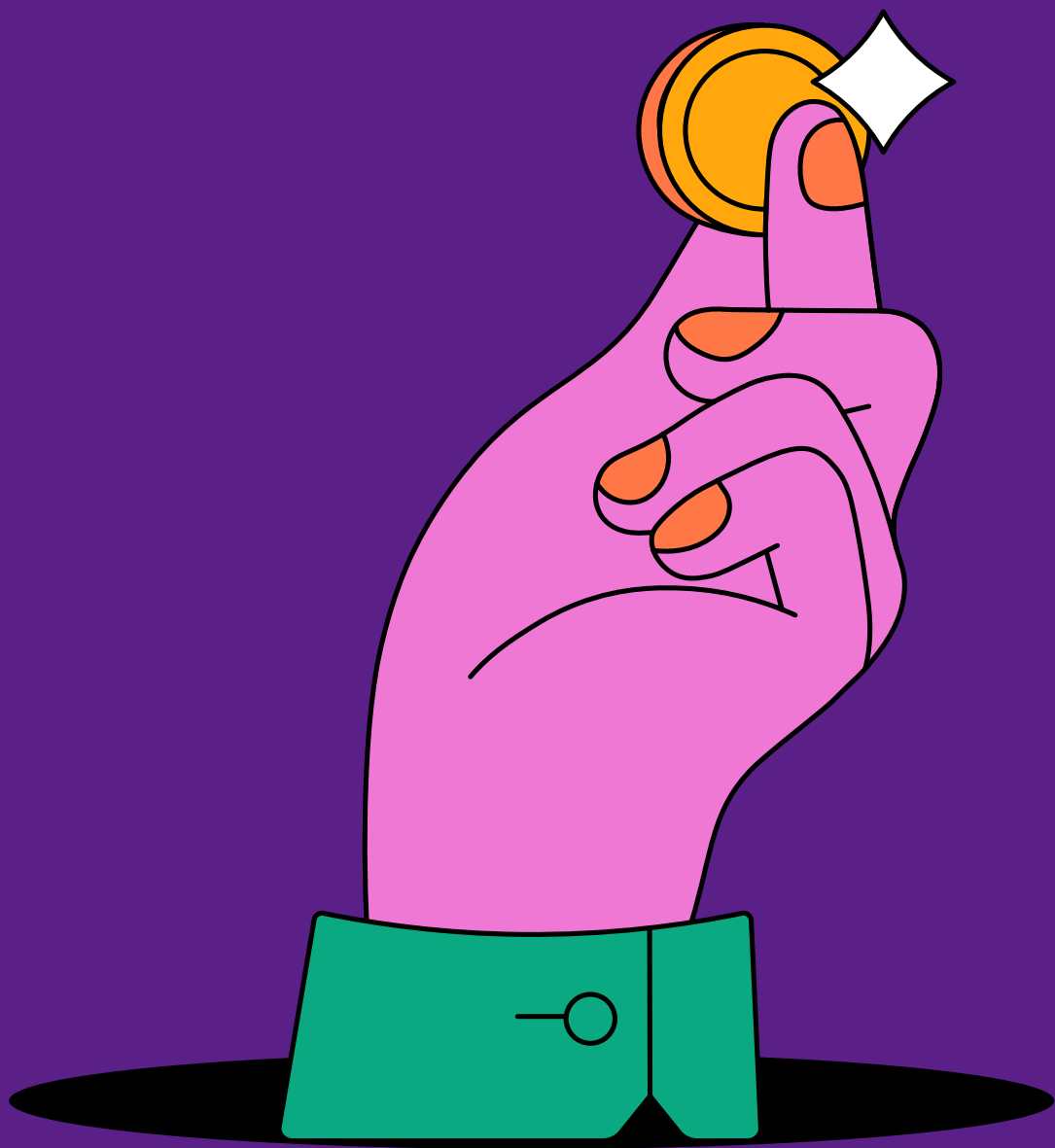


Impact Report 2023



Published April 2024

StepChange
Debt Charity

Contents

1. Our year at a glance	4
2. CEO statement: Vikki Brownridge	6
3. Our purpose, vision and mission	8
4. What our data shows us	10
5. Objective 1: Our clients are at the heart of everything that we do	12
6. Objective 2: Empowering our people and developing their skills	22
7. Objective 3: Adapting to a new funding world	26
8. Objective 4: Working with our partners	30
9. Objective 5: Campaigning to stop people falling into problem debt and helping them to recover if they do	38
10. Thank you to our supporters	42



Our year at a glance



6.5 million
visits to our website



277,621
clients guided



183,403
new clients completed
full debt advice



179,756
clients on managed plans*



50,869
Breathing Space
applications processed



42,503
clients who started a
debt solution



17,456
clients who became free
from problem debt



22%
average UK brand
awareness score



+54
Net Promoter Score**



£11.9 million
in donations from our
partner organisations



88,798
clients referred into debt
advice through our partner
referral tools



36
new funding partnerships

*as of 31 Dec 2023

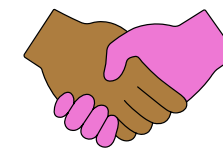
**Average client Net Promoter Score (NPS) from May 2023 to December 2023. Our client NPS was launched in May 2023.

Our awards in 2023



Our service to clients

- Platinum Trusted Service Award – **Feefo**
- 10 Years of Excellence Award – **Feefo**
- Debt Advice Provider of the Year – **Credit Awards, Credit Strategy**
- Best Response to the Cost of Living Crisis (Non Creditor) – **Credit Awards, Credit Strategy**



Working with partners

- Customer Engagement Solution (in partnership with the ClearScore group) – **Credit and Collections Technology Awards**
- Best Outsourcing and Partnership Initiative of the Year (in partnership with NatWest) – **Vulnerability Gala, Credit Strategy**



Our organisation

- Company of the Year – **Smart Money People**
- Outstanding Workplace Award – **People Insight**

CEO statement



I feel privileged and proud to present my first Impact Report as CEO of StepChange, outlining our activities and achievements in 2023.

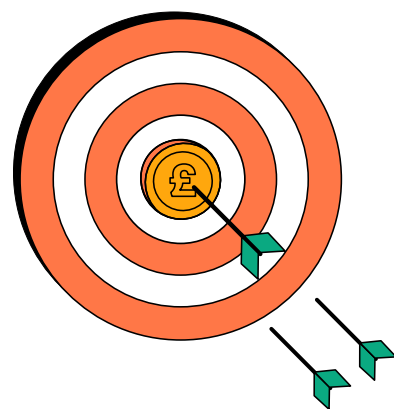
I am constantly overwhelmed by the commitment of all my colleagues in serving our clients and working tirelessly to improve outcomes for them. This is especially true for those facing the toughest of times and who are experiencing a genuine cost of living crisis and living daily with the misery of unmanageable debt.

Last year marked the charity's 30th year of supporting clients. I have been here for 18 of those years, and one thing that has remained consistent throughout that period is the dedication and commitment of our people. My colleagues at StepChange are truly exceptional, so I'm particularly pleased that despite the obvious emotional toll that working in a debt advice charity brings, 2023 saw a significant leap in colleague engagement and positivity.

We all owe a debt of gratitude to my predecessor Phil Andrew, whose tenure as CEO spanned the first four months of this reporting period. I am also enormously grateful to our trustees, and to our outgoing Chair, John Griffith-Jones, who navigated StepChange around not just

one, but several major obstacles – the pandemic, the cost of living crisis, and the significant changes to debt advice funding – and has helped us become a more resilient, competent, and efficient charity than when he joined us in 2019.

I hope as you read this report, you will take a moment to put yourselves in the shoes of a new StepChange client. Consider what it feels like, when you are suffering financial difficulty and often feeling overwhelmed and anxious about where to start. Reflect on quite how much of a psychological hurdle you have had to overcome just to make the first effort to start searching for debt advice online or call for help. By speaking with clients and call listening regularly, my priority is to understand exactly what our clients are experiencing and ensure their needs are at the heart of everything our organisation does.



So much of what we have done over the past year – and will continue to do in 2024 – is about trying to make these steps easier. We helped over 183,000 new clients through debt advice last year, but we know we can help many more. We're trying to break down the barriers that hold people back, so that people who need help can get it in a way that is reassuring and effective and they continue to feel supported for as long as it takes, making it more likely that they will build their financial resilience and progress to becoming debt-free.

