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JOINED UP

SUPPORTING DEBT ADVICE CLIENTS THROUGH STRONG REFERRAL PARTNERSHIPS

Jamie Evans
Sharon Collard

In partnership with

StepChange Debt Charity

JOINED UP: SUPPORTING DEBT ADVICE CLIENTS THROUGH STRONG REFERRAL PARTNERSHIPS

ABOUT THIS REPORT

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ABOUT STEPCHANGE DEBT CHARITY

StepChange is a national charity that offers debt advice and guidance free-of-charge by telephony and online across the UK. Between Jan-Dec 2022, **580,913 clients** contacted StepChange seeking debt advice or guidance – a 20% increase on 2021 – and **187,278** clients completed a full debt advice session.

56% of their clients in 2022 had at least one additional vulnerability on top of their finances. **40%** of clients had a mental health condition; **9%** had a physical disability; **7%** had suicidal tendencies; **5%** had experienced domestic violence; and **5%** had experienced bereavement. In April 2023, **27%** of clients cited the cost of living as their main cause of debt.

CITATION

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CONTENTS

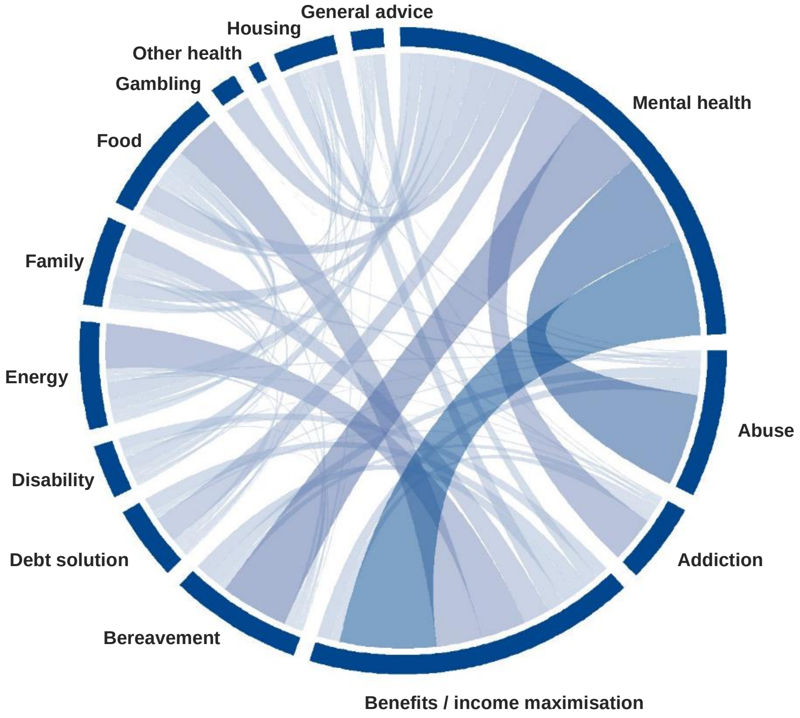
QUICK READ

This briefing presents new evidence about debt advice referrals, to stimulate discussion about how to ensure they work well for clients across a complex ecosystem.

Our analysis shows that referrals are an integral feature of debt advice:

- **Three-in-five (59%) of StepChange Debt Charity's advice clients have either been inwardly referred to the charity from another organisation or were subsequently referred outwards following their advice session.**
- **Many of these clients are in touch with multiple organisations: of those who were outwardly referred by StepChange, over a quarter (28%) were signposted or referred to three or more different organisations. This means that referral pathways can, by their nature, be complex and fragmented.**
- **Figure 1 below highlights the complexity of referral pathways, showing the number of clients referred outwardly to each type of support (e.g. mental health) who are also referred to other types of support. Most commonly, this was mental health and another category, usually either income maximisation, abuse, bereavement or addiction.**

Figure 1 – Common co-referrals from StepChange to other sources of support



Notes: this diagram is based on data for 14,301 clients who were outwardly referred to two or more different categories of support (out of 39,082 who had been outwardly referred to one or more categories of support). The diagram is intended to be used to illustrate common co-referrals by number, not as a percentage, as clients can be included in more than one chord.

Agenda for Change

Below we put forward six elements in an effective referral pathway (summarised in Figure 2) – with suggested next steps to put these into practice – that together form an agenda for change. These elements and suggestions are based on the evidence we have collected.

