

# The Independent Budget Review

## *Response from Citizens Advice Scotland*



1939-2009: 70 years  
of Scottish CAB advice

**April 2010**

### **Summary**

#### **The impact of cuts in public expenditure**

- Achieving cuts in public expenditure without dramatically affecting standards of service will require innovative thinking. CAS is concerned that short term cuts will hit services before they have the opportunity to develop new approaches for protecting frontline services with reduced resource.
- The welfare system is likely to be significantly affected by public sector cuts. In the future, there may be a move to means testing what are currently universal benefits. This is of great concern and potentially excludes many of those most in need.
- Cuts in public expenditure will impact on the service delivery of the benefit system and other services, while a reduction in local authority expenditure will also entail a cut in public frontline services.
- Cutting administrative costs within local and national government may merely transfer some costs to the third sector. However, cuts in voluntary sector funding are diminishing the capacity of the sector to fill the gaps left by cuts to public services.

#### **The impact of cuts in public sector employment**

- Any cuts in public sector employment will be more keenly felt in Scotland, where a quarter of the workforce is employed in the public sector. Deep cuts will hit women harder, as they are twice as likely as men to work in the public sector.
- The CAB service tends to deal with more women than the national population profile, and will therefore be more likely to have to reach, advise & support those affected by job cuts in the public sector.

#### **Impact of public expenditure cuts on citizens advice bureaux**

- The increasing demand on the CAB service is often the result of bureaux having to act to rectify poor government service. This demand may increase as services deliver on reduced budgets.
- The recession has greatly increased the demand for advice in Scotland. In 2008/09, Scottish bureaux dealt with 91,229 more issues than the previous year – a 10% increase. The complexity and severity of these issues is also increasing.

- Bureaux are likely to face further exceptionally high demand for advice on much diminished funding. This has the potential to be very damaging to our services and in turn to those we support.
- There is concern that bureaux will need to fill gaps left by cuts in public services, and it is expected that bureaux will increasingly need to provide services that were previously offered by the public sector. The total cost, systemically, of the client's 'issue' is not reduced; but certain cost elements are moved from government's budget, and borne elsewhere – such as a CAB.
- Many bureau clients are typically vulnerable and often suffer from ill health or a disability, and will suffer from these cuts. Citizens advice bureaux need to be supported to in turn provide the support that these clients will require
- Citizens advice bureaux know that any increase in means testing will place greater strain on bureaux to support those who need to claim.

### **Opportunities in a crisis**

- There are opportunities for the government to pursue new ways of working with the CAB service that can improve services offered to the public, while trying to mitigate the effects of public expenditure cuts. The CAB service is an opportunity to 'soften the blow' of cuts to public services, as money spent on CAB service has the capability to lever in additional voluntary contribution, and is excellent value.
- Opportunities for bureau service provision include:
  - Increased advice service for the most vulnerable
  - Additional hours of advice provision in bureaux
  - Development of feedback loop to government on service delivery issues
  - Take-up campaigning & help in applications processes, should there be additional means tests

# The Citizens Advice Network in Scotland

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1. Citizens Advice Scotland and its CAB offices form Scotland's largest independent advice network. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland's network of 83 Citizens Advice Bureau (CAB) offices.
2. These bureaux deliver frontline advice services throughout more than 200 service points across the country, from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.

There are 2,200 volunteers in the service, managed and supported by paid staff.

There are citizens advice bureaux in 30 of the 32 local authorities in Scotland, making the network the only independent advice body in the country with truly national on the ground coverage.

3. In 2008/09, Scottish bureaux helped more than 250,000 new clients<sup>1</sup> with a myriad of issues. These clients come from all sections of society right across the country, and many clients come from the most vulnerable parts of society:
  - 1 in 4 bureau clients are divorced, widowed or separated, compared to 1 in 6 Scottish households
  - 1 in 10 clients are carers for a member of family who has a disability
  - 1 in 7 clients are single parents
  - Less than half of clients are in employment
  - 1 in 6 clients are unable to work due to ill health or a disability
4. New and existing service users brought nearly a million issues to bureaux throughout 2008/09. These issues mainly concerned benefits and debt, but also included many other issues concerning housing, consumer issues, relationship problems, legal issues, and problems with utility suppliers.
5. The CAB philosophy is to start with the person, not the issue, and whatever the size of bureau, the training and support systems in place emphasise the importance of holistic advice. AdviserNet, the comprehensive web-based information system which is available to all bureaux to support advice enquiries, contains 1500 separate information items to support advice giving.

