DEMOS

LESS MONEY, MORE PROBLEMS:

ALLEVIATING HEALTH CONDITIONS AND FINANCIAL DIFFICULTY

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GUY'S & ST THOMAS' CHARITY

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INTRODUCTION

This summary report is about how to alleviate, or reduce the risk of, financial difficulty among people at risk of developing multiple long-term health conditions. It has been commissioned by Guy's and St Thomas' Charity, an independent place-based foundation working with partners to address long-term health problems in Lambeth and Southwark.

There is extensive evidence of a strong correlation between deprivation, low income, and almost all forms of poor health. People living in deprived local areas are likely to develop multiple long-term conditions 13 years earlier than people living in the most affluent areas.[1] Nearly half of those in problem debt have a mental health condition, according to the National Survey of Health and Wellbeing.[2] The reasons why there is such a strong link between financial difficulty and poor health are complex and multi-faceted:

- Poor health can make it hard for people to work, reducing their income or making them reliant on benefits. Poor health can also increase expenditure, because of the high cost of living with a disability. The combination of low income and high costs means those in poor health are particularly likely to experience financial difficulty.
- Low income can lead to poor health, both directly and indirectly. Those on a low income may struggle to access healthy food, and are most likely to live in unfit accommodation. They may struggle to afford to heat their home or meet the costs of managing their condition, from prescription fees to care costs. The stress of managing on a low budget and/or dealing with creditors, may affect the cognitive bandwidth available to manage a complex health condition, and may be a trigger for both mental and physical illness.
- External factors can be a predictor of both poor health and financial difficulty. These external factors include those associated with multiple deprivation, such as low educational attainment, high crime rates, or high expenditure on tobacco, alcohol or drugs.

The scale of these problems can make them feel intractable. However, this research suggests there is real potential for interventions that can end this cycle of poor health and financial difficulty. This research is designed to inform a potential trial or pilot to evaluate whether improving the financial health of individuals or a population can improve their health outcomes, for example by reducing the likelihood of moving from a single to multiple long-term health conditions. Our goal is to identify the intervention most likely to improve the financial health of this target population. Our hypothesis is that by improving the financial health of those at risk of developing multiple long-term health conditions, we can reduce the proportion who do. In particular we look at the needs of those diagnosed with diabetes, coronary heart disease and depression, as research has shown these are the people most likely to progress to multiple health conditions.

We have worked with experts to establish theories of change that explain why financial interventions may work to improve people's health outcomes. Research by Guy's and St Thomas' Charity suggests that the population most likely to progress from a single to multiple long-term health condition comprises those diagnosed with:[3]

- Diabetes
- Coronary Heart Disease
- Depression

1 King's College London (2018) From One to Many Exploring people's progression to multiple long-term conditions in an urban environment. Guy's & St. Thomas' Charity. Available at: https://www.gsttcharity.org.uk/sites/default/files/GSTTC_MLTC_Report_2018.pdf [Accessed 9 May 2019]
2 Holkar M. Mental health problems and financial difficulty. Money and Mental Health Policy Institute. 2019. Derived from National Survey of Health and Wellbeing 2014: covers England only.
3 King's College London. 2018. From One to Many Exploring people's progression to multiple long-term conditions in an urban environment. Guy's and St. Thomas' Charity. [online] Available at: https://www.gsttcharity.org.uk/sites/default/files/GSTTC_MLTC_Report_2018.pdf [Accessed 10 May 2019]

Diabetes and Coronary Heart Disease

- Both conditions require self-management that includes changing exercise and/or eating patterns. Adherence to these may be difficult without higher costs.
- Financial stress may affect an individual's ability to managing adherence to a complicated health programme, such as that required to successfully manage diabetes or CHD.
- Financial capability interventions may create a "halo" effect for adherence to a health programme.

Mental health conditions

- Mental health problems affect many of the cognitive processes associated with financial capability
- There is a strong link between the onset of mental health problems and the loss of employment
- Debt and financial exclusion act as a serious drag on recovery; those with debts were 4.2 times less likely to have recovered from a common mental disorder within 18 months.

DEFINITION OF TERMS

There are a range of terms that need to be defined at the outset, which we use throughout.