While we have addressed this agenda for change to debt advice services and debt advisors, these next steps may apply equally to organisations that make referrals into debt advice, such as financial services firms, utility companies, government agencies, health and social care organisations, and charities. Indeed, only with the engagement of all referral partners can we hope to improve debt advice referral pathways.

Figure 2 – Six elements in an effective referral pathway

#1 Clients' referral needs are identified in the first place.

#2 Clients understand where they're being referred and why.

#3 Clients are referred at the right time for them.

#4 Referrals are smooth and effective.

#5 Clients are referred to relevant organisations.

#6 Feedback loops are used to improve referrals.

#1 – Clients' referral needs are identified in the first place

Effective referrals cannot take place unless the need for a referral is identified in the first place. For this to happen, clients need to feel able to disclose information about their situation which might lead to a referral, while advisors also need to be ready to pick-up on this information and to recognise the potential benefit of a referral.

Organisations are already training their staff to create an environment where clients feel able to disclose sensitive information and where this information is acted upon. Nevertheless, further external messaging for clients (or potential clients) may help to ensure that they realise that disclosure can lead to extra support.

Given evidence of variation in vulnerability flags across different socio-demographic groups and across channels, agencies may also benefit from further research to explore: a) whether the rate of vulnerability detection for various sub-groups (in particular, among men and minoritised ethnic groups) match the 'true' rate of vulnerability for that population; and b) whether referrals made via different channels are achieving different or similar outcomes for clients.

Suggested next steps:

- **Develop messaging for (potential) debt advice clients to ensure they understand that disclosing information about their situation can lead to extra support.**
- **Non-financial support organisations (such as NHS Talking Therapies) to consider adding screening questions related to financial worries to help detect and refer more clients to debt advice or money guidance.**
- **Further research to explore: a) whether the rate of vulnerability detection for various sub-groups (in particular, among men and minoritised ethnic groups) match the 'true' rate of vulnerability for**

that population; and b) whether referrals made via different channels achieve different or similar outcomes for clients.

#2 – Clients understand where they're being referred and why

The UK's support ecosystem is complex and organisations shouldn't assume that clients know how this ecosystem works when they refer them for extra help. This will be especially important for some client groups (such as younger people and new migrants) who may have a limited understanding of the help and support that is potentially available.

To aid client understanding of referrals, organisations (or even better, sector-wide bodies) could develop information for clients that provides an overview of the support ecosystem. This could be supplemented by information for clients about what they can expect when they contact an external support organisation, e.g. in the form of a written paragraph, diagram or case study including things such as likely wait times, what services do/don't offer and any conditions or eligibility criteria.

Suggested next steps:

- **Provide information for clients that gives an overview of the support ecosystem.**
- **Supplement this overview with information for clients about what they can expect when they contact an external support organisation, e.g. in the form of a written paragraph, diagram or case study.**

#3 – Clients are referred at the right time for them

To refer clients at the right point in time for extra support, organisations need to understand where someone is in their debt journey as well as their capacity to take on board additional information about external support and, if appropriate, to act upon it. And, while there may be no 'right' order for referrals to be actioned by clients, nonetheless discussing how and when clients might seek extra support seems an important part of any referral conversation.

Debt advice services need to think about this timing issue for their online services as well as telephony and face-to-face. Asking pertinent questions at appropriate points – whether verbally or online – may encourage clients to disclose information that indicates they would benefit from extra support.

Suggested next steps:

- **Support organisations to share information with one another about any pre-requisites or conditions that clients may need to fulfil in order to access their service.**
- **Include how and when clients might seek extra support in all referral conversations, whether online or in-person.**

#4 – Referrals are smooth and effective

To make smooth and effective referral pathways the norm requires debt advice funding models to take into account the time needed for debt advisors to make effective referrals to organisations that can provide extra support, including having the time to discuss with clients how they might best deal with the additional issues they face.

The adoption of new technology to facilitate better use of data (e.g. Open Banking data) as well as enabling data-sharing between organisations also has the potential to make a big difference in improving referral pathways and minimising the need for clients to frequently repeat their story. To realise this potential requires sector-wide exploration of the barriers and enablers to embed data-sharing infrastructure in debt advice services.