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<sup>1</sup> "New" clients refers to clients who are visiting a CAB for the first time, or to clients who have previously visited a CAB but whose records have been archived because a significant period of time has passed since their last contact with the CAB.

# The Value of the Citizens Advice Network

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6. A key strength of the CAB service is the added value that volunteers bring, both in terms of service delivery, and in terms of benefits to the individual themselves, such as community involvement, gaining skills for future employment, education . In 2008-9, volunteers in the CAB services contributed nearly 13,000 hours each week. If they were paid the national average wage, the cost of this service for a year would be £7.6 million.
7. Additionally, the core bureaux service provides an ideal platform for specialist project based work. In 2008-9, the cost of the core bureau service in Scotland came to £6.7 Million. The bureaux raised an additional £6.8 million in project funding for additional advice work from a variety of statutory, corporate and trust funders.
8. A survey by Ipsos MORI in 2009 found that clients have a highly positive view of the services offered by citizens advice bureaux. The survey found that:
  - 98% felt able to trust the service and were satisfied with the service provided.
  - 98% of clients would be fairly likely, very likely or certain to recommend the service to a friend or relative if they needed help.
  - 97% praised the service for helping people to get fair treatment and agreed it offered advice and support across a range of issues.
  - 86% agreed that the Scottish CAB service was the 'leading advice agency in Scotland'.
9. In a parallel survey of the general public, one in five people stated that they had visited a bureau for advice in the past three years.
10. The CAB service provides public value and in certain cases financial benefit can be estimated. The summary of figures below gives an idea of the wider impact of our intervention in 2008-9 for specific categories of issues.

## **Debt**

Issues brought to the CAB	105,300
CAB Debt dealt with	£262 Million <sup>2</sup>
Wider Cost Savings	£105 Million <sup>3</sup>
Client Financial Gain	£79 Million <sup>4</sup>

While the financial benefits to the individual in debt can be measured, it is also important to note the value of CAB support to the mental health of individuals with debt problems which is difficult to measure financially.

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<sup>2</sup> This figure is the total of all client debt brought to the CAB service in Scotland in 2008-9

<sup>3</sup> Based on legal services research centre research in 2007, which showed that the average cost of a debt problem to the public and in lost economic output is estimated at over £1,000,

<sup>4</sup> This figure represents the amount of debt renegotiated, or written off through protected trust deeds, bankruptcy or otherwise.

### **Benefits**

Issues brought to the CAB	257,000
Government Savings	£2.57 Million <sup>5</sup>
Client Financial Gain	At Least £8.6 million <sup>6</sup> , likely to be much more

The wider health benefits are more difficult to measure financially, but are equally as important. A Grangemouth CAB user survey showed that 54% of clients were more confident in dealing with welfare benefits issues in the future, and 34% felt that their feelings of stress had decreased, since using the CAB service.

### **Employment**

Issues brought to the CAB	52,000
Confirmed tribunal client gain	£289,885 <sup>7</sup>

In 2008-9, bureaux dealt with 52,000 new employment issues, and in 5% of those cases, this resulted in negotiation and/or representation. The figure above only includes those financial gains at just over 100 tribunal cases, and so the value of the service in negotiation and pre-tribunal work in employment issues will be higher.

### **Housing**

Issues brought to the CAB	47,000
CAB representations at eviction hearing	312
Government Savings	£1.4 - £25.8 million <sup>8</sup>

In addition to the above figures there were a further 4,700 issues where homelessness was threatened, which did not result in court action, but where CAB intervention may have had a similar effect.

This trend is likely to increase and for the need for the service to be more vital, as debt issues relating to housing rose by 19% in 2008-9.