We have, for example, overhauled all our client communications to make them easier to understand, and to give people the clearest and most reassuring calls and nudges to action to help them. We've embraced and harnessed the FCA's new Consumer Duty requirements to help us improve and refine our advice policy, and we're in the throes of making significant investments in our back office systems and processes to ensure that the same high quality and efficiency that we bring to frontline advice is fully embedded at every ongoing stage of the client journey with us – whatever changes of circumstances may bring.

We've also worked in collaboration with our partners over the past year to enrich our understanding of their needs, the ways that they would like to refer their customers to us and to minimise any unnecessary friction in the customer journey.

This has helped us cement even stronger partnerships, and we are deeply grateful for the ongoing commitment to working with us in strategic partnerships and for the financial commitments that many of our partners have put in place with us, enabling us not only to deliver business as usual services against a challenging economic backdrop, but also to invest in further improvements for the future.

Two thirds of our clients are aged under 40 and so it's no surprise that more than 9 in 10 now go online for part or all of their debt advice and solution setup. With 941 clients spending part of their Christmas day going through our online debt advice journey, our ability to support customers when and how they need has never been more important. I'm proud that our groundbreaking end-to-end digital service reflects the expectations of our clients and partners in today's world and makes us unique among debt advice charities.



I am also delighted that our work over the past year has been recognised with numerous award wins among consumer audiences and in the credit sector, including our partnerships with ClearScore and NatWest.

While our vision of a society free from problem debt is still some way off, we're chipping away at it. Our benefits checker alone identified over £12.7 million a month in additional benefits income for our clients last year as a result of identifying unclaimed entitlements. We used our client data and experiences to underpin 20 reports as part of our work to inform regulators and policymakers. The 8,000 items of media coverage we achieved will have reached many people who needed to know how to get help, and our insights are regularly cited in Parliament and have helped to underpin a number of positive interventions in recent years.

2024 already looks like a tough year for many, but with a positive funding and operating base supported by industry partners, a programme of ongoing service improvement and highly motivated colleagues, StepChange has a healthy springboard from which to evolve its future strategy to help more people. I am deeply grateful to everyone who in 2023 helped to put us in this position for the future.

Vikki Brownridge
Chief Executive Officer

Our purpose, vision and mission

Our purpose

Our purpose is to provide holistic support for all people experiencing problem debt.

As the UK's leading debt charity, we are contacted by hundreds of thousands of people a year online and by phone, across all nations and regions.

We work in partnership with a broad network of organisations – from mental health charities to income support services to achieve that purpose. For those we can't help directly we offer triage and information to ensure they receive the support they need.

Our mission

To break debt's stigma and change lives for the better.

Debt often gets treated like a dirty word. And we want to clear up the stigma. Our aim is to shine a light on what debt really looks like and bring some clarity to the murkiness.

We've been around for over 30 years, through the ups and downs, financial crashes and a worldwide pandemic, and will continue to be, because **debt happens. So, let's deal with it.**



Our vision

Our vision is to create a society free from problem debt.

Problem debt is not just an issue for individuals but goes much further – it damages families and communities. By helping those in debt get back on their feet, and by campaigning for policies that aim to prevent problem debt, we'll help overcome the difficulties that debt creates for our society in the 21st century.



What our data shows us

Our client data revealed some emerging trends in 2023 which underline the importance of the service we provide.

Our [Statistics Yearbook](#) provides a deep dive into the demographic changes we have observed and some of social and economic factors that have contributed to this.

Demand for debt advice continued to rise

In 2023, the number of clients we supported through debt advice rose by almost 10% to over 183,000. This follows a rise of 6% in 2022 and means that we supported almost 25,000 more clients in 2023 compared to 2021. We also saw further evidence that the cost of living crisis is pushing more households from across society into financial difficulty.

A cost of living increase is the leading cause of debt

One in four clients cited an increase in the cost of living as the main reason for their problem debt, a 7 point rise compared to 2022. This means that the proportion of our clients who identified the rising cost of living as the cause of their debt has increased three-fold compared to 2021. We also saw the average monthly expenditure of our clients rise by 12% year-on-year.

As a result, we have seen slight falls across most other causes of debt cited by clients with a lower proportion of clients citing a one-off shock such as a bereavement, relationship breakdown or unexpected loss of employment.



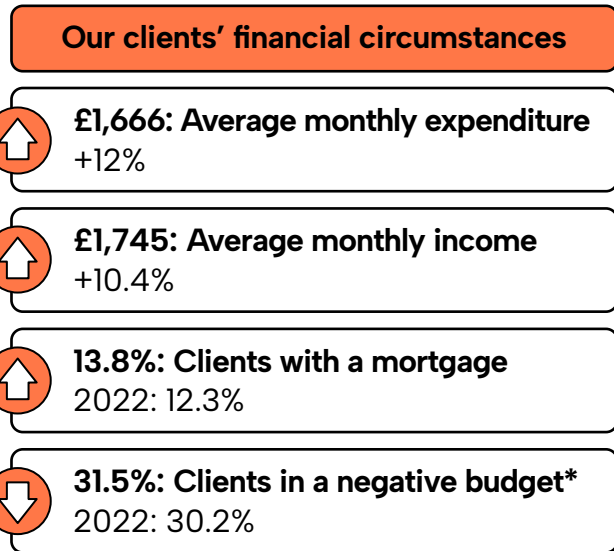
Our clients' circumstances

We observed some changes in the profile of our clients in 2023, which indicates that the cost of living crisis is having a profound impact on our clients and forcing people from a wider range of society to seek our services and support.

Client vulnerability is rising

All our clients are classified as vulnerable due to their financial situation. However, we also saw an increase in the proportion of clients with additional vulnerabilities, rising to 55.1% compared to 54.3% in 2022. The growing number of our clients who disclosed a mental health vulnerability was a contributing factor to this, rising from 38% in 2022 to 38.4% in 2023.

We continue to adapt our service to support clients with additional vulnerabilities and ensure we can meet their needs. Our dedicated advocacy team provide additional support to clients who may find debt advice and solution management particularly difficult, and our new Inclusive Design Framework delivered as part of our Consumer Duty preparations looks to ensure that the needs of vulnerable customers are considered at every stage of the client journey.



Changes in client profile

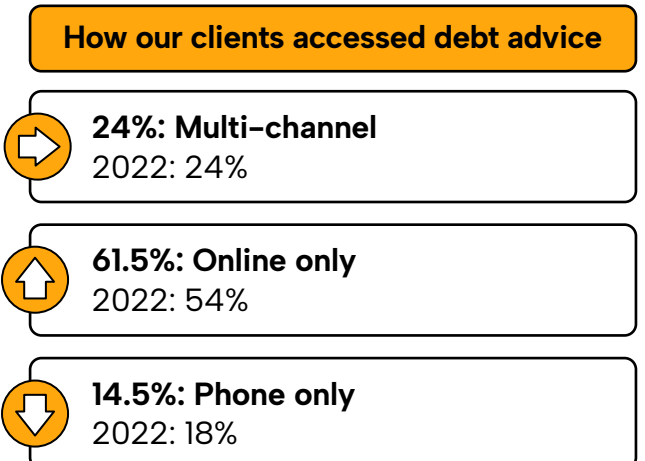
Our data shows that in 2023 we supported a higher proportion of clients from more affluent groups, with higher incomes than in previous years.

The average income of our clients rose by 9.5%, higher than the rate of UK wage growth over the same period, which was 6.5%¹.

There was also an increase in the proportion of clients who had a mortgage, which is concerning, although not surprising given the sharp rises in interest rates seen in 2023.



*A negative budget is where a client does not have enough income to meet their essential expenditure
¹Average weekly earnings in Great Britain – Office for National Statistics (ons.gov.uk)



Client channel choice

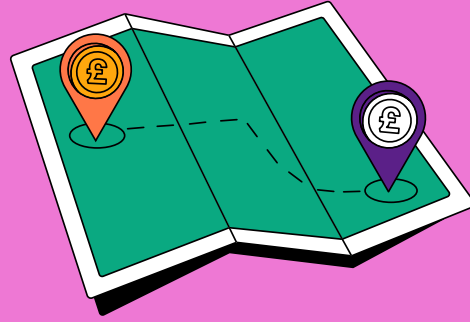
More of our clients chose to access debt advice online. 93% of clients who complete debt advice have used our online service at some point in their journey, with only 7% of clients having no digital engagement at any point in their debt advice journey or solution set up.

Our clients tell us that they want to access debt advice online, and to get support from an advisor as and when they need it, including those with additional vulnerabilities. This trend towards digital channels is echoed by our partners, who are increasingly utilising our digital referral tools to match their customers' journey preferences.

