Using the figures published in the CSJS, we can estimate that a total of 6,620 clients in Scotland had to move home across all five areas studies, the majority (75.6%) due to problems either with housing or personal relationships. For CAB clients, advice would prevent this from happening for 4,369 people. However, reluctantly, we have concluded that it is not possible, on the basis of the data available, to produce what we would consider an adequate estimate of the costs involved and the advice savings in the same manner as the other elements in this study.

Research on the costs of homelessness does suggest that it involves significant costs to society. For example:

- A New Economics Foundation (NEF) from 2009²⁷ costs estimates the support costs for each homeless person in the UK at £26,000 a year for each homeless person
- A study by www.meam.org.uk²⁸ costs homelessness at £24,350 per person per year
- A 2003 report by the New Policy Institute costs homelessness at £24,500 per person each year²⁹

The costs of dealing with the homeless are likely to include significant elements that would not be involved where someone had to move home. For example, the NEF study include costs associated with additional benefit costs, temporary accommodation, and child care, while the Making Every Adult Matter study includes hospital costs, drug treatment,

²⁷. Work it out - barriers to employment for homeless people, NEF (2009), available at <http://www.bitc.org.uk/resources/publications/homelessness.html>.

²⁸ . “Making Every Adult Matter”, [meam.org.uk](http://www.meam.org.uk), (2009), available at <http://www.meam.org.uk/wp-content/uploads/2009/09/MEAM-report.pdf>.

²⁹ . “How Many, How Much” New Policy Institute (2003), available at http://www.crisis.org.uk/data/files/publications/HowManyHowMuch_full.pdf.

medication, day centre services as well as the costs of additional accommodation and support. The New Policy Institute includes the costs of failed tenancy, temporary accommodation, outreach and advice services, health and criminal justice services, and resettlement.

As noted comparable figures are not available through the CAS case recording system. CAS was, however, able to provide us with figures on representation in court on housing issues. The number of people CAB represented in court on housing arrears and who faced being made homeless – and where the case was won (99%) – totals 614 cases in 2011/12. The average cost from the three studies discussed above is £24,950 per annum and using this as a rough indicator of the cost of homelessness, the total savings from the CAB's activities would be £15.3m each year. This is again based conservatively on each of the 614 cases being a single person, whereas the likelihood is that in many cases, partners and/or children would also have been made homeless without the intervention of CAB. Therefore, the actual sum saved to society is likely to be higher.

Appendix One - 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