- Financial difficulty. Financial difficulty is a situation where it has become difficult to meet an individual or household's expenses with their current income. This includes many situations associated with personal debt: where a person or family has an excessively high debt-to-income ratio, where the cost of servicing debts has a detrimental effect on their ability to meet essential outgoings, or where the cognitive and emotional burden of dealing with demands from creditors affects wellbeing. However, it is possible to experience financial difficulty without being in debt. Some families on low incomes go without essentials such as heating or eating well in order to make ends meet, which can affect mental and physical health.
- Problem debt. Problem debt is a form of financial difficulty, where an individual is unable to meet the costs of servicing or repaying their debts, or cannot keep up with bills. It is usually defined as those who say they find keeping up with their bills and credit commitments a 'heavy burden', or who have missed payments for bills and/or credit commitments in three or more of the last six months. Under this definition, about 8m UK adults are experiencing problem debt at any one time.[4]
- Financial exclusion. This term is used to describe a situation where people do not participate in mainstream financial services, either because they are not eligible for them, are not able to afford them, or they have chosen not to use them - usually due to a lack of trust of the companies involved. This includes the approximately 1.5m adults who do not have a bank account in the UK, as well as those who struggle to access affordable credit and/or insurance.[5] Financial exclusion can result in higher costs, and is closely correlated with both past and future financial difficulties.
- Financial health. Financial health is the opposite of financial difficulty. We use it in this report to describe scenarios in which individuals or households are able to meet their expenses of their lives in a timely manner, on an ongoing basis, without distress, heavy reliance on debt, or going without essentials. To live a financially healthy life, a family needs both an adequate income and the ability to manage a budget over time.
- Financial capability. Financial capability is a term used by the Money and Pensions Service, a statutory organisation funded by a levy on financial services firms to fund money, debt, and pensions advice. Financial capability is a person's ability to manage their finances effectively. This encompasses every aspect of our financial lives, from paying our monthly bills to saving for a rainy day, and planning for the future to putting money away in a pension.[6] MaPS has developed a Financial Capability Framework, which includes both ability (like setting a budget, making pension contributions) and mindset (like feeling confident shopping around).[7] It is possible to have low financial capability without experiencing financial difficulty, for example if you have a high income, or if your finances are managed by someone else.

4 Comptroller and Auditor General. 2018. Tackling Problem Debt [online] National Audit Office. [online] Available at: https://www.nao.org.uk/wp-content/uploads/2018/09/Tackling-problem-debt-Report.pdf [Accessed 9 May 2019]
5 Financial Inclusion Commission. 2019. The Facts Banking. [online] Available at: http://www.financialinclusioncommission.org.uk/facts [Accessed 9 May 2019]
6 Financial Capability Strategy for the UK .2019. What is financial capability? [online] Available at: https://www.fincap.org.uk/en/articles/what-is-financial-capability [Accessed 8 May 2019
7 Bagwell,S. Hestbaek, C. Harries, E. and Kail, A. 2014. Financial Capability Strategy for the UK. Financial Capability Outcome Frameworks. NPC. [online] Available at: https://www.thinknpc.org/wp-content/uploads/2018/07/Financial-Capability-Outcome-Frameworks-MAS.pdf, [Accessed 8 May 2019]

SECTION 1: METHODOLOGY

We conducted a detailed literature review of the evidence associated with financial capability, including an assessment of all the evidence available on the Financial Capability Strategy Evidence Hub. In particular, we assessed the results of a major What Works funding programme by the Money Advice Service (now incorporated into the Money & Pensions Advice Service, (MaPS)).

We also analysed grants issued over the last five years by 10 major funders supporting interventions in this space, including JP Morgan Chase Foundation, Barrow Cadbury and the Big Lottery Fund, identifying the programmes funded and what evidence they had generated of impact.