We have invested significantly in our technology to provide this seamless, end-to-end digital journey for clients. We will continue to enhance it to meet client needs and ensure that our expert debt advisors can support our clients at whatever point they need some extra help.

Delivering on our strategic objectives

We made good progress against our strategic objectives in 2023.



Objective 1: Our clients are at the heart of everything that we do

To provide expert debt advice and solutions and to use our insight to consistently improve our services, and deliver better outcomes for clients.

Supporting more clients digitally

As referenced on [page 10](#), in 2023 demand for our services increased significantly for the second successive year, as we provided full debt advice to over 183,000 clients. Our partner referral tools are an important route into debt advice for clients and make it easier for them to find and access the help they need. Over 88,000 clients were recommended to take debt advice through these tools.

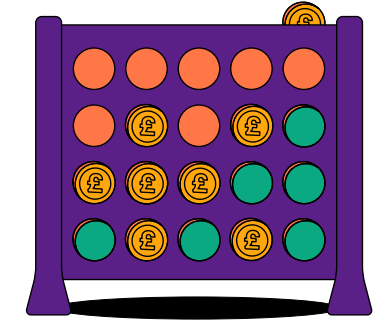
Over 61% of clients completed their entire debt advice journey online only, the highest proportion since we launched our online journey in 2007. Our overall website traffic rose by 10% year-on-year, demonstrating that digital is the channel of choice for many of our clients, a trend we are recognising and responding to.

24% of clients used a combination of online and telephony, with just 15% completing their whole debt advice journey over the phone.



We continued to innovate and improve our services to clients, responding to client needs throughout 2023. This included the launch of our Homeowner Hub, a set of tools and resources to support people struggling with their housing costs due to increasing interest rates. There were over 179,000 visits to this content during 2023.

We recorded over 6.5 million visits to our website from over four million consumers, guiding over 277,621 clients to our wider support services. With our support, our clients repaid over £351 million in debts, and 17,456 clients became problem debt free in 2023.



Making our services more inclusive

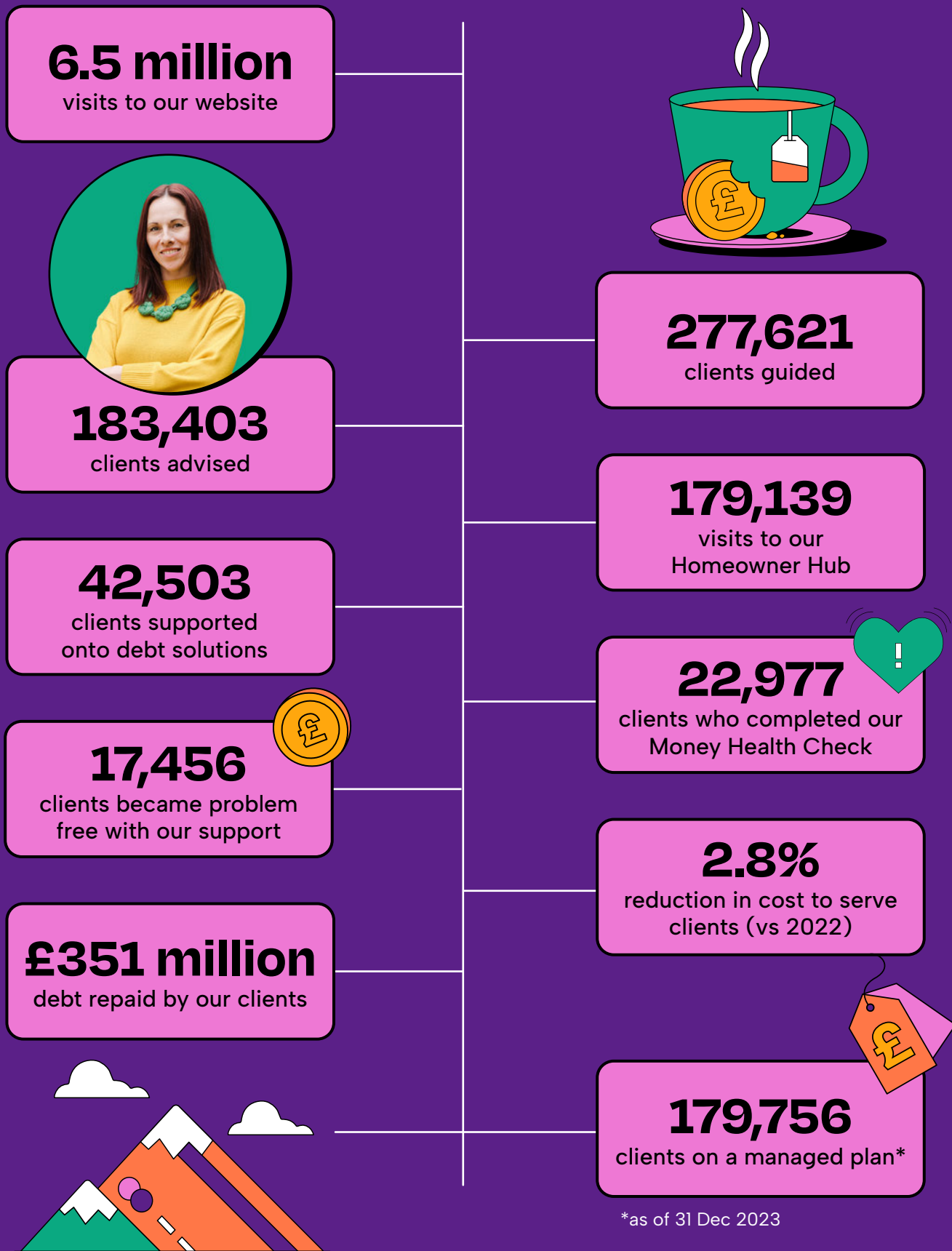
Our vulnerability strategy is centred around the need to create products and services that meet our clients' needs. In 2023 we refreshed this strategy, including the development and launch of a new Inclusive Design Framework to bring together all our client needs, and to set out standards that should be met to ensure that our services are inclusive and accessible for all new and existing clients.

Our framework was developed with the help of colleagues, consumers and expert third party organisations who were able to share lived experience. The framework was launched in July and is being embedded into our change management framework and across all areas of the charity.

As part of our commitment to delivering inclusive services, in 2023 we extended our service to British Sign Language (BSL) users. We partnered with Sign Solutions to provide BSL interpreters via video call to customers who require the service. The service has been a success since launching in September, and based on the early results we expect that demand for the service will exceed our forecasts in 2024.

As part of our objective to ensure that our clients are at the heart of everything we do, in 2023 we recruited 2 new trustees with lived experience of problem debt. In 2024 we will introduce a client panel so that all our trustees hear directly from our clients on a regular basis.

Key facts and figures



Making it easier for clients to understand us

To prepare for the introduction of the Consumer Duty we undertook a significant review and refresh of our client communications. The purpose of this was to ensure that all our communications to clients, through every channel and at every stage of the customer journey, are as intelligible and easy for customers to understand as possible.

To support this, we collaborated with Amplified Global, who provide technology that enables firms to assess the clearness and simplicity of communications.

We reviewed almost 1,600 communications and implemented over 70,000 edits across our channels, including email, letter, SMS, website, and debt advisor support materials. Each review considered the ease of readability, the effectiveness of the call to action and the presence of foreseeable harm.

The result was a 43% improvement in intelligibility across our most complex communications and an average 6.5% improvement across all our communications, meaning our communications are now easier for clients to understand.

While we are encouraged by the initial results achieved, we will continue to review and test our communications on an ongoing basis with the aim of further improving outcomes for clients.

Key stats:

- 43%** increase in intelligibility score across our most complex communications
- 6.5%** increase in intelligibility score across all our communications
- 2-year** reduction in reading age needed to understand our communications
- 90%** of the population can understand our key communications (up from 72%)
- 96%** of consumer facing content now has a reading age below GCSE level



Feature: Monitoring client outcomes to understand client needs

StepChange continuously monitors the self-reported outcomes of clients at intervals of three, nine and fifteen months after their first debt advice session.

This enables us to:

- Understand and evidence how well our services are working for clients
- Measure the value of our service
- Make a stronger case for the resources we need from government and partners to deliver for our clients' needs

Key findings

1. Clients who started a managed solution were more likely to make progress with their debts, compared to those who did not take up a solution.