Further analysis is also needed to understand the extent to which client outcomes vary depending on the specific type of referral mechanism used. For example, do referrals involving more 'hand-holding' achieve better outcomes (once we account for client characteristics)? Which groups of clients benefit most or least from more involved referral mechanisms? And are there groups of clients for whom signposting is more than sufficient?

Suggested next steps:

- **Influence funders to ensure that debt advice funding models take into account the time required for advisors to make effective referrals to other support organisations.**
- **Encourage sector-wide exploration of what is needed to embed better data-sharing infrastructure in debt advice services.**
- **Further analysis to understand the extent to which client outcomes vary depending on the type of referral mechanism used.**

#5 – Clients are referred to relevant organisations

To keep clients engaged and trusting in debt advice services, it's important that they are referred to organisations that they think are relevant to their situation and that can help them. However, maintaining a list of organisations can require considerable time and resources. There are already technology solutions available that attempt to make this job easier, for example using open data standards to publish information about community services in a consistent way (Open Referral UK) and using AI to regularly compile information from the web about available support organisations (Step). These innovative approaches may have potential for debt advice organisations to signpost or refer clients to extra support, including giving them information about what or who the organisation can (or can't) help with. From an efficiency perspective, this seems best explored on a sector-wide basis.

Suggested next steps:

- **Ensure clients receive clear and concise information (in writing or verbally) about what support is offered by external organisations.**
- **Explore the sector-wide potential for debt advice organisations to use technology solutions (e.g. that use open data standards or AI) to signpost or refer clients to the most relevant external support.**

#6 – Feedback loops are used to improve referrals

Feedback loops are a continual process of sharing learning with and between referral partners to determine how well their processes are or aren't working, and also gives organisations the opportunity to let others know how much capacity they currently have to support new referrals. Referral partners may also be able to work together on more thorough analysis of client outcomes and referral behaviour, using data linked between each of their organisations.

In our workshops, local authorities were identified as having the convening power to bring together a wide range of referral partners to share learning and potentially data as well. There seems to be a role, therefore, for local government associations in England, Scotland, Wales and Northern Ireland to encourage these networks in order to improve referral practices and outcomes, which could deliver considerable efficiencies as well.

It may also be beneficial to collect 'whole ecosystem' data about the different support organisations that each client is in contact with and their outcomes from each. This would improve understanding of client journeys and 'what works' when referring between multiple organisations. This might take a similar format to the Ministry of Justice's 'Data First' project, which enabled linkage of various administrative datasets to build a picture of justice system users and how they interact over time with justice services.

Suggested next steps:

- **Influence local government associations to establish referral partner networks in order to improve referral practices and outcomes and promote efficiencies.**
- **Explore the potential for a debt advice sector 'Data First' programme to facilitate better data linkage of individuals across different support organisations and enable debt advice services to see a whole ecosystem picture of client referrals and outcomes and understand 'what works' in debt advice referrals.**

1 WHY LOOK AT DEBT ADVICE REFERRALS?

Debt advice rarely happens in isolation. Debt advice agencies are often just one part of a wider organisational ecosystem that their clients come into contact with. Referrals between organisations are common – and important to get right.

Indeed, three-in-five (59%) of StepChange Debt Charity's advice clients have either been inwardly referred to the charity from another organisation or were subsequently referred outwards following their advice session.[1] Many of these clients are in touch with multiple organisations: of those who were outwardly referred by StepChange, over a quarter (27%) were signposted or referred to three or more different organisations.[2] This means that referral pathways can, by their nature, be complex and fragmented.

This briefing therefore presents new evidence about debt advice referrals, with the aim of stimulating discussion about how to ensure they work well. The briefing is based on analysis of data for approximately 187,000 StepChange debt advice clients in 2022[3], a survey of 3,053 clients three-months post-advice (between 2017-2022), consultations with StepChange team members and actionable insight webinars with a range of external stakeholders. For more information on the methodology, please see the appendix.

1.1 What is a referral?

A referral is the act of directing someone to different place or person for information, help or action. In the context of debt advice, there are inward and outward referrals:

[1] Based on data for 114,077 debt advice clients who had completed a full advice session and for whom StepChange had data on whether they had been inwardly and/or outwardly referred.
[2] Based on 39,082 debt advice clients who had been outwardly referred. In total, we have data for 186,712 debt advice clients showing whether or not they had been outwardly referred.
[3] This total differs from figures quoted in other reports by StepChange. This data is based on clients' most recent debt advice session, rather than first time debt advice sessions only.

