

# A better **Orbit**

Debt advice  
does pay



## Foreword

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 very much so 50 years on.

Our aim remains to create and improve places and spaces that our customers use 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 live better days.

In delivering our vision it is often the case that organisations split the business side of operations and the 'fluffy' social piece. I find myself often questioning why this is and why this intersection poses such a challenge when considering why we provide certain support. We are registered as charities as defined by our governing articles and it is great that this is clearly defined. Yet, whilst this sets out our charitable objectives it does not help to define the approach we should take, the framework we should use, or how our efficiencies and effectiveness can be harnessed to deliver both business objectives and objectives that improve the lives of individuals

Our work across our Better Days programme has continuously explored the intersection between primarily making sure we are supporting our customers through any challenges they may be facing, and secondary to that, looking to determine whether in doing so, we have actually made our business better.

This isn't necessarily radical or even new. It is probably not at the forefront of people's mind, but this case has already been evidenced well and sometimes we just need to reaffirm that we are investing in the things that really make a difference. In 2011 The Financial Inclusion Centre produced a comprehensive report: Does Debt Advice Pay, which outlined that supporting customers to manage their debts, has a positive impact on our bottom line. The numbers are clear and the impact great. Many housing providers do provide some form of financial support, but how integrated it is into the business I'm not so sure.

Our work over the past year has helped re-make this case. The combination of rigorous evaluation, timely data reporting and a partner in PayPlan, has meant hopefully what is presented in our findings is of interest. It enables others to reflect on their approaches and contribute to the wider thinking about the impact of debt advice.

## PayPlan®

### Sam Scharf

Director of Sustainable Communities

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<sup>1</sup> Evans G, McAteer M (2011) Does Debt Advice Pay: A business case for social landlords, The Financial Inclusion Centre, [http://inclusioncentre.co.uk/wordpress29/wp-content/uploads/2011/12/Does\\_Debt-Advice\\_Pay\\_A-Business\\_Case\\_for\\_Social\\_Landlords\\_Final\\_Report.pdf](http://inclusioncentre.co.uk/wordpress29/wp-content/uploads/2011/12/Does_Debt-Advice_Pay_A-Business_Case_for_Social_Landlords_Final_Report.pdf)

## Executive Summary

This work outlines an evaluation of the work delivered in partnership with PayPlan in providing independent debt advice to Orbit customers.

We support our customers through our Better Days website and through all the internal avenues we have set up to refer customers through to PayPlan to access regulated, independent debt advice to support them with the management of their money. Usually this is for rent, but often the support is broader than that, with the overarching aim being to help the customer have a better day.

Following a year of the partnership we have clear data on:

- Our customers and the situations they are challenged by
- The impact of the advice and support
- The impact of this on the business

The most important element of our work is to make sure we understand the challenges faced by our customers and ensure we can support them in the most effective way possible. It is clear that we are reaching customers that are struggling, 66% report only a temporary change, however, this often brings longer term loss or fluctuating income that is difficult to get back on top of. The stark reality is that 79% of our customers are in employment and only 15% of debts are from overspending. The majority of customers that are struggling with debts, are because of life circumstances and though are working, their average budget situation is a £105 deficit every month. Making ends meet is difficult and we are yet to see the economic impact of Covid-19 and the economic challenges that this will bring for households.

In terms of the impact of this, it has been helpful to be able to look at both the bearing on the customer as well as the business. This has strengthened our belief in the importance of this support, provided at the right time and with the right partner. The monetary impact on the household is relatively clear, but the effects of which cannot be underestimated. Over the last year, directly as a result of the debt advice provided, over £2.1million of debt is now managed through a sustainable and affordable management plan.

Our research also shows that the positive impact of debt advice on arrears levels is variable across demographic groups and where it does have a positive impact, this isn't always necessarily permanent. More research is required to better understand why some particular demographic groups are not always able to benefit from the debt advice. Why, how and exactly what is happening does needs greater analysis, but in the spirit of enquiry we highlight it here:

- Those under 24 and those with disabilities are not benefitting in the same way from debt advice in the same way as other groups.
- After a period of improvement within their debt situation, it appears difficulties can start to materialise again within six months for the same aforementioned groups.

As for the business impact, we have been able to look at the relationships between customer impact and the impact on the business. Using a randomised control trial (RCT), we were able to analyse the impact of the programme on our rent arrears. This RCT has proven that in the six months following PayPlan engagement, participating customers have significantly improved their account balance 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 £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. This equates to 10 much-needed more affordable homes that could be built or countless number of improvements that could be made to make the homes that we look after more environmentally friendly.