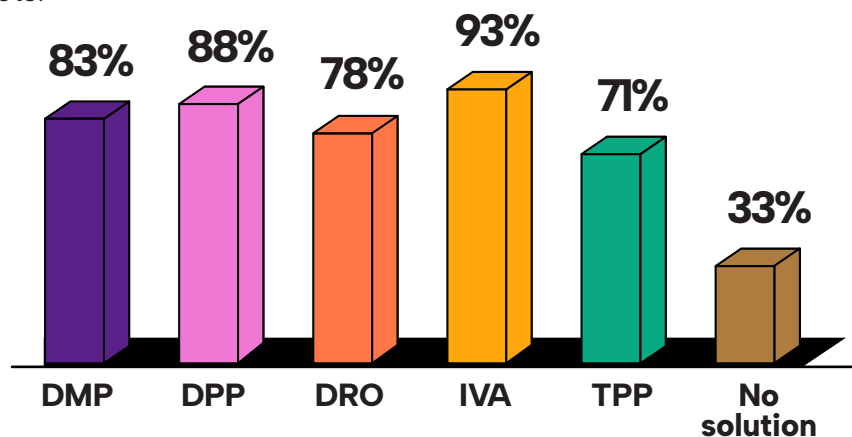
Three months after debt advice, between 70 – 90% of clients who had entered a managed solution, such as a Debt Management Plan, Debt Payment Programme, Debt Relief Order, Individual Voluntary Arrangement, or Token Payment Plan felt that they had made at least some progress towards their debts.

The charity defines a 'client outcome' as the changes, or lack of changes, in a client's situation that can be reasonably related to the advice service they received.

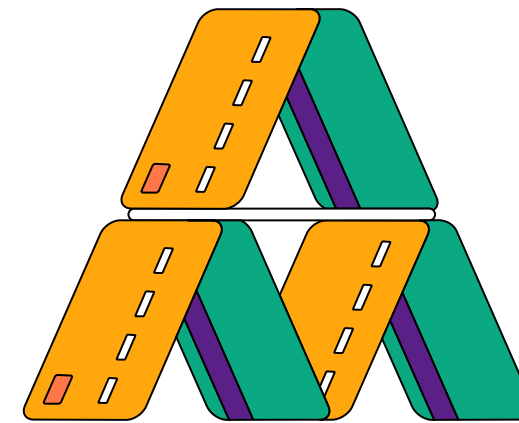
Our latest analysis of our client outcomes was conducted in 2023 and focused on clients who started a debt advice solution administered by StepChange. The analysis compared the outcomes of these clients against StepChange clients who said they had not or were not planning to take up any solution, regardless of their recommendation.

Comparatively, clients who had decided to not enter any solution, regardless of their recommendation, were less likely to say they had made progress, with only one third saying they had made some progress towards resolving their debts.

Three months after advice: % of clients saying they had made some or a lot of progress, or who said their debt is sorted out



2. Clients on managed solutions reported an improvement in financial security over time.



At three months after advice, clients on managed solutions were also more likely to report higher levels of financial security compared to clients who did not start a debt advice solution.

For example, among clients who started a Debt Management Plan (DMP), the average financial security score at three months after advice was 4.39 out of 10. Comparably, among those who did not take up a solution the average score was just 2.60 out of 10.

Encouragingly, the results also show that among clients who self-reported their financial security score, the average score increased over time.

Table 1: Average self-reported financial security score (out of 10) of DMP clients at three months after debt advice

	Three months after debt advice	Nine months after debt advice	Fifteen months after debt advice
Debt Management Plan	4.39	4.76	5.42



3. Customers on managed solutions have better life satisfaction scores.

In addition to measuring outcomes relating to clients' financial situations, other measures such as how debt impacts clients' life satisfaction also formed a key area of this research.

The findings for life satisfaction mirror scores found for financial security and making progress with debts. Clients who take up managed solutions generally have better self-reported life satisfaction scores than clients who did not take up a solution.

For example, clients who started an IVA typically reported the highest life satisfaction score of 7.55 out of 10 at three months after advice.

Comparatively, clients who did not enter a managed solution reported a life satisfaction score of just 3.4 out of 10 at the same interval after debt advice.

Ongoing evaluation to improve client outcomes

While it is encouraging that the outcomes for clients who take a solution seem to be better across a range of metrics, the comparative poor outcomes for clients who do not take or are not eligible for a managed solution is concerning. This presents a number of challenges.

Many clients are not eligible or able to take up a suitable debt solution due to their circumstances. A disproportionate number of these clients have negative budgets at the time of advice. Previously published client outcome reports highlight that this client group are typically more likely to have persistent poor outcomes after debt advice.

Table 2: Life satisfaction score of StepChange clients (out of 10) at three months after debt advice

	Life satisfaction score
Debt Management Plan	6.37
Debt Payment Programme	6.60
Debt Relief Order	5.93
Individual Voluntary Arrangement	7.55
Token Payment Plan	6.19
No solution	3.40

How to support these clients raises a different set of challenges for the charity, the wider debt advice and financial services sectors, as well as government and regulators.

For clients who are eligible for a managed solution, this research highlights the benefits of taking this up above choosing not to. Therefore, it is important to ensure that clients feel best supported in their decision to take a solution. There is also more work to do to understand more about the barriers clients face when choosing not to take up a solution.

We will continue to evaluate client outcomes and seek new ways to improve outcomes for all clients.



Alannah's story

"I live with a range of different long-term health conditions, which means that for a while I was reliant on Employment and Support Allowance and Personal Independence Payments for my income.

Due to an error, I was underpaid, and I had to appeal to get my full entitlement. My partner also has a chronic illness, and with the logistics of taking care of both of our health conditions, we decided that he would move in with me.

Unfortunately, despite reassurances from the Department for Work and Pensions (DWP), this caused more issues with my benefit entitlement and after my payments were stopped, I was told my housing allowance would be cut to just £23 a week.

I was told that I had to apply for Universal Credit, but the wait for the appointment was long and as a result I was forced to start using a credit card for living essentials. My washing machine and fridge freezer broke down during this time, so I had to buy new ones on finance. I also fell into arrears with my council tax and rent.

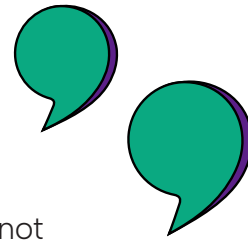


What most people might not think about is that me and my partner both rely on certain items to help us manage our health conditions, and the price of these going up has a big impact on our finances. I try to help keep us afloat by doing some freelance blogging work, but this type of income is inconsistent.

By the time I finally started receiving Universal Credit my debts had stacked up and the amount that I was receiving was not enough to cover my living costs and my debt repayments. After receiving threatening letters from some of my creditors I contacted StepChange for advice.

I was placed on a payment plan, which meant that my debts were under control and that relieved a huge amount of stress. We still struggle, largely because of the increasing cost of essentials – the standing charge for our gas means that we are often playing catch up with the bill. Our son Odin was born around this time, which obviously impacted our budget in a big way.

I am now debt free, but things are still uncertain for us financially. The cost of living crisis means that everyday items are still expensive. I am glad to have StepChange to turn to for advice, but I also hope that things improve more generally for myself and others in similar situations."



