A better
Orbit

**Debt advice does pay:
the use of an RCT**

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Executive Summary

Orbit originates from the heart-warming story of two people sat on a park bench, contemplating how to tackle homelessness – an emotive subject then and still very much so 50 years on.

Our aim to create and improve places and spaces remains, helping our customers to have the right environment to make good things happen. We help improve our customers' health, wellbeing and safety by providing advice, support and creating opportunities to connect with other people. Enabling people to have a better day is what we do.

A fundamental pillar of this work is Orbit's Better Days programme through which, our debt advice provision has been created in order to support our customers and communities at points where they might be struggling to stay in control of their finances. As part of this we commission PayPlan to provide free, independent debt advice to our customers. Following a year of delivery, Orbit commissioned its own research and insight team to conduct a Randomised Control Trial (RCT) to look at the impact of the support on the organisation itself. This is further to work that we do on a weekly basis to ensure the support is providing a positive impact for our customers.

An RCT is an experiment that tests an intervention, in this case PayPlan. The results that an RCT gives are causational statistics, that can prove conclusively if PayPlan has a direct and positive impact on customers account balances.

This RCT has proven that in the six months following PayPlan engagement, customers who participate have significantly better account balance levels compared to the control group. At six months after engagement the mean average account balance for the trial group is £658 (in arrears) compared to the control group whose average account balance is £767 (in arrears).

If Orbit were to successfully refer 75% of its most indebted customers, then the expected arrears debt repayment would be over £714,000.

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Introduction

Orbit's community investment programme is central to achieving Orbit's vision of building thriving communities to 'improve the social, economic and environmental prospects of people and communities' and targets £5 million a year investment into its communities through its Better Days programme.

As part of this investment Orbit funds a range of programmes addressing financial capability. One of which is for PayPlan to deliver debt management support to its customers. Financial capability has a profound impact on a person's overall wellbeing. It is widely defined as being able to manage day-to-day finances comfortably, including paying bills and active saving. This gives customers the ability to be resilient to both expected and unexpected life events and changes in circumstances. Other features of financial capability include skills and knowledge such as financial numeracy and confidence with money and having a sense of control over short and long-term money management.

PayPlan provides free direct and immediate access to debt advice and support delivered by a dedicated team over the phone and online. This is a dedicated service for Orbit customers.

PayPlan have spent over 20 years helping people to deal with their debts and get on with living their life. Every year, they offer guidance on a wide range of practical debt solutions to more than 80,000 people.

How they help?

• Help customers become debt free
• Help to protect customers families and their home
• Help deal with customers creditors on their behalf

How it works?

Customers can refer themselves to PayPlan via a simple online form (https://referrers.payplan.com/company/orbit0518pm), through our Better Days website or they can be referred, with permission, by an Orbit employee. There are multiple channels for the customer to engage, including telephone, SMS, live chat, email, WhatsApp and online tools such as PlanFinder.

Once a referral has been made a PayPlan adviser will then contact the customer for a quick, free, no-obligation chat about their debts and how PayPlan can help them.

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Customer impact

Just one example of the impact that this advice has, is of a customer who was forced to obtain credit in order to apply for a visa. The monthly payments on this loan meant that the customer had fallen behind on their rent payments. Their biggest hope for the future was for their visa application, allowing them and their children to stay in the UK.

The customer spoke to one of PayPlan's friendly advisers, who completed a full income and expenditure statement. It was then explained to the customer how they could prioritise their debts to ensure that the rent, any arrears, council tax, utilities and other essentials were taken care of before an appropriate payment towards the unsecured creditors could be calculated. Unfortunately, this left the customer with a negative disposable income, so the PayPlan adviser discussed how they might be able to cut back in some areas to create a sustainable budget, for example a combined broadband and TV package and a cheaper mobile phone contract.

The advisor then suggested offering the customer's unsecured creditor a token payment until the rent arrears were paid off when they could increase their payments again. The PayPlan advisor provided a template letter and a copy of the customer's budget so that they could evidence their affordability.

In a recent survey, the customer stated, "Thank you so much PayPlan, I would have ended up homeless if it wasn't for you."

Other customers have given similar feedback:

• "I don't think half of debts would be resolved and my debts would still probably be getting higher"
• "I would have ended up homeless"
• "I would be so low and my anxiety would be through the roof"

Business impact

Following HACTs RCT roundtable training in 2019, Orbit's research & insight and community investment teams set out to use the methodology. The advantage to this methodology is that it can provide a causational statistic, and unlike correlation, it can conclusively prove that the intervention causes an impact. An RCT is an experiment widely used in the NHS to test new drugs, but the methodology can be applied to any intervention in a trial group against a randomly selected control group.