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<sup>5</sup> Citizens Advice research on benefits casework is that they take an average of 30 minutes time to resolve on average at a an average of £20 per hour, and there is no reason for these assumptions to be different in Scotland. Government are saved the cost of this intervention and can be shown to make savings of £2.57 million

<sup>6</sup> In 2008-9, there was a confirmed client financial gain of £8.6 million from CAB representation at more than 2,000 tribunals and reviews. This does not tell the whole picture, as the benefit to clients is likely to be many times that when the other 97% of benefits work is also taken into account.

<sup>7</sup> In 2008-9, representation was provided for clients by the CAB at more than 100 tribunals. In these cases, we have an actual gain recorded in terms of the award to the client.

<sup>8</sup> The government savings are based research by the housing charity Crisis, which examined the wider potential cost of homelessness on all areas of government, and looked at a representative sample of different homelessness cases, finding the true costs varied from £4,000 to £83,000, Crisis Research, 2003). The intervention in court where homelessness was threatened results in the individual retaining their home and homelessness being averted. .

# Impact of a reduction in public sector spending

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11. The *Independent Budget Review* outlines the extent of the challenge facing Scottish public finances in the coming years. Many commentators have speculated that Scotland will be harder hit by the fall in public spending, due to its high level of public sector employment and lagging response to exiting the recession.
12. Whether cuts are made in UK or Scottish public sector funding, the effects of those cuts will be felt in Scotland. This section examines the effect of those cuts, and the impact on society as a result, based on CAB experience, and then goes on to examine the effect of this on the voluntary sector, and the CAB service in particular.

## The impact of cuts in public sector employment

13. Cuts in public sector expenditure will inevitably affect levels of public sector employment. Public sector employment accounts for 24.8% of employment in Scotland (over 600,000 employees), compared to 19.8% across the whole of the UK.<sup>9</sup> Any cuts in public sector employment will therefore be more keenly felt in Scotland.
14. Assuming a 10% nationwide reduction in public sector employment in Scotland over the next five years, 60,000 workers will be made redundant, take voluntarily redundancy, or retire without being replaced.
15. The impact of public sector job losses will not be evenly spread across society. Deep cuts will hit women harder, as they are twice as likely as men to work in the public sector. Four in ten women work in the public sector or are contracted to provide services to the public sector.
16. When cuts are implemented, women are likely to be first hit. Proportionally, the CAB service tends to deal with more women than the national population profile, and will therefore be more likely to have to reach, advise & support those affected by job cuts in the public sector.

## Cuts in services

17. UK Government departments expect to be hit with a 15-20% cost cutting target in the three years from next year. Achieving these cuts in expenditure without dramatically affecting standards of service will require innovative thinking. CAS is concerned that short term cuts will hit key government services before there is an opportunity to develop new approaches for protecting frontline services with reduced resource.

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<sup>9</sup> *Regional Analysis of Public Sector Employment* – Economic and Labour Market Review, September 2009

18. The welfare system is likely to be significantly affected by public sector cuts. The UK government has already cut the benefits paid to asylum seekers during the recession, and it is a worry that other groups in society will find their support reduced.
19. There is also likely to be a move to means testing of what are currently universal benefits. The potential for increased means testing for services or for benefits is of great concern. While this may create cost savings, it must be done in a way in which support is not taken away from those who rely upon it. The application of means testing to limit access to a service or benefit lessens take up, and potentially excludes many of those most in need. For example between 32-38% of those eligible to claim council tax benefit do not do so<sup>10</sup>.
20. Cuts in public expenditure will impact on the service delivery of the benefit system. Reductions in both UK, Scottish and local authority spending is likely to reduce the resources available to administer the benefits system both locally and nationally, thereby increasing the problems that people face in claiming benefits, such as overpayments and lost documents. These administration problems may appear insignificant, but any delay or reduction in payment can have a serious impact on a claimant. The UK Government has closed a number of Jobcentres over the last few years, which has increased the accessibility and administration problems that many claimants face. Any cuts in spending in this area may cause even greater problems.
21. The public sector, which works on a three-year funding cycle, has been largely sheltered from the wider economic slowdown thus far. However, local authorities will soon need to decide on which areas of expenditure they will need to make cuts. Whilst there is little information thus far on where the axe may fall north of the border, a BBC survey<sup>11</sup> of 93 councils in England found that:
  - Half of councils planned cuts to adult social services
  - Half planned cuts in funding to voluntary organisations
  - A third planned cuts to children's social services
  - Almost a quarter planned cuts to homelessness services
22. These figures provide some indication as to where cuts may be made to local authority spending in Scotland. It is worrying that these areas include services to very vulnerable individuals in society, including those involved in social services and those who are homeless.
23. A reduction in local authority expenditure will likely entail a cut in public services. Cuts to both frontline and back office services are likely to impact on service delivery. This is likely to include debt services and benefit delivery staff, and will result in greater demand for debt advice and help with benefit problems from independent advice agencies. Cuts in expenditure may also