This is what an integrated investment programme can look like, when you have the right delivery partner, the right ways of working internally and the desire, first and foremost, to support the customer have a better day.

## **Delivery**

Orbit's community investment programme is central to achieving the organisation's vision of building thriving communities and to 'improve the social, economic and environmental prospects of people and communities'. In order to deliver upon this vision Orbit aims to invest £5m a year into its communities, through its Better Days programme.

A part of this investment Orbit funds a range of financial capability projects to support its customers including the project in partnership with PayPlan that provides 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, confidence with money and having a sense of control over short and long-term money management.

The reason we chose, through a tender process, to work with PayPlan on this specific work is down to their expertise within this field of work, their history as well as a commonality in our approaches of putting the customer first. 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 it works?**

Customers can refer themselves to PayPlan via a simple online form 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.

A PayPlan adviser will then contact them for a short no-obligation and informal conversation about their debts and how PayPlan can help them. This short twenty-minute conversation helps achieve a 76% engagement rate and a 70% positive outcome for the customer. This is a significant return, with engagement for similar services nearer to 50%.

We work closely with colleagues internally to review data and referrals and adapt the service to ensure it has the greatest impact.

## Customer impact

The critical outcome for our customers is that their debts are managed in an affordable and sustainable way and that their worries and stresses relating to money are reduced. The statistics are stark when it comes to the relationship between money and mental health, with 85% of PayPlan customers expressing that their financial situation has impacted upon their mental health. Of this, 47% have sought medical advice from their doctor. The wider impact is deserving of further comment with 39% facing isolation without anyone to talk to about the situation and one in three finding their debts have had a detrimental impact on their work performance. There continues to be significant research carried out in this area by the Money and Mental Health Policy Institute as we continue to ensure our services provide the right support and interventions in these customer groups.

On the positive side, the impact of great advice is evident. We were delighted to see that 93% of customers felt more reassured and calmer about their financial situation and 79% felt more confident about managing their money. Within the space of a year, £2.1m of debt is now being managed in an affordable way, giving households the space to regain control of their often-changing circumstances.

Hearing directly from customers is both helpful in terms of ensuring our service is meeting demand and delivering what it needs to. The statistics regarding the number people that fail to engage with debt advice have not changed for many years, even though they acknowledge they are heavily burdened by debt. Understanding the impact that quality debt advice has had on an individual's life can help and encourage future service users to also reach out for help. Seeing what others have gained from the experience and service is an important method of generating action from those who could benefit but are yet to engage with the service.

Customer quotes include:

- "PayPlan helped me show companies that I have actively tried to structure my bills and it clearly shows me what money I have"
- "Without PayPlan I'd be worrying myself not being able to eat due to stress and worry. PayPlan made me feel a lot better about my situation"
- "I would be homeless by now if it wasn't for PayPlan" 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 to understand the impact of debt advice provision on our arrears costs.

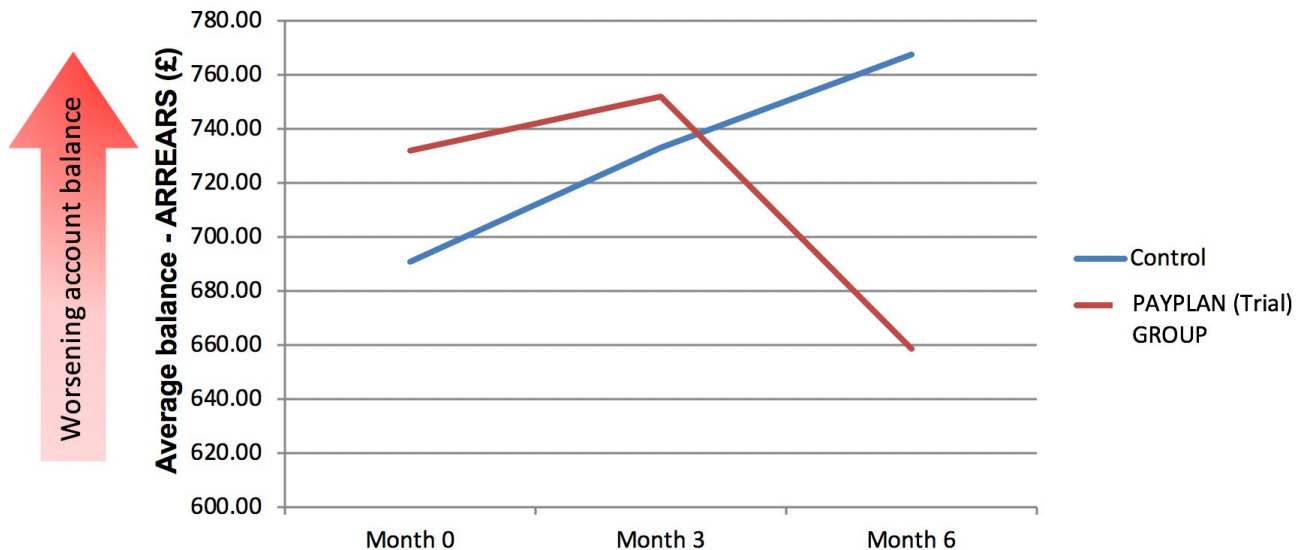
The advantage of this methodology is that it can provide a causal statistic, and unlike correlation, it can conclusively prove that the intervention causes an impact. RCT is an experiment widely used in the NHS to test new drugs, but the methodology can be applied to any intervention in a trial group against a randomly selected control group.