Alannah, Moray, Scotland

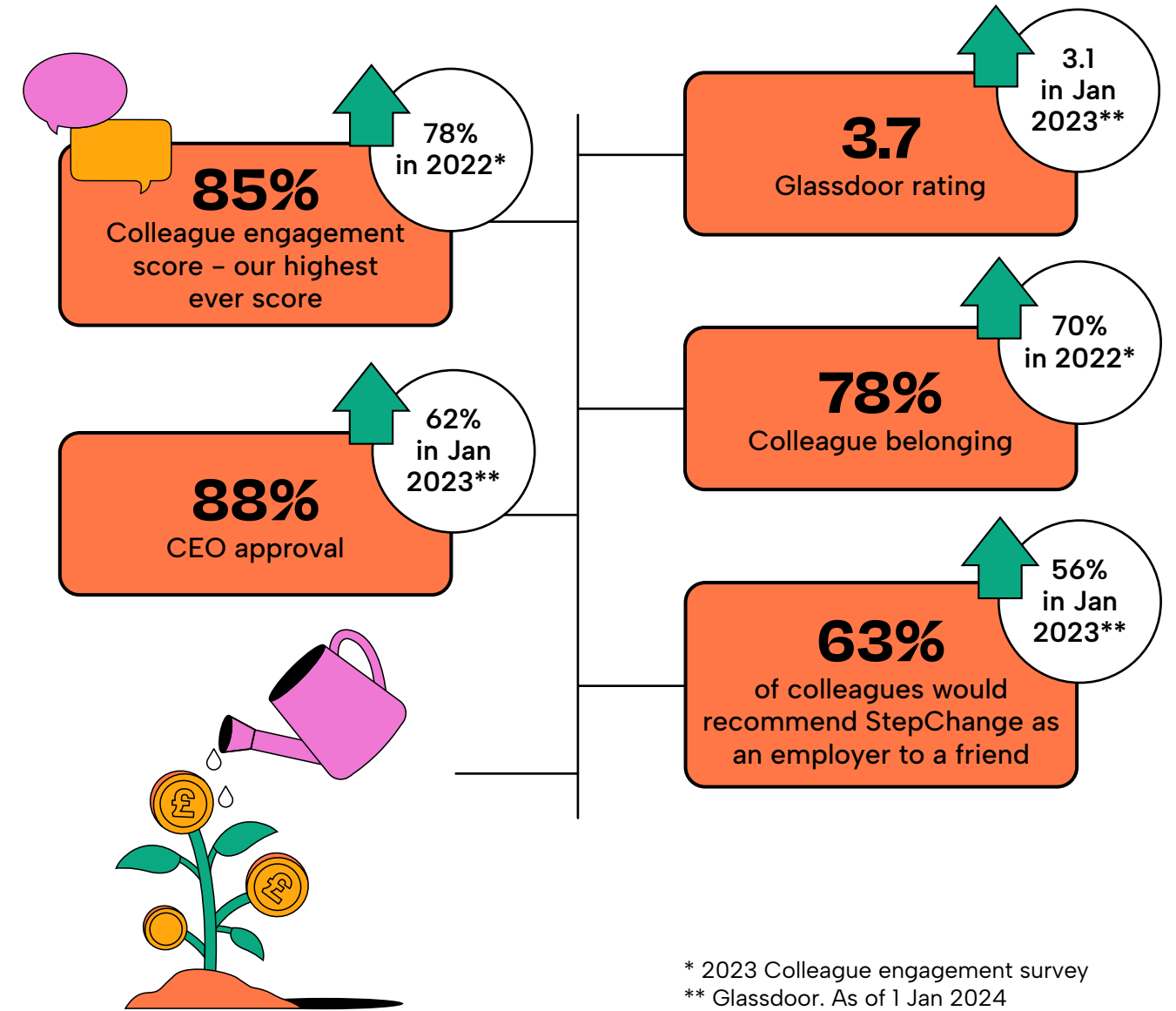


Objective 2: Empowering our people and developing their skills

To recruit and retain the best talent, and to invest in the wellbeing, development, diversity, and inclusion of our workforce.



Key facts and figures



Training and developing our colleagues

Leadership programme

We successfully launched our new leadership behaviours and rolled out our internal leadership programme to over 260 line managers. Our leadership programme has been independently verified as world class, achieving 'Institute Approved' recognition from the Institute of Leadership. We are delighted to be the first debt advice organisation to achieve this recognition.

The leadership programme set out the charity's expectations of our leaders and provided full training on leadership skills and our leadership behaviours. In 2024 we will align these with our colleague behaviours so that all colleagues are guided by one set of charity behaviours.



Consumer Duty training

We delivered a comprehensive Consumer Duty training programme to all colleagues ahead of the Duty coming into effect on 31 July 2023. Our Executive and Senior Leadership team completed bespoke training, while training was also provided at multiple levels to all colleagues depending upon the extent of the impact that the Duty's requirements would have on individual job roles.

All colleagues completed mandatory training and assessment modules. Client-facing colleagues attending a two-day trainer-led session focussing on how to apply the Consumer Duty to their job role. The second phase of our colleague Consumer Duty training will be rolled out in 2024.



Stepping up on Equality, Diversity, and Inclusion (EDI)

We have made good progress on our commitment to creating a culture of belonging in 2023 with the implementation of our EDI strategy. Progress has been made in each of our four focus areas: recruitment, retention and engagement, development, and leadership, and we continue to make EDI a core part of the way that we operate as an organisation.

This year we launched our hormonal health guidance for colleagues and piloted our EDI Behaviours programme – with the latter due to be rolled out to all colleagues in 2024. These activities contributed to an 8% increase in our colleague engagement score for 'inclusion and belonging'. Following the successful pilot, our EDI Behaviours programme will be rolled out to all colleagues in 2024.

In 2024 we will take a data-led approach to define and address key areas of focus for our EDI agenda, and we will begin the next phase of the strategy for 2025.



Our award-winning colleagues

Named after our first CEO, our Iain Kendall awards recognise high-performing colleagues who live the values that the charity was founded on. Twenty colleagues were rewarded with an Iain Kendall award in 2023, and we are very proud that a number of our colleagues were also recognised with external awards.



★ **Sharon Bell,**
Head of StepChange Scotland.
Services to Charity / Third Sector
— Scottish Women's Awards

★ **Vikki Brownridge,**
Chief Executive Officer.
Woman of the Year — Women in
Credit Awards, Credit Strategy

★ **Pauline Dovey,**
Financial Solutions Case Handler.
Best Advisor Support — Later
Life Lending Awards

★ **Hadyn Garrett,**
Equity Release Advisor.
Newcomer of the Year —
Later Life Lending Awards

★ **Nic Kay,**
Client Operations Manager.
Team Leader of the Year — Women
in Credit Awards, Credit Strategy

Colleague engagement

Providing an inclusive and rewarding workplace for our colleagues remains a key priority for us.

Listening to our colleagues



CEO listening sessions

We strongly believe in listening to our colleagues. In her first three months as the charity's new CEO, Vikki Brownridge held over fifteen colleague listening sessions across our six office locations to hear directly from all our colleagues. This has provided us with great insight and enabled us to identify where colleagues are most satisfied and the areas we can improve.

The sessions have been highly successful and colleague feedback was so positive that these sessions will now be held regularly throughout 2024 with the entire Senior Leadership and Executive teams.



Relaunch of the Joint Consultative Committee

We are proud that this year we relaunched our Joint Consultative Committee (JCC) which provides a structured, two-way listening forum between the Senior Leadership team and elected colleague representatives.

In 2023 we held elections for JCC representatives, and we are delighted to now have seventeen elected and fully trained JCC colleague representatives in place.

The JCC now meets quarterly to provide a platform for colleagues to highlight issues affecting them to senior management, and to present ideas for innovation and improvement.



Colleague engagement survey

The results from our colleague engagement survey indicate that we are making great progress. Our 2023 colleague engagement survey had a participation rate of 83%, up from 80% in the 2022 survey.

Our colleague engagement score of 85% represented a 7 percentage point increase compared to 2022 and the highest level that we have ever achieved. This result puts us in the top 25% of all organisations surveyed by our provider People Insight and earned us their 'Outstanding Workplace' award. We are very proud to receive this award which recognises the efforts we have made to provide an inclusive and rewarding workplace for our colleagues.



Total Reward

We are committed to investing in colleague pay and reward so that we continue to retain and attract talent.

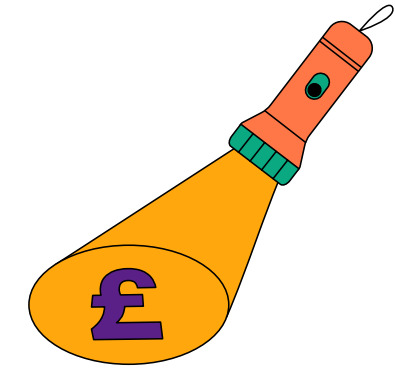
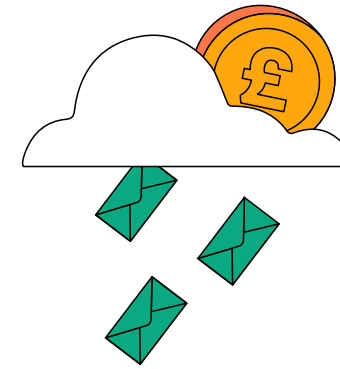
During 2023 our pay has kept pace with the external market. As an accredited Real Living Wage employer, we implemented the 10% increase to the Real Living Wage.

This year we conducted an equal pay audit to confirm that our pay does not discriminate by gender for jobs of equal value. Our gender pay gap remains low, and significantly below other financial services organisations.

Our Pension Scheme Committee was also created to ensure that our pension scheme is meeting the needs of colleagues, the charity, and regulators.

Objective 3: Adapting to a new funding world

To ensure that we are financially resilient and that we can adapt to an evolving funding landscape.



Challenges to our funding model

Our unsuccessful applications in the October 2022 Money and Pensions Service (MaPS) commissioning resulted in an £8m per annum reduction in our funding. At the same time, the income we derive from FairShare contributions continues to be squeezed, despite another year of increased client demand for our services.