- **Inward referrals are where creditors or other organisations refer people to an external debt advice service, for example because someone needs extra support to deal with their debt problems.**
- **Outward referrals are where debt advice services refer people to external organisations that can provide extra support. This extra support might relate to the person's financial situation (such as applying for a hardship grant or benefits) or non-financial matters such as bereavement, health problems or addictions, which could be affecting their ability to deal with their debt problems.**

The process of inward and outward debt advice referrals is generally informal – they do not, for example, require an individual or organisation to complete a referral form. In some cases, an individual may be given information about a relevant organisation or organisations and expected to make contact themselves (sometimes called signposting); in other cases, an appointment or call-back may be arranged on their behalf to offer a more structured route from the referral organisation through to debt advice. Other referrals mechanisms can be purely digital. StepChange has a digital tool called StepChange Direct, which can be embedded into creditors' debt collection journeys. It involves a short 'money health check', which can then lead clients to be referred to the charity's online advice tool.

1.2 Why focus on referrals?

Referrals are an integral part of debt advice, but it is an under-researched topic and there is little published information about how referral pathways and processes work or their effectiveness.[4] This is an important gap in knowledge because of the high proportion of debt advice clients who experience a referral (see Figure 1.1) and because getting referrals right for debt advice clients can result in better outcomes. Effective inward referrals from creditors and other organisations into debt advice services may mean that people get help sooner with their debt problems than they would otherwise. Effective outward referrals from debt advice services to external support may help someone deal with wider issues they are facing, which in turn puts them in a better position to deal with their financial problems.

Focusing on debt advice referrals is especially pertinent at a time of significant financial pressures on UK households, with a rising number of people seeking debt advice. In addition, debt advice services are increasingly dealing with clients who have complex situations and additional vulnerabilities on top of their financial difficulties. In recent years, there have also been heightened regulatory concerns and expectations about the fair treatment of people in vulnerable circumstances.

[4] It is worth noting that there have been several recent studies on the co-location of advice services in health settings, including Belcher et al, 2022; Reece et al, 2022; Egan and Robison, 2019.

With effective inward referrals, people may get help sooner, across multiple creditors

- Over half (55%) of StepChange clients wait more than a year to get debt advice.
- The average StepChange client has six unsecured debts and often has arrears with other creditors as well, e.g. energy debt (33%); Council Tax arrears (37%); rent arrears (25%).
- Therefore, the total number of creditors that clients have to deal with could well be in double figures – that equates to a lot of phone calls, emails and letters on a daily basis that a person is expected to process and respond to.

Effective outward referrals to external support may result in better outcomes

- Six-in-ten (56%) of all StepChange clients have at least one additional vulnerability to their financial situation, and may benefit from extra support.
- Four-in-ten (40%) of all StepChange clients have a mental health condition.

Client circumstances at the time of debt advice – such as budget status and vulnerabilities – play a big part in driving debt advice outcomes.