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<sup>10</sup> DWP Take up Estimates, 2009

<sup>11</sup> BBC News – Mapping the council spending squeeze in England  
<http://news.bbc.co.uk/1/hi/uk/8537382.stm>

impact on housing services, thereby making it more difficult to ensure that homeless or vulnerable tenants are supported to obtain and maintain a suitable tenancy.

24. Cutting administrative costs within local and national government may merely transfer costs to the third sector. For example, in Glasgow a move to tendering for advice service delivery saw the reduction in contracts for advice provision in Glasgow from 27 to 8, but the service providers now have to work through consortia, arranging additional subcontracts, monitoring arrangements etc themselves to fulfil the contracts. This has the net effect of transferring monitoring, contracting and subcontracting costs onto the service providers.
25. Government moves to shift customer contact to telephone and web based services are likely to increase. When provided appropriately, this is a valuable efficiency saving. However, when inappropriately undertaken, or where the needs of the most vulnerable are not taken into account effectively, these moves will exclude those most vulnerable, who are least likely to be able to use these methods, and may well be those most in need of the services.

### **Impact on the voluntary sector**

26. The BBC survey showed that funding for voluntary sector organisations is increasingly vulnerable. The voluntary sector has proven adept over the years at providing more help for less funding, but the combination of increased demand for services and fewer resources that the looming cuts in public spending promises will place exceptional pressure on the sector.
27. While the public sector has been largely sheltered from the wider economic slowdown, the voluntary sector has already started feeling the impact of cuts in funding. Whilst cutting back on funding to the sector may represent a short term saving for a local authority, it neglects to take into account the longer term value for money that the sector, operating at community and informal level as well as service contract level, provides. Making cuts in funding to voluntary organisations could have the effect of merely shifting the social and financial costs onto public services, thereby negating any short-term savings.
28. The voluntary sector has become an increasingly key partner in planning and delivering public services in an efficient and often innovative manner, through for example community planning partnerships. Making cuts to voluntary organisation funding will only serve to undermine the key role that they hold in supporting public services.

### **Impact on citizens advice bureaux**

29. The recession has greatly increased the demand for advice in Scotland and in many ways citizens advice bureaux have risen to meet this demand. In 2008/09, Scottish bureaux dealt with 91,229 more issues than the previous year – a 10% increase. Scotland has since experienced a year of recession, with bureaux reporting that demand has increased further in this period.

30. However, it's not just the number of issues being brought to bureaux that is increasing, but also the complexity and severity of these issues. This shift in the types of cases has a big impact for clients and advisers.
31. The cuts in public sector expenditure will have a profound impact on the quality of services in Scotland, on public sector jobs, and on the demand for advice experienced by citizens advice bureaux across Scotland. Bureaux will be required to help clients in a climate of rising demand and diminishing resources. This has the potential to be very damaging to our services and in turn to those we support.
32. The increasing demand on the CAB service is often the result of bureaux having to act as an intermediary and advocate - putting right issues which occur as a result of poor service design in, or between, government and/or local authority departments. In some cases this may be a consequence of cuts or changes within a department, which leads to the costs being externalised, and impacting on bureaux. In other words, the total cost, systemically, of the client's 'journey' is not reduced; but certain cost elements are moved outside one department's budget, and borne elsewhere – such as a CAB.
33. Citizens Advice Bureaux were given temporary additional funding by the Scottish and UK governments during the recession to cope with the increased demands placed on the service. This funding was extended as the effects of the recession continued. It has allowed bureaux to offer longer opening hours and to employ new advisers. However, with the end of this additional money in October 2010, and probable funding cuts from local authorities in the future, bureaux are likely to face an exceptionally high demand for advice with much diminished resources.
34. There is a concern that the CAB service will need to fill gaps left by cuts in public services, and it is expected that bureaux will increasingly need to provide services that were previously offered by the public sector. This is not a new concern. Advisers have warned in recent years that they are doing work that the DWP and Jobcentre Plus used to undertake, and that many clients are being sent by Jobcentres to bureaux for advice, for help in completing forms, and to use phones to make queries about benefit applications.
35. The drive to remove people from disability benefits, combined with cuts in local authority spending on voluntary sector organisations and social services, promises to be another factor which greatly increases the demand for bureau services in the near future. Bureau clients are typically vulnerable and often suffer from ill health or a disability, and will be adversely affected by these cuts. Citizens Advice Bureaux need to be supported to in turn provide the support that these clients will require as the public sector loses its ability to deliver the same level of services to these people.
36. Citizens Advice Bureaux have great experience in developing and running local and national take up campaigns for means tested benefits. We know that any increase in means testing will place greater strain on bureaux to support those who need to claim, both in raising awareness of the service or