We have worked relentlessly since the MaPS commissioning result to diversify our funding model and to ensure that we are able to continue supporting our clients.

We have taken a long-term strategic view of our financial position and worked closely with creditors and partners to secure the additional funding necessary to support our clients.

Our 2023 donation objectives have been achieved and we have put strong foundations in place for the future, having already secured over £8.3m from our Key Account partners for 2024.

Meanwhile we continue to lobby for a revised funding model for the debt advice sector. We believe this is the only way to ensure that debt advice and support remain free and accessible for anyone who needs it.

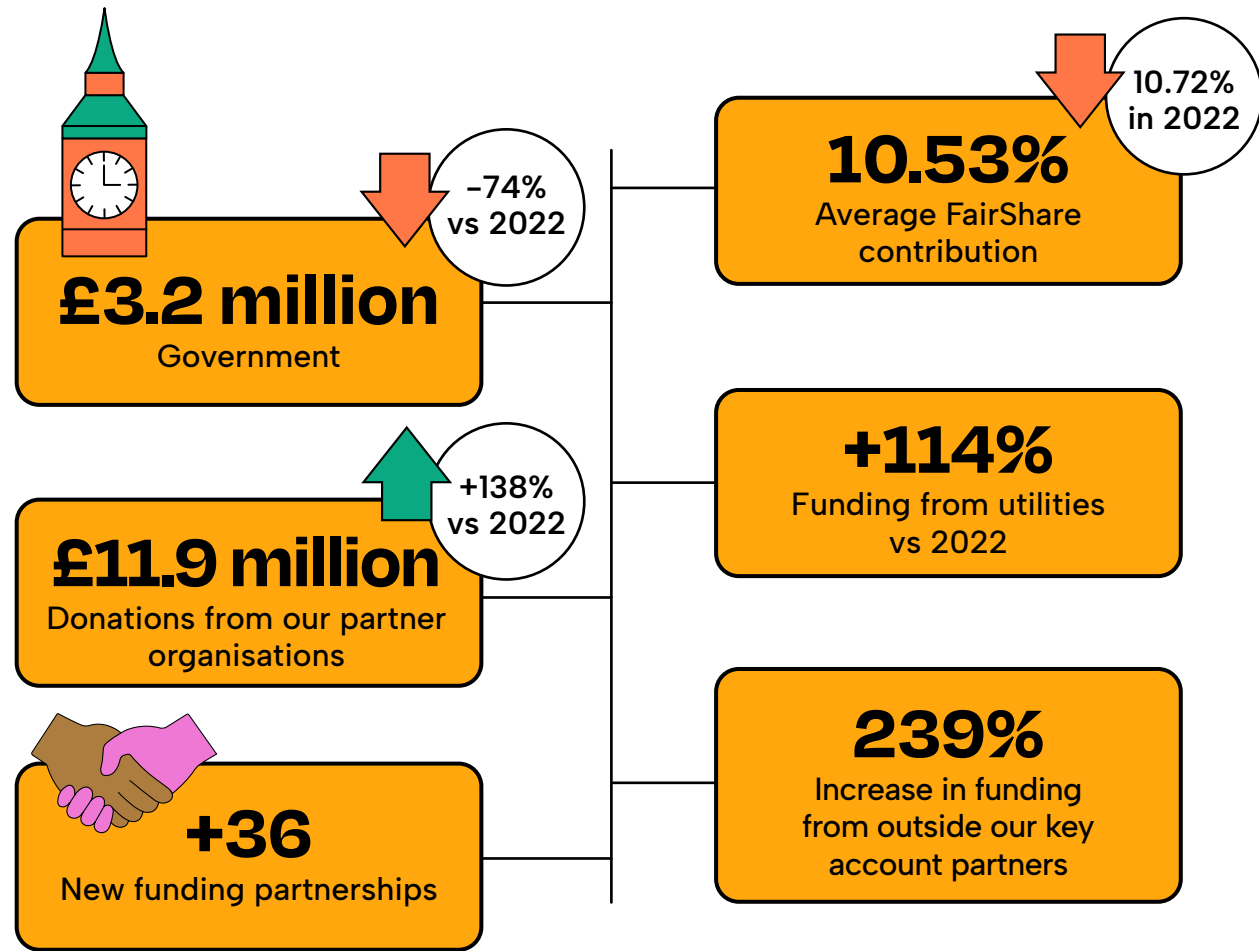
Diversifying our funding strategy

In the absence of a new funding model, we continue to make progress in diversifying our funding strategy. This means engaging with new sectors where our support can deliver value to their customers, as well as continuing to work with existing sectors that we believe could do more to support our work. This year we have made progress in securing additional funding from both new and existing sectors.

Half of our clients have some form of energy or utilities arrears, demonstrating that this remains a significant strain on consumer finances. We continued our engagement with utilities and energy organisations, including partnering with OVO again on the Ofgem Warm Home Discount scheme. This has led to further collaboration with organisations across the sector and helped us to secure a 114% increase in donations from the utilities sector.

In 2023 we secured funding from thirty six new partners, across a range of new sectors – representing a three-fold increase in new partnerships compared to 2022. This included funding from charitable trusts and grants. In 2022 we received no income from this sector, however in 2023 we grew this funding to 0.5% of total charity income. In total we more than tripled the funding that we received from outside our key account partners.

2023 funding: Key information



Campaigning for a new funding model

Millions of households are struggling with debt. An increasing proportion of people seeking debt advice have multiple support needs. We need a funding model that can support both efficient delivery of debt advice and solutions at scale and casework for complex advice needs.

With longstanding voluntary funding from financial services and local government under pressure, beneficiaries of debt advice like central government, utilities and telecoms providers should contribute more. Debt advice cannot resolve the ongoing problems of deficit budget clients without public policy interventions to make essential bills more affordable for lower income households.

While the funding base needs to broaden, the total funding ask has limits. So an outcomes-based cost-effectiveness model is needed to ensure funding is used efficiently for the best social value return.

This is particularly true for the statutory levy, which is required to provide advice in areas where it is lacking to those most in need of it. Instead, MaPS recent commercial commissioning approach creates existential risks for advice charities, weakens collaboration and lacks focus on meeting underserved needs. A different approach is needed.

Feature: Diversifying our funding – Charitable trusts and grants

In 2023 one of our funding diversification strategies was to seek funding from organisations whose objectives align with ours, and who like us, strive to make a difference within society.

We were delighted to secure our first partnership of this kind with Credit Suisse, a company of the UBS Group, through the Credit Suisse EMEA Foundation.

Credit Suisse was entirely supportive of our mission, as they understand the devastating impact that debt has on individuals, households, and communities. Recognising that the cost of living crisis has significantly exacerbated these challenges, our partnership could not be timelier.

We were also successful in our application for funding from the Moondance Foundation, part of whose mission is to prevent or relieve poverty, and who recognised the important role our services play in the alleviation of poverty.

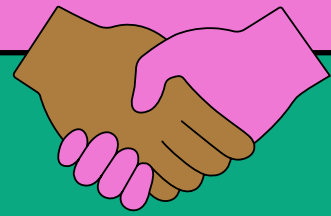
Moondance’s generous six-figure donation was used to support the provision of our debt advice services for our clients in Wales, where Moondance are based.

These partnerships are just two examples of the significant progress we have made in diversifying our funding model over the past year. We are looking forward to continuing our work with like-minded organisations in 2024, using our joint resources and expertise to raise awareness and provide even more support to people in need.



“StepChange’s work is vital at a time where households are under extraordinary pressure. It was an easy decision to provide a donation to StepChange, whose important work supports the eradication of poverty and ensures that people in financial difficulty can build financial security and live with dignity.”

Diane Briere de l’Isle Engelhardt,
Chair, Moondance Foundation



Objective 4: Working with our partners

To work closely with our partners and to be their preferred debt advice provider.



Feature: StepChange Connected

In 2023 we were delighted to welcome partners to what will now be our annual partner event, StepChange Connected, sponsored by C&R Software.

Exploring the theme of 'collaboration', we were joined by over 130 partners and thought leaders from a range of sectors. They discussed diverse topics including the funding of the debt advice sector, how AI may shape the future of debt advice and financial services, and how we can work together to develop cross-sector support for vulnerable customers.

Speaking to our entire partner network for the first time as Chief Executive Officer, Vikki Brownridge outlined her vision for the charity, our plans to improve our service to both partners and clients, and her commitment to working constructively with all our partners.