We conducted interviews with ten national experts:

- Bridget Turner, Director of Policy and Care Improvement at Diabetes UK
- Jake Eliot, Head of Policy and Propositions, and Lizzie Jordan, Research and Evaluation Manager at Money and Pensions Advice Service
- Jane Vass, Head of Public Policy at Age UK
- Lee Healey, Income Max Founder
- Christy McAleese, Money Advice Development Manager at Citizens Advice
- Erik Porter, Acting Chief Executive at the Money Charity (a former advice worker in Southwark who was also able to give local insight)
- Helen Undy, Chief Executive of Money and Mental Health Policy Institute
- Jim Fearnley, Senior Policy Adviser at Macmillan

We conducted interviews with four local experts:

- John Bennett, Head of Economic Inclusion at Lambeth Council
- Tim Clark, Strategic Support at Citizens Advice Southwark
- Steve Griffin, Director at Stockwell Partnership
- Gustavo Meixner, Portuguese Project Coordinator at Stockwell Partnership

SECTION 2: EVIDENCE REVIEW

We studied the results from 62 different interventions designed to have an impact on the financial health of a target population, along with 15 research papers assessing the value of these forms of intervention.

The pathways for participants in these interventions are all different. Financial health interventions are not - with the exception of debt advice - regulated or fully standardised, between providers, even when those providers are part of a wider network such as Citizens Advice. They exist on a spectrum - as shown in the diagram - from pure education interventions to those where financial responsibility is taken wholesale away from a vulnerable individual.

As you move from top to bottom:

- The vulnerability of the target group increases - and the depth of support they need
- The size of the relevant target group decreases
- Cost per intervention increases
- Training requirements on those delivering the service increase

> *"There are a range of interventions from basic information - where the client is capable of resolving their own problems to full blown casework, where detailed advice is required and people need hands held all along the way" (Tim Clark, Southwark Citizens Advice)*

Further details on these forms of intervention are set out below.

Financial education This term describes interventions to increase individuals' understanding of how financial products work, how to budget, and how to be an effective consumer. Financial education is increasingly taught in schools, where it

FINANCIAL EDUCATION

Often delivered in schools and by employers. Content varies from the theoretical to the practical depending on provider.

MONEY ADVICE

Practical tools and techniques including on shopping around, building and sticking to a budget. Workshop or one to one delivery.

DEBT OR WELFARE ADVICE

Detailed advice from specialist advisers; only relevant to those in problem debt or eligible for welfare benefits.

MENTAL INCAPACITY DECLARED BY COURT OF PROTECTION

Deputy appointed (solicitor, local authority staff, or relative) to manage an individual's finances altogether.

DEBT OR WELFARE ADVOCACY AND CASEWORK

Caseworkers will help fill in forms, make calls to service providers, or attend appointments with clients.

it has formed part of the National Curriculum since 2012.[8] Many employers also offer financial education courses to their staff, as do some local authorities both for schools and local citizens.

Money advice Money advice is usually more practical than financial education. Workshops or one-to-one advice can take people through the process of setting a budget, shopping around for utilities, and managing their bills. It may include a high-level benefits check, or advice on how to check eligibility and claims. For relevant individuals it may include advice on how to set up a bank account, apply for a loan or get insurance. It may include advice on how to make decisions about financial choices, but not on which financial products to choose.[9]

Welfare advice Welfare advice focuses on clients' engagement with the benefits system. It may support an initial claim, where an eligibility check has identified an individual is missing out. But welfare advice also includes support through the assessment and appeal process for health-related benefits, including support completing forms, engaging with the DWP, or securing evidence to support claims.

Debt advice Debt advice is regulated by the Financial Conduct Authority (FCA), and appropriate for people in problem debt. It offers pathways to a number of statutory debt resolution options which allow some debts to be written off or reduced, including Individual Voluntary Arrangements and bankruptcy. Not everyone in problem debt, as defined above, will be eligible for a statutory debt solution. Debt advisers assess individuals' income and expenditure as part of the process, and therefore may identify and advise on ways clients can increase their income through benefit claims or reduce their expenditure, even though this is not a core part of the service. Debt advice is funded in a range of ways, including by MaPS, by local authorities, charitable giving, and the "fair share" model where creditors pay the debt adviser who enabled them to collect otherwise bad debts.

It is never possible to define absolute boundaries for any form of advice. Clients presenting with a benefits problem may also need legal, housing, money and debt advice.