1.3 Key stats on referrals at StepChange

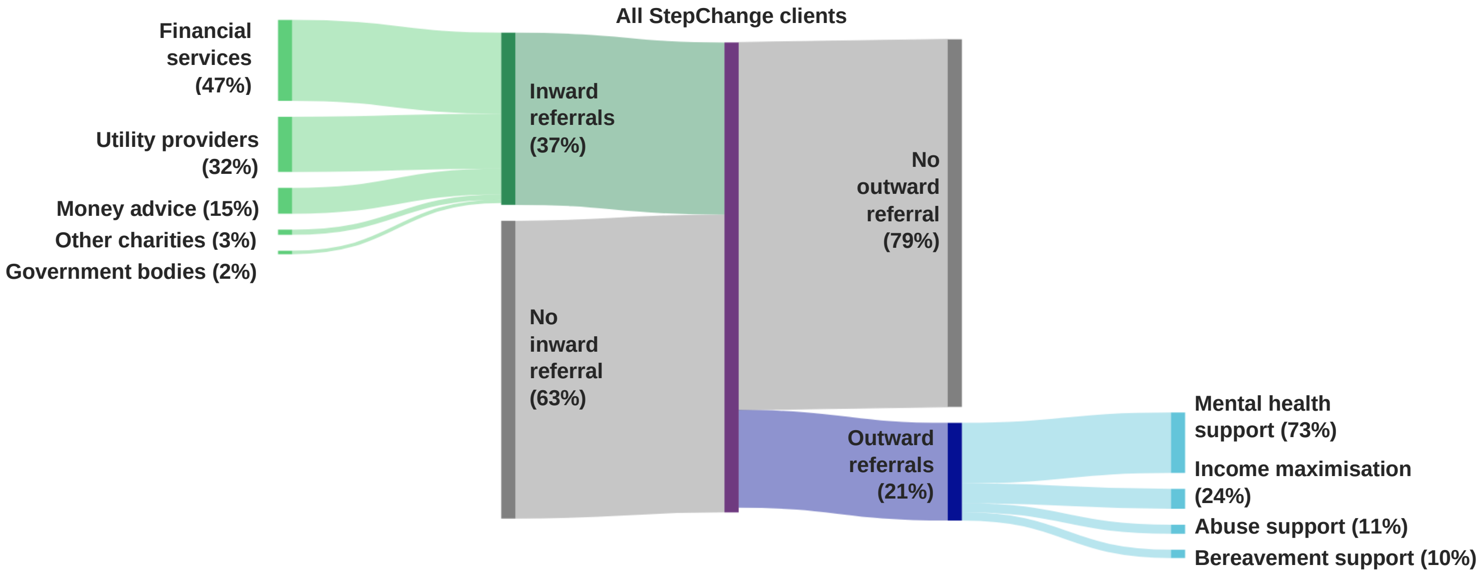
How many clients are referred in and out of advice?

Our analysis shows that four-in-ten (37%) of StepChange clients in 2022 came to the charity from some form of **inward referral**. This rises to 57% among clients who received telephone advice from StepChange, compared to 33% of clients using the charity's online self-service system. This likely reflects the way that StepChange positions each of these channels, with the online service the most likely first port-of-call for those reaching the charity for the first time.

One-in-five (21%) clients meanwhile were **referred out** to another organisation by StepChange. This happens at the same rate, by both the telephony and self-service channels. Collectively, three-in-five (59%) of StepChange Debt Charity's advice clients have therefore either been inwardly referred to the charity from another organisation or were subsequently referred outwards following their advice session.

A third (32%) of clients who were referred *into* StepChange by an external organisation (such as a creditor) were also referred *out* to another organisation for extra support. This means 12% (one-in-eight) of all StepChange clients were both referred in and referred out. The figure is slightly higher for telephony clients (36%) than online debt advice clients (31%).

Figure 1.1 – Origin and destinations of clients who were inwardly and/or outwardly referred to and from StepChange



Notes: Percentages on the outer left represent the percentage of inward referrals that came from each source, while the percentages on the outer right represent the percentage of outward referrals that were to each source. Clients could be referred outward to more than one type of organisation. Only the four most common forms of outward referral are shown.

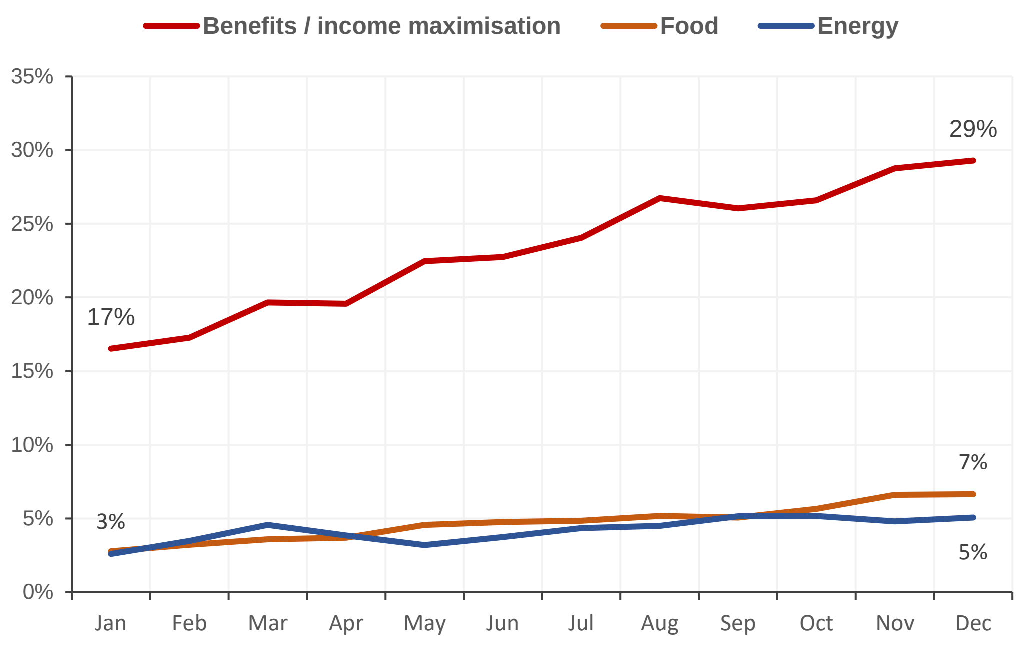
Where are clients referred from and to?