Vikki was joined by a fantastic range of guest speakers including StepChange clients past and present, subject matter experts from our partners, and Sheldon Mills, Executive Director of Competition and Consumers at the FCA. Sheldon reflected on the implementation of the Consumer Duty, the importance of collaboration between the debt advice sector and the wider economy, and the need for a revised funding model for the sector.

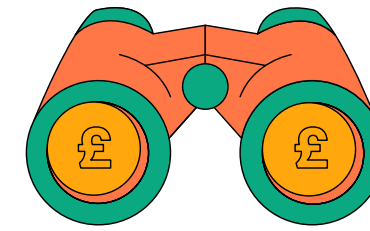
We cannot wait to welcome our partners back to StepChange Connected 2024 on Thursday 19 September at Aspire Leeds.



Listening to our partners

We want to be recognised as the leading debt advice provider in the sector, and as the strategic debt advice provider of choice for all our partners. To ensure that we are delivering for our partners, we gathered detailed feedback from our partners in 2023 through listening sessions, surveys and at our annual partner event, StepChange Connected.

Using this insight we developed our Partner Promises, a list of commitments that set out how we will work with and deliver for our partners. We will continue to seek feedback on our performance against our Partner Promises to understand how well we are performing and to improve our service to partners and their customers.



Sharing our insight and expertise

We regularly analyse our client data and share insight with our partners and the sectors we work with so that we can raise awareness of emerging issues and trends.

Last year we hosted and spoke at over thirty external events, webinars, think tanks and roundtables, including the Credit Summit, the Collaboration Network's member roundtables, and the Finance and Leasing Association's member summit.

We published a number of reports into emerging trends within the debt advice sector. This included our research on the challenges facing clients within the private rental market and the disproportionate impact of debt on women.

We also partnered with other experts and thought leaders to explore important issues. This included our report with the University of Bristol into the effectiveness of debt advice referrals, and new research we commissioned with Experian that explored the reasons why StepChange has seen an increase in the proportion of our clients who have car finance.

Growing our partner network

Supporting customers with problem debt is not just a problem for the large high-street lenders and banks. For this reason, we have strategically sought new partnerships in priority sectors where we believe we can add the most value to potential partners and their customers. These strategic partnerships are focused on enabling us to identify and reach consumers earlier in their debt journey, and to help them get the support they need before their financial situation deteriorates.

In 2023 we established over one hundred new partnerships across sectors including FinTech, Buy Now Pay Later, and Car Finance.

We continue to develop the products and services we offer to partners and have struck new agreements to provide colleague wellbeing services to employers across a range of sectors. We have also worked to secure additional funding from charitable trusts and grants, submitting fourteen applications for funding from organisations that align with our strategic purpose and mission.

Case Study: Our partnership with ClearScore



In 2023 we embarked on a new partnership with ClearScore. ClearScore are the UK's largest provider of free credit scores, with the vision to help everyone, no matter their circumstances, achieve greater financial wellbeing.

ClearScore wanted to engage customers at risk of financial difficulty and provide them with the tools to improve their situation. We know that the majority of our clients wait over 12 months to get help*, during which time their financial situation may deteriorate, and they accumulate more debt.

Identifying at-risk customers and getting them the help that they need earlier is therefore crucial to delivering good outcomes.

Taking a data-driven approach, we integrated StepChange Direct into the ClearScore mobile app. ClearScore identified all their customers whose credit file showed they had missed two or more payments in the previous six months and presented these customers with StepChange Direct through their mobile app, push notifications and email communications.

StepChange Direct invites customers to take a quick money health check and then recommends the best next steps for the customer based on their individual circumstances. This could include seeking expert debt advice or budgeting advice and guidance.

In the first year of the partnership over 6,000 ClearScore users have accessed StepChange Direct, with 34% being recommended to take debt advice. Many of these customers have gone on to complete full debt advice and received a recommended solution to help them find a way forward and address their debt problems.

Among ClearScore clients who have taken a Debt Management Plan, the average monthly amount spent on debt repayments has fallen from £640 to less than £250. This is a significant benefit to the client and provides them with a path to become problem debt free.

"We are delighted with the results of our partnership with StepChange. Our joint expertise helps us to identify those customers most in need of support and get them the help they need in the first instance. I am excited to develop our partnership further in the coming years."

Justin Basini, Co-Founder and CEO, ClearScore Group

*Survey of 2,744 StepChange clients – Aug 2022

Key numbers from our partnership with ClearScore

6,000 +
clients accessed StepChange Direct



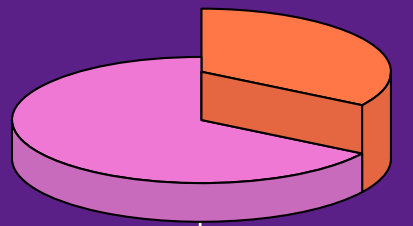
Over 2,000
clients started debt advice



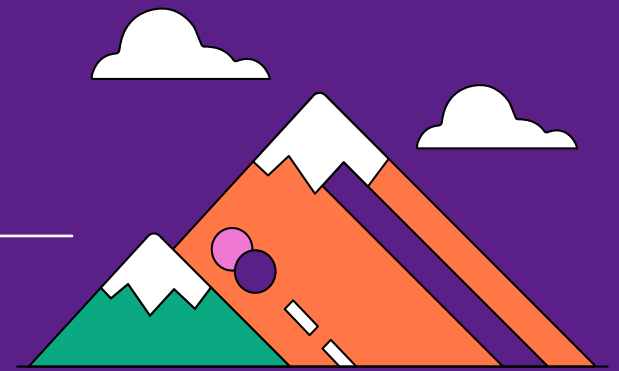
£13,800
was the average non-priority debt balance of ClearScore clients

£15 million
total value of debt held by ClearScore clients who completed debt advice

34% of clients
who completed StepChange Direct were recommended to take debt advice

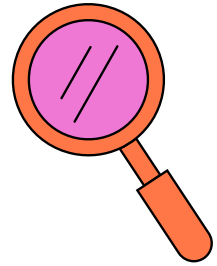


Over 350
clients completed full debt advice



All statistics from the first year of our partnership with ClearScore.

Improving our service to partners and their customers



Our new self-employed support trial with NatWest

In October 2022 we launched a new pilot support service for NatWest’s self-employed and small business customers. As support for SME clients fell outside our existing support offer, NatWest provided funding to enable us to develop this new service from scratch.

In its first year we found that the average small business client had over £44,000 in business debt, and over £24,000 in personal debt. The financial situations of these clients are often highly complex, as many clients will run multiple businesses. With over 5.5 million self-employed and small business owners in the UK, the importance of providing this vital service is clear.

The new service was fully operational within just ten weeks. In the first year we have supported hundreds of NatWest’s business customers, and received excellent feedback from both NatWest and the clients who have accessed the service. The pilot was also recognised by the wider sector, winning the Best Outsourcing and Partnership Initiative of the Year at the Credit Strategy Vulnerability Gala.

“We are proud to be partnering with StepChange to help fund this new initiative for our SME/business customers. Initial results are pleasing and customer feedback is positive. We will continue to develop the service based on data and feedback. We are hopeful that in conjunction with StepChange other creditors will support the initiative so their customers can also benefit.”

Haydn Williams, Head of Financial Health and Support, NatWest



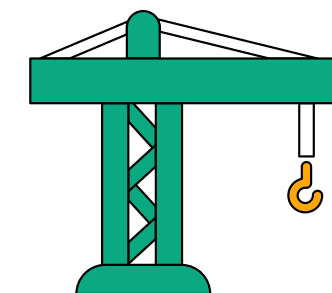
Updating our systems: Back Office Optimisation (BOO)

In 2023 we launched a significant project to overhaul our legacy back-office systems. The key objective of this project is to deliver a sustainable, future-proof platform, which will provide an enriched customer, colleague and partner experience, with a focus on agility and efficiencies, a lower cost to serve, self-serve access to data and easy access to timely outcomes reporting and insights sharing.

During 2023 we took time to scope the project and engaged with our partners to thoroughly understand their needs and expectations. We took the decision to partner with a number of specialist suppliers to deliver the BOO project, including C&R Software.

Working with C&R Software will deliver significant benefits, including close alignment with the Debt Manager platform used by many of our partners.

In 2024 our priorities are to accelerate the transition from our legacy systems to Debt Manager. This will enable the launch of our new client and creditor portals by Q1 2025, with new document and communication platforms to enrich the way we communicate with our clients.