> *"The 'presenting' problem is usually not the whole story. An individual requesting support with sorting out their bills may also be deeply lonely, struggling with unsuitable housing and lack of mobility, and not be eating properly. Face to face advice can be particularly helpful in uncovering the inter-connected range of problems." (Jane Vass, Age UK)*

Most advice providers offer multiple forms of advice, often provided by the same adviser, though formal legal and debt advice can only be provided by those with appropriate qualifications. Many advice providers offer "stepped" support where a generalist money adviser will provide support for a large group, sending those with specific needs for specialist welfare or debt advice to a colleague, or sometimes a separately-funded advice service.

The Court of Protection steps in to appoint a deputy under the terms of the Mental Capacity Act when someone has lost 'capacity' to make decisions on their own behalf, and did not appoint an 'attorney' to manage their affairs before they lost capacity.[10] The deputy may be a solicitor, a family member or a specially trained member of staff employed by the local authority.

Our evidence review concluded that, when it comes to supporting financial health:

- One-to-one support is needed for anyone with complex needs, not general workshops
- The best interventions are "just in time" - built around life events
- It is extremely important to embed interventions into services people are already getting.
- There is some evidence for the value of digital interventions but there are problems with access and confidence for the digitally excluded and challenges for achieving deep engagement
- Peer led activities can be good for building engagement but end users want an expert in the room especially for specialist support.
- There is very limited evidence that improved access to affordable credit helps ease financial difficulties in the long-term. You have to get people to need it less and address the reasons why they need credit at all.
- Routine can be helpful in increasing savings, but automation and setting some kind of friction to reduce withdrawals are best evidenced ways to increase total amount people have saved.

8 Long, R. and Foster, D. 2016. Financial and enterprise education in schools. House of Commons Library. 28 November 2016 [online] Available at: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06156#fullreport [Accessed 15 May 2019]
9 Advice on products is considered financial advice. Financial advice is regulated by the FCA. This includes advice on pensions drawdown, insurance, mortgages, and investments. Financial advice is not offered in the charitable or statutory sectors, or alongside any of the other financial wellbeing interventions set out above.
10 Gov. uk. Deputies makes decisions for someone who lacks capacity. [online] Available at: https://www.gov.uk/become-deputy [Accessed 14 May 2019]

Financial health interventions exist on a spectrum from pure education interventions to those where financial responsibility is taken wholesale away from a vulnerable individual. Our analysis of the evidence suggests that for people with long-term health conditions, services including direct support and advocacy are likely to be important, even though not all patients or service users will need money, debt, or welfare advice.

The best evidence for healthcare outcomes is for debt advice, for those people experiencing problem debt, where a statistically significant change in mental health has been demonstrated. Welfare advice interventions can be shown to increase the income of the population receiving the help by between £2,000 and £4,000 on average per client. Financial education cannot be shown to have a long-term effect on people's financial behaviours, but both this and money advice can be shown to improve confidence.

There is some evidence for successful advice pathways that have been integrated into healthcare settings. This includes a pilot of advice for renal patients which improved the total income of the user group of 409 patients by £581,000.

Front line health professionals have called for more training and support to help them direct their patients to help in times of need. There is evidence that training can improve the confidence and personal financial health of staff but not yet any evidence of end-user impact.

EMERGING TECHNOLOGY

It is possible that the current suite of financial health interventions will be supplemented or superseded in future years by digital innovation. The advice sector is increasingly using new technology, and there are a range of "fintech for good" programmes and innovations that are bringing new technologies to market that may improve people's financial health, particularly in the categories of:

- Money management
- Income smoothing
- Income maximisation
- Supporting professionals

The potential for these tools is high, but the evidence remains speculative.

RECOMMENDATIONS

RECOMMENDATION 1: TARGET THE RELEVANT POPULATION, JUST IN TIME, WHERE THEY ARE

This recommendation draws on the evidence from the Money and Pensions Service (MaPS) and others on the most effective financial health interventions, identifying that wherever possible they should be:

- Offered to a targeted group
- Made available at a 'teachable moment', and
- Embedded in services people are already accessing.

Therefore, whatever project is designed, it will be most effective if it is targeted, delivered at a moment of change or even crisis in an individual's life - such as a new diagnosis - and co-located with services that they are already accessing. Integration with healthcare settings should be a key priority: this will give the intervention the best chance of success.