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

Looking at the average account balances from month zero, month three and month six after the engagement and comparing that to the control group shows distinct differences in the average balance amounts but also direction of travel. 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.



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

- Customers who participate in PayPlan have significantly lower levels of arrears six months on compared to the control group
- The increase in debt between month zero and month six for the Control Group is significant

Splitting the trial group's account balances into quartiles we can identify that PayPlan is better at improving the balances of customers who start in more debt. If Orbit were to successfully refer 75% of its most indebted customers, then the expected arrears repayment would be over £714,000.

In turn, customers who start the RCT with the 50% of most severe levels of debt show an average financial improvement of £129 per person, over the six months. If Orbit were able to refer just 50% of its most indebted customers, then the expected arrears repayment would be £321,339.

The RCT conducted has evidenced that PayPlan has a direct and positive impact on customers' account balances at six months after the engagement. Those that see the greatest impact between the debt advice they receive and their arrears are customers in the top 75% of arrears and customers in family sized accommodation.

Further opportunities for analysis include:

- o Understand the impact at the nine and twelve months for the trial and control group
- o Using PayPlan's detailed demographic data to investigate the success of PayPlan within specific customer groups

The full RCT report can be found [here](#).

## Areas for improvement

A slight aside to the RCT, working with the University of Sussex, we explored in more detail the impact of the debt advice on rent arrears within particular demographic groups and the timings associated with this impact. There is more work to do to calibrate the various analysis undertaken but it is worth highlighting to prompt discussion and debate, both of which are the very point of sharing this work in the first place.

Firstly, looking at the impact of debt advice on arrears and what happens over a time period of 10 months, we can start to see an uplift in arrears. This is critical to understanding when looking at long term impacts of support and how to better address financial difficulty.

All dataset Mean N:178

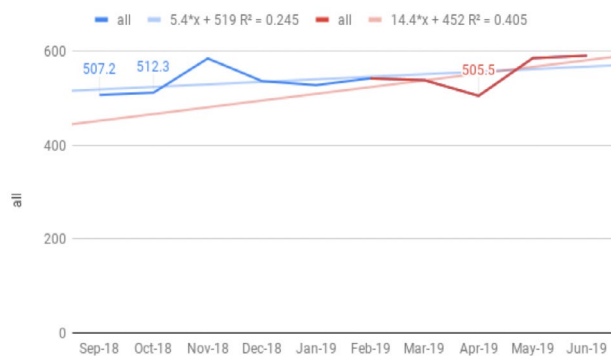


Figure 1. Arrears levels of whole

All dataset Median N:178

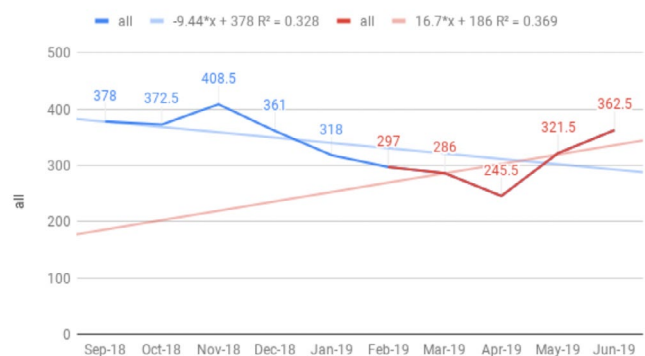


Figure 2. Arrears levels as a whole

Overall there is an increase trend in customer's account balance. In the second half of the term the increase is higher than the whole time period.

