

Appendix B

Background information on funding of Aberdeen City Council Debt Advice Team and current budget savings

1. Budgetary Resources

1.1 Aberdeen City Council provides basic and Specialist money advice through a debt team based within the Trading Standards Service with a total budget of **£150,823** for 2009/10 budget, of which £135,362 is staffing costs. The total cost for 2008/9 was **£137,475**, with £128,646 for staffing. For 2009/10, **£72,144** is allocated for payment to other organisations (eg ACAB)

2. Staffing

2.1 The Debt advice team has **1** full time senior debt counsellor, **3.2** FTE debt counsellors and **0.6 FTE Support Assistant**.

2.2 The City Council's Debt team currently has 3 Approved Money Advisers.

3. Cases handled by the Debt Team

3.1 ACC Debt Counsellors handle the full range of debt advice from enquiries and basic advice to more complex problems requiring negotiation with creditors and setting up debt repayment plans under DAS. Once an adviser starts providing assistance other than advice for a client they become classed as a "case" rather than an enquiry. However the workload from one case to another can vary considerably.

	2008-2009
Enquiries	416
New cases	170

3.2 It should be noted that an enquirer with several queries is treated as one visit in Aberdeen City Council. Debt Counsellors see each case from start to finish. If a client owes money to the council and requires representation in court, the case cannot be represented by an ACC debt Counsellor as this has been deemed a conflict of interest

3.3 ACC's debt team currently has 52 Debt Arrangement Schemes (DAS) in place with 4 pending applications. Indications are that the number of clients requiring DAS is rapidly increasing (see table below), probably due to the current economic climate.

Year	Number of DAS cases
2007	6
2008	15
2009	15
Jan 2010 - Feb 2010	6

- 3.4 DAS cases take some time to set up and once established need to be reviewed on annual basis or more frequently if a variation in the DAS is required due to a change in the client's circumstances, until they expire. A Debt Arrangement Schemes can last for up to 10 years and so represent an ongoing commitment for the service.
- 3.5 The Debt advice team is the nominated Service for dealing with Section 11 referrals under the Homelessness (Scotland) Act 2003 requiring creditors to notify the local authority where they are raising court action to repossess the property. The Debt advice service then provides specialist advice to homeowners to prevent homelessness.

4 Independent Money Advice

- 4.1 If a client owes money to the council and requires representation in court, the case cannot be represented by an ACC Debt Counsellor, as this has been deemed a conflict of interest by the local Sherriff's Court. Representation is carried out by the CAB's Heritable Court or In-court adviser that is based at CAB and funded by the Scottish Legal Aid Board.
- 4.2 While ACC may be a creditor for some debt clients, the Debt Advice Service operates at arm's length from revenue collection services and there is no conflict of interest here. Roughly 50% of the Debt Teams clients are council tenants which is not indicative of concerns about impartiality of the team.

5 Implications of loss of funding

- 5.1 The bulk of Currently the ACC Debt advice team has 5 debt advisers (equating to 4.2 FTE staff) 3 of whom are DAS Approved Money Advisers. Savings estimated at £82,000 to be made on the merger of the Debt Team with the Welfare rights team have already been offered up, with the savings being gained from the loss of a supervisory post, rationalisation of an administrative support and efficiencies through the restructuring of frontline advisor posts, and so the only additional saving that could be made is through further loss of posts. Securing a £70K saving from this team could only be achieved through the loss of 2 FTE debt adviser posts, with a corresponding reduction in service delivery of approximately 50%. While it is possible that some Welfare Rights staff could be retrained to provide debt advice, this will take some time to achieve. If some of the Welfare Rights staff time is taken up with debt advice there would be a corresponding reduction in Welfare Rights services.
- 5.2 In terms of evictions of council tenants, although Council Debt advisers are unable to represent debt clients who are council tenants at risk of eviction in court, intervention by debt counsellors on behalf of the client takes place before proceedings reach the court stage with the result that the number of court cases is kept to a minimum. If Council Debt Counsellor posts were to be lost, this could result in an increasing number of cases going to court, increasing the workload of the ACAB's Heritable Court Advisor and In-court Adviser.
- 5.3 What is clear is that the ACAB and ACC's Debt advice team provide complementary money advice services to clients. Demand for these services is continuing to increase, most likely fuelled by the current economic situation, and any resource cut to either

service will have an impact on the other, with the net result that fewer clients can be assisted. Clearly, if greater numbers of clients end up losing their homes this will have an impact on other council services, for example homelessness services and social care and wellbeing. Both ACC and ACAB debt advice services endeavour to intervene at an early stage and assist in negotiating with creditors to avoid eviction as and repossessions in the first place. The previous report suggested prioritisation of clients by signposting those who are more able to sources of self –help, eg the national debtline and similar services. However, some clients will still need an initial consultation with a debt counsellor/money advisor.