A project designed in this way also has the best potential for adding to the evidence base on the links between financial health and mental or physical health conditions. This is because if a project is embedded in a healthcare pathway it will be more possible to create a data partnership where the debt advice referral and outcomes can be included in patient files, and potentially tracked for evaluation.

RECOMMENDATION 2: THE BEST EVIDENCE IS FOR STEPPED MONEY, WELFARE AND DEBT ADVICE

This recommendation draws on the main insights from our evidence review. We found that there is no clear evidence of a link between financial health interventions and improved health, but there are strong reasons to believe that one can be found. Debt advice is the best evidenced intervention, for the relevant population who are experiencing problem debt. There is also some evidence that money and welfare advice also improve financial outcomes both immediately and over the longer term, as well as improving self-reported wellbeing. Advice services usually offer all three of these services, starting with money advice and triaging to welfare or debt advice for the clients who need it.

Therefore, in order to maximise the chances of improving the financial health of a target group, money, debt and welfare advice services should be supported; as recommended above these should be embedded into a healthcare pathway.

Considerations:

- Citizens Advice has a particular expertise partnering with local hospitals and may be the most appropriate partner. However there are a range of providers who could deliver a service both locally and remotely; a telephone-based service may be cheaper to deliver though it would inevitably be less integrated than a service provided face to face within a clinic or service. IncomeMax reports a 30% drop off of clients who are referred to the service but do not receive advice.
- It has not been possible to size the population likely to be in need of money, welfare or debt advice, but necessarily this intervention would only support a subset of those with a long-term health condition.

RECOMMENDATION 3: TO BE MORE INNOVATIVE, AND HELP PEOPLE MANAGE FLUCTUATING INCOMES

This recommendation aims to offer an alternative approach that would be more innovative, though less well evidenced. This would be the appropriate choice if the aim of the project was to explore the impact of newer ideas associated with financial health. It would be harder to evaluate the impact on health outcomes.

We are making this recommendation because our research suggests that fluctuating income is one of the frequent pathways into financial difficulty for people with long-term health conditions, as they may take time off work, lose their job, and/or be unable to take overtime. In addition they often face unpredictable costs, and end up relying on credit. Interest payments eat into their income leading them into a downward financial spiral. This approach would seek to reduce the impact of this recurrent mismatch between income and expenditure.

Building on the MaPS pilot of flexible rent, a partnership could be established with local landlords, and major utility companies. People with our chosen long-term health conditions would be offered a "passport" for flexible bill payment with all these providers, conditional on receiving money advice. This could be supplemented, depending on ambition, with tech such as Trezeo (income smoothing) and LabourXchange (access to local short hours work), to help people flex their bills and improve their income at times of urgent financial need rather than relying on credit.

Considerations:

- This would be a complex, multi-partner intervention that would take substantial time to design. Evaluation could be challenging.
- MaPS are enthusiastic about the potential for this model and might offer help and support through the process.
- This intervention would only be relevant to those in our target population who are struggling with variable income and expenditure. It has not been possible to size this population but it is likely to be substantially less than half.
- There is overlap between options in this area to enable people to find extra work, and the charity's programme development for improving patients' purposeful activity.

RECOMMENDATION 4: DOUBLE DOWN ON ENABLING PROFESSIONALS

This recommendation proposes enabling professionals in various services and industries to triage people, helping them access support at the right moment and help track progress against outcomes. A package could include:

- Training and development for professionals delivered by a partner, for example The Money Charity.
- Building an open source referral platform to enable professionals to pass clients over to advice services, and receive updates on their outcomes (where consent was given).
- Trial the Stepp platform to enable professionals in the healthcare and money sectors to track progress of their clients against set goals.
- And/or trial the Squad platform to enable existing peer-to-peer or group setting healthcare interventions (such as diabetes education) to work together on setting and meeting collective money or healthcare goals.

Considerations:

- This would be a complex, multi-partner intervention that would take substantial time to design.
- Evaluation could be challenging.
- With demand for advice services already high, improving referral pathways could leave them overwhelmed.

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