The graphs in figures 3, 4 and 5 present a picture that highlights that the impact of debt advice may not be universally positive. This isn't to say that it is the debt advice having a negative impact on the situation but does question its efficacy. Amongst many questions it may raise is whether this is a reflection on particular income and expenditure levels of those in certain demographics, whether it reflects different debt structures or the abilities for debts to be managed.

People with disability-Mean N0:15-N1:15

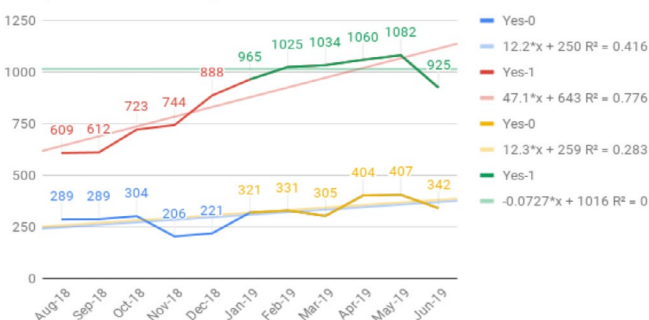


Figure 3. People with disability - Mean

People with disability-Median

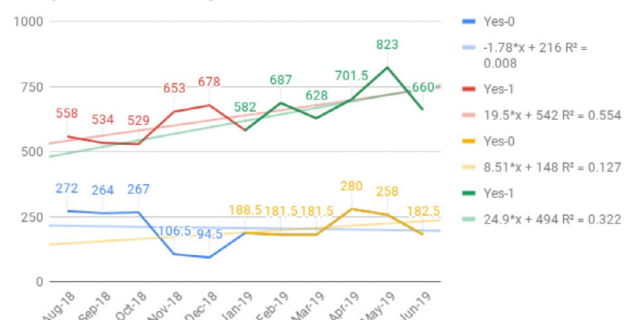


Figure 4. People with disability - Median

<sup>2</sup> Ates, A (2019) Orbit PayPlan project methodology, University of Sussex

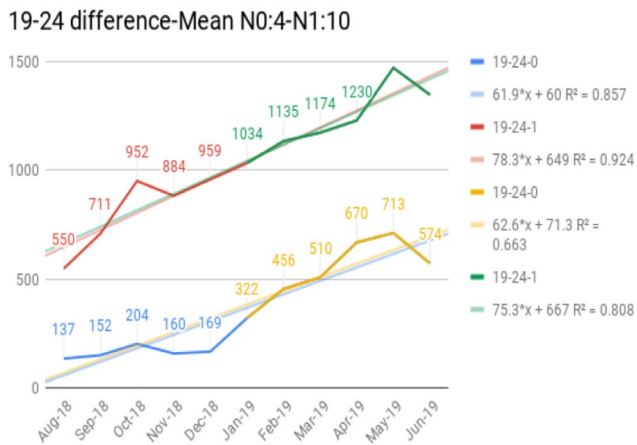


Figure 5. People aged between 19-24 - Mean

The initial review of the services did not set out to explore this, so any hypothesis drawn from this will need further exploration. It is intended that as we develop this programme of support, we continue to explore these issues to ensure nothing within the support we provide is impacting the variances in outcomes. Additionally, once data is available for more than one year, we'll be able to look at any seasonality effects alongside providing more reliable trend analysis.

## Summary

We do not imagine that any of this will have been a surprise to anyone that works within the debt advice sector or those that are in housing management. Otherwise the sector wouldn't have been delivering and providing debt advice to the scale it has for so many years. What this does do is reaffirm and highlight three things:

- 1/ It is essential in supporting a customer to have a better day, that they find the right way for them to stay in control of their money when there are many fluctuating pressures on income and costs in people's lives.
- 2/ If you deliver it correctly, use data to inform decisions and have partners that are responsive to customers needs and situations then you can deliver great impact to enable customers to get back control.
- 3/ That it is vital to keep critically reviewing the services that are being provided and ensuring they are meeting the needs required. If you set out to measure impact robustly it will identify areas for further enquiry, in the pursuit of continuous improvement.