It's the process of randomly splitting the sample group into two groups, a test group that receives the intervention and a control group that does not. The results then compare the outcomes of both groups and will identify if the intervention gives you your desired outcome, this evidence statistically proves cause and effect.

The project was set up to find out whether the PayPlan intervention caused an improved customers' account balance in the three and six months following the end of the programme.

The fact that the referral rate is currently quite low means there is scope to create a random control group from those customers who haven't been referred.

1. **The intervention** – Orbit works with PayPlan, an organisation that offer customers in debt independent advice and support. For the purposes of this RCT we have narrowed the trial to customers ending their engagement between August 2018 and August 2019.

2. **The Measure** – This is the account balance taken at the end of the PayPlan engagement, known throughout this report as month zero, and subsequently at three months after and six months after. There are 231 cases in the trial group who completed PayPlan between the specified dates (above), at month zero and month three there are 231 cases and at month six there are 204 cases, this is due to carrying out this analysis in December 2019 not February 2020 (six months from August 2019).

3. **Identifying the control group** - The following criteria was used to select the control group to ensure that it was proportionally representative.

a) Omit all customers that have been through the PayPlan system.
b) Remove outliers of debt and credit levels, leaving the average account balance similar to that of the trial (PayPlan) population. This gives the target population for the control group.
c) Finally, and in order to create the rolling month-on-month figure we replicated the same proportion of customers four times more in the control, from each month of the year to make a representative month zero, month three and month six, i.e. if 25 customers finished PayPlan in August 2018, then a random 100 customers were taken from the control group pool using their August 2018 balance for month zero, November 2018 balance would be taken as month three and February 2019 as the month six balance. This resulted in a control group of 771 customers.

4. **Trial (PayPlan) Group** – Referrals are made in a random way. However, engagement may be more likely with some customer groups compared to others. Therefore, the customer demographic section below looks at demographics of customers in the trial and control groups to ensure they are similar. The analysis found that the differences didn't benefit the trial group or hinder the control group.

Results

In reviewing the average account balances from month zero, month three and month six and comparing these results to the control group, we can see distinct differences in the average balance amounts and also the indicators of positive money management. The table below reports the mean averages.

	Control	PayPlan - Trial
Account balance (arrears) at end of engagement	£690.90	£732.08
Account balance (arrear) 3 months after engagement	£733.23	£752.22
Account balance (arrears) 6 months after engagement	£767.90	£658.72

Chart shows mean average account balance over time from the end of engagement then 3 and 6 months after engagement. These averages are all in arrears amounts.

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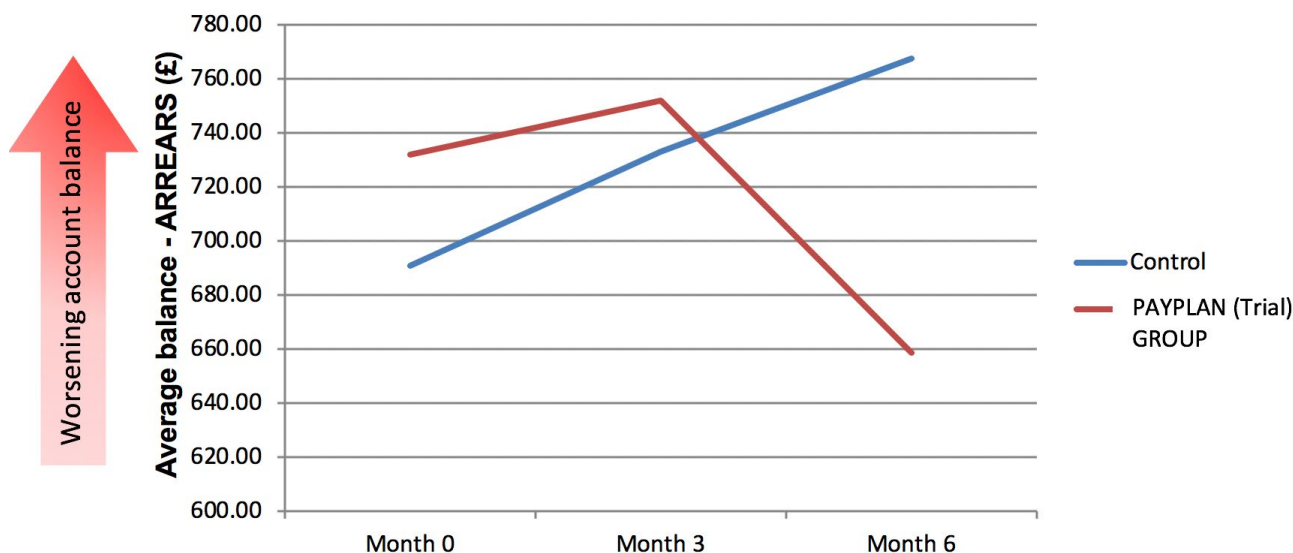
These findings have been analysed with statistical tests. The results are significant and show that:

a) Customers who participate in PayPlan have significantly lower arrears levels six months on compared to the control group.

b) The increase in debt between month zero and month six for the Control Group is significant.