benefit, overcoming any stigma associated with claiming, and in navigating through the means test itself.

37. Bureaux tend to deal with those who are excluded, through debt, loss of a job, homelessness, chaotic lifestyles, age discrimination, or any of a number of other reasons. Part of that work is to support people for whom government contact has failed, in some manner. In that context, it is not an easy process to develop services sensitive to the needs of our clients, in a situation of rising demand for service, while supporting clients in the face of a shift to web and telephone based services.

## Opportunities in a crisis

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38. There are opportunities to pursue new ways of working that can improve services offered to the public, while trying to mitigate the effects of public expenditure cuts. These include the following:

- **Advice service for the most vulnerable**
- **Additional hours of advice support**
- **Development of feedback loop to government on service delivery issues**
- **Take-up campaigning & help in applications processes, should there be additional means tests**

39. Our service concentrates on an holistic solution for the individual, which can deliver advice tailored to their individual circumstances across a range of complex and interlinked topics. For example debt, benefits, housing and employment are often all involved in the person's problem and interact with each other.

**Our service can act as a one stop shop to support clients to deal appropriately with the issues in their lives**

40. There are likely to be efficiencies which could be identified from reviewing the delivery of advice services in Scotland, in particular the role of local authorities, and whether their advice services would be better delivered by transferring them to independent third sector organisations.

There will be increasing service demand through the CAB having to act as intermediary and advocate in the face of cuts in government service - putting right issues which occur as a result of poor service from government of one form or another, or of changes to the role of government as services change.

**Our role helps to ensure that contact between government and individuals can be appropriate, of good quality and have a satisfactory outcome.**

41. Adequate information sharing is often key to good advice. Ensuring that both the client and the government have access to the same information will give clarity on where there may be mistakes or discrepancies. For example, there has been a pilot project to enable CAB workers to access benefits claim information on behalf of the claimant through computer terminals located in bureaux, which saved many hours of telephone calls between the CAB and benefits provider.

**The development of data sharing support to the CAB service from government would release efficiency savings.**

42. Citizens Advice Scotland is in an almost unique position, in that one of our key reasons for existence is to ensure that we use the evidence from our clients to highlight issues where service delivery change has caused concern. In the recent past for example, we have highlighted issues with the administration of HMRC products, and issues with contact with Jobcentre Plus to the DWP.

In effect, the service acts as customer insight for the whole of government (although concentrated around people's experience of welfare benefits, the NHS, local government services and HMRC work, as this is the majority of problems that people bring to us). We would expect that such evidence-based insight would be taken into account in the government department's decision making processes, to enable more effective, efficient and better services to be delivered.

**CAS provides information to government to enable them to deliver better services, based on the real experiences of citizens, and this service can be developed further.**

**David Brownlee  
Head Of Field Services**

Citizens Advice Scotland  
Spectrum House, 2 Powderhall Road  
Edinburgh EH7 4GB

Telephone: 0131 550 1000  
Fax: 0131 550 1001  
Email: david.brownlee@cas.org.uk  
Web: www.cas.org.uk

The Scottish Association of Citizens Advice Bureaux - Citizens Advice Scotland  
(Scottish charity number SC016637)

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