Objective 5: Campaigning to stop people falling into problem debt and helping them to recover if they do

To shift the landscape and to prevent and reduce the harm caused by problem debt in the United Kingdom.



Using our insight and data to lobby for change

Unsurprisingly, 2023 has been dominated by the cost of living crisis. In November 2021, just 8% of our clients cited a 'cost of living increase' as the main cause of their problem debt. By November 2023, that had risen to 1 in 4 clients¹.

We have consistently called for targeted support from government and for benefits to be uprated in line with inflation. This has been a lifeline for many struggling households, while inadequate levels of Universal Credit and housing support left too many unable to make ends meet.

By September 2023, our research showed that sixteen million people (32% of the population) were showing signs of financial difficulty and around four million (8%) faced serious debt problems². We also published reports from our client data demonstrating that specific groups in society were being particularly affected, including private sector tenants and women.

Domestic energy bills remained high, and our advisors' social policy identified examples of poor support and debt

management practices from energy providers, which we have sought to influence through our work with the sector.

We saw good progress on debt management standards elsewhere. The Enforcement Conduct Board moved forward on accreditation of bailiff firms, an important step towards the independent statutory regulation of the enforcement sector that is needed.

With 12% of UK adults² using credit to make it through to payday, the cost of living crisis could cast a long debt shadow. We welcomed the Insolvency Service review of statutory debt solutions and we have been very active influencing the Bankruptcy and Diligence Bill in Scotland, particularly the criteria for the Mental Health Moratorium.

Our research shows that Breathing Space is delivering benefits for consumers and that many clients receive good outcomes from suitable debt solutions. This is a good starting platform, but there is lots of room for improvement to better meet the needs of people we will be seeing over the next few years.

In 2023 we:



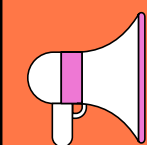
Produced more than **20** major reports, consultation responses and submissions



Hosted **10** events including roundtables, parliamentary events and at party conferences



Produced a further **5** reports in Scotland, hosted three events and gave evidence to the Scottish Parliament on housing, debt, and poverty issues

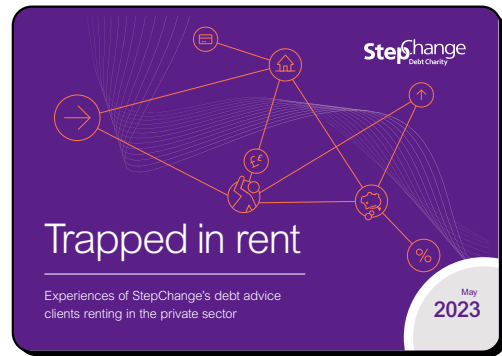


Achieved **8,000** pieces of media coverage

¹StepChange Monthly Client Data Report, November 2023

²StepChange analysis of research conducted by YouGov and commissioned by StepChange. Sample size was 1,986 adults. Fieldwork was undertaken between 1st – 3rd September 2023. The survey was conducted online. The figures have been weighted and are representative of all UK adults (aged 18+).

Featured reports we published in 2023



Trapped in rent

The situation for private renters worsened in 2023, with prices reaching historic highs. This continued to put significant strain on household finances alongside general cost of living pressures.

Private renters are over-represented among our client base. Our 'Trapped in rent' report examined how problem debt affects peoples' housing situations, and vice versa.

Following the introduction of the long-awaited Renters (Reform) Bill in 2023, we will continue to campaign for policy change that gives the most financially vulnerable private renters better protection against debt and the threat of homelessness.

Findings:

- Unaffordable rents cause financial difficulty and contribute to debt problems, while help with housing costs fails to close the gap.
- Private renters have little statutory protections from eviction and private landlords are not well placed to support financially vulnerable tenants.
- Unaffordable, insecure, and poor-quality housing affected peoples' health, wellbeing, and ability to work.



Bearing the burden: Unravelling women's debt dilemma

The first of a new series of client insight reports was launched in 2023 which provided a deep dive into the multifaceted challenges faced by women experiencing problem debt.

'Bearing the burden: Unravelling women's debt dilemma' drew from our 2023 client data, showing that almost two thirds of our clients are women, with women being much more likely to say the increased cost of living was the main cause of their debt problems.

Insight from the report supported our evidence to the Women and Equalities Commons Select Committee inquiry into the impact of the rising cost of living on women.

Findings:

- Womens' financial experiences are shaped by many factors, with certain groups of women, such as single parents, those from minority ethnic backgrounds, and those living in London more likely to face financial difficulties. Women were more likely to have negative budgets and be behind on priority bills.
- Childcare costs, caregiving responsibilities and lower wages increase womens' vulnerability to problem debt.



Joined up: Supporting debt advice clients through strong referral partnerships

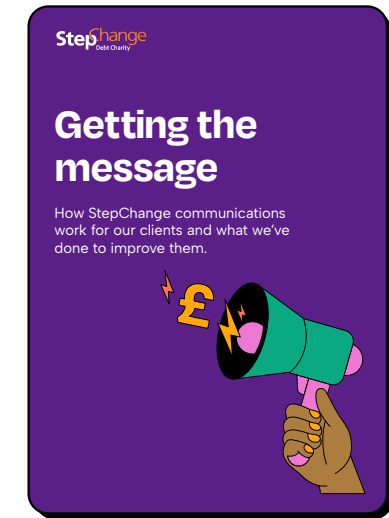
A new report written by colleagues at Bristol University's Personal Finance Research Centre in 2023 presented new evidence about the effectiveness of debt advice referrals.

'Joined up' explored how well referrals are working for debt advice clients amidst the backdrop of a complex ecosystem, using analysis of StepChange data and insights from across the debt advice sector.

The report highlighted six steps to ensure often complex referral pathways work well for people with multiple support needs.

Findings:

- Four in ten clients are referred to us by another organisation so timely and effective referral routes are essential to getting people to debt advice.
- An increasing number of our clients have complex needs requiring referrals out to other organisations and support services alongside or before debt advice.



Getting the message

'Getting the message' examined the customer journey for people in financial difficulties among our own clients.

The report explored whether complex communications around debt advice and debt solutions act as a barrier to people getting their debt problems resolved, and what more we and other financial organisations could do to overcome this.

Findings:

- Clients who have negative emotional responses to StepChange communications are more likely to delay acting on debt advice.
- Clients who found key information hard to understand were also more likely to delay acting on advice.
- We reviewed and significantly improved the intelligibility of information and communications we send to clients. We continue to monitor how this might improve engagement and help clients to act on the advice they receive.

Thank you to our supporters

Each of these organisations supported us financially in 2023, and many worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.



Aberdein Considine & Co	Intrum	Santander
Acument Mortgages	JAJA Finance	Scottish Government
Affinity Water	Key Retirement Solutions	Scottish Power
Amber Energy	Klarna	Secure Trust Bank
American Express	Lantern	Sesame Services
Anglian Water	Leeds Building Society	Shell Energy
Arrow Global	Link Financial	Snap Finance
Barclays	Lloyds Banking Group	Specialist Motor Finance
Bristol and Wessex Water	Loop Customer Management	SteadyPay Limited
British Gas	Lowell Financial	StepChange Financial Solutions
Cabot Credit Management	Marston Group	StepChange Voluntary Arrangements
Capital One	Mazars	TBI Financial Services
Capital Resolve	McCambridge Duffy	Tech Mahindra
CARS	Money and Pensions Service	Tesco Bank
Clarion Housing	Moneybarn	Thames Valley Housing
ClearScore	Moneyline	The Blyth Watson Charitable Trust
Compare the Market	Monzo Bank	The Investment Association
Computershare	Moondance Foundation	The Very Group
The Co-operative Bank	Moorcroft Debt Recovery	Thesis
C&R Software	Morses Club	TSB
Creation Financial Services	N Brown	Ulster Bank
Credit Style	Nationwide	United Utilities
Credit Suisse, the UBS group	NatWest	Utilita Energy
Damart	NewDay	Vanquis
E.ON Next	Northumbrian Water	Virgin Money
Elderbridge	Novuna	Welsh Government
Essex and Suffolk Water	OVO Energy	Welsh Water
Experian	Paragon	Wescot
Freeman Grattan Holdings	Pega	West Cumbria Community Money Advice
Go Debt	PRA Group	X-Lab
Green Energy	Provide Community	Yorkshire Bank
H&T Pawnbrokers	Redcats	Zenith
Home Retail Group	Royal Bank of Scotland	
Hoopers Department Store	RSA Insurance Group	
HSBC Bank	Sainsburys	
Ikano Bank	Sainsburys Bank	



StepChange
Debt Charity

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