Interpretation

The average account balance for both groups at all three time periods is an arrears amount; the debt that is owed. An increase in this value reflects that the average amount in debt to Orbit is increasing. The control group highlights a consistently increasing debt amount between month zero and month six. In contrast, the trial group also shows an increase in debt over the same period, but to a smaller extent. The results six months after the PayPlan engagement shows significantly lower arrears levels compared to the control group, suggesting that, after a period of adjustment, customers who engage with PayPlan improve their Orbit account balances and therefore have reduced their overall debt.

By splitting the trial group's account balances into quartiles, we can identify that PayPlan is better at improving the balances of customers where their arrears are higher. Of customers in the 75% worst arrears, we can see an average per person improvement of £93 after six months. If we were to scale this according to all customers in arrears, Orbit would see a **potential debt repayment of £714,195** In turn customers that start within the worst 50% of account balances show an average per person improvement of £129, over the six months, potential repayment of £321,339, when applied across all Orbit customers in a similar position .

Customer Demographics

Comparison in demographics between trial and control groups:

With the element of customer engagement needed in the trial group, some of the randomisation may have been lost. Therefore, we have looked at some household level characteristics and compared proportions of each between the control and trial groups. The following characteristics of property type, bedroom size, tenure and customer segment were analysed with some notable differences:

- The trial group has proportionally more customers from segment 1 (hardship working age singles and couples) and more 1-bedroom properties.
- The control group has proportionally more customers segment 4 (assured families), from family sized properties (those with three or more bedrooms) and on affordable rent tenures.

To understand whether the differences in the control and trial group impacts the overall RCT findings we need to look at whether the differences found are from groups that are more likely to succeed in improving their balance if they engage with PayPlan.

- The trial group have more customers from segment 1, looking specifically at this group of customers their account balance worsens in both the trial and control groups over the six-month period.

- The control group has more customers from segment 4, comparing the groups shows that the control group worsens over the six months while the trial group shows a significant improvement (+£285).

- The trial group has more customers from 1-bedroom properties, this group worsen their arrears in both groups over the six-month period.

- The control group has more customers from three+ bedroom properties, comparing the groups the control group worsens over the six months, while the trial group improve their balance on average by £200.

This investigation concludes that the trial group does not have a favourable customer demographic profile compared to the control group. If anything, the trial group has proportionally more of the groups of customers that are harder for PayPlan to evidence an improvement of their account balance. Therefore, the potential savings are likely to be greater.

Comparisons in demographics between successes in reducing arrears in the trial group:

Having satisfied that the trial and control group are sufficiently similar to carry out comparisons the next demographic analysis is to understand, by looking at the trial group only, if the success of PayPlan is more likely to occur within any particular customer segments. Our results show that PayPlan is more likely to succeed where the customers are:

- Living in families, Orbit's assured family segment illustrates an average £285 improvement in their account balance. While customers in three or more-bedroom properties see an average improvement of £200 on their account balance.
- Quartiling the trial groups account balance shows that the most indebted 75% of customers highlight the biggest improvement in arrears (£93).

This exercise has looked at a variety of other datasets but has not found any other significant findings. This could be due of the low sample numbers when splitting the sample into smaller demographic groups or it could be due to PayPlan having a smaller impact on other groups. The analysed variables are: whether the customers receive universal credit or housing benefit and whether they are direct debit payers, property types, geographical region and tenure. Appendix 1 shows the table of these variables and the proportions in which an improvement is seen.

Conclusions

The RCT conducted has evidenced that PayPlan **has a direct and positive impact on customers' account balances at six months after the engagement**. If Orbit wanted to target the customers that would more likely succeed in reducing their account balance arrears, they would target customers in the top 75% of arrears and customers in family sized accommodation.

Next Steps

Further opportunities for analysis include:

- To understand the impact at the nine and twelve month point for the trial and control groups. Using PayPlans detailed demographic data, investigate the success of PayPlan within specific customer groups.