Figure 1.1 shows the types of organisations that StepChange clients were referred from and to. Financial services creditors were the most common source of inward referrals (at 47% of all inward referrals), followed by referrals from utility providers (32%),

Of the 21% of clients who were referred by StepChange to an external organisation for extra support, the most common destinations were: mental health support (73%), income maximisation or benefits help (24%), abuse-related support (11%) and bereavement support (10%).

Cost of living pressures in 2022 saw a rise in the proportion of outward referrals to organisations which offer support either with income maximisation or benefit applications, emergency food support and energy advice. This rise is evident in Figure 1.2, with a 12 percentage point rise in the proportion of outward referrals related to income maximisation. Because more referrals were made related to these cost of living pressures, the percentage of referrals related to mental health fell from 79% in January to 70% by December 2022.

Figure 1.2 – Proportion of outward referrals related to cost of living pressures, by month of 2022.

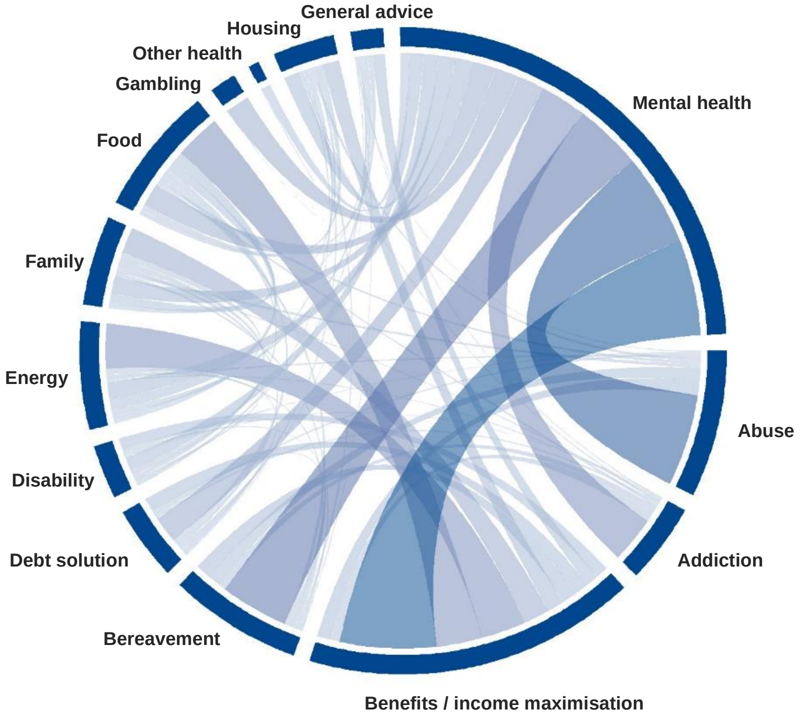


How often are clients referred to multiple organisations?

Clients are often referred to multiple different organisations: of those who were outwardly referred by StepChange, over a quarter (27%) were signposted or referred to three or more different organisations and 7.5% were referred to five or more.

Many of these co-referrals were to two or more organisations of a similar type – for example, two different organisations offering mental health support (such as Mind and the Samaritans) – but there were also a lot of cases of clients being referred to two or more organisations offering very different kinds of support. Indeed, over a third (37%) of clients outwardly referred were put in touch with organisations from two or more kinds of support. Most commonly, this was mental health and another category, usually either income maximisation, abuse, bereavement or addiction (as shown in Figure 1.3). Those referred to income maximisation organisations were also likely to be referred to energy-related advice or emergency food support. This highlights how complex the web of referrals can be, and the difficulty that clients can have in navigating the wide range of support they may need to access.

Figure 1.3 – Common co-referrals from StepChange to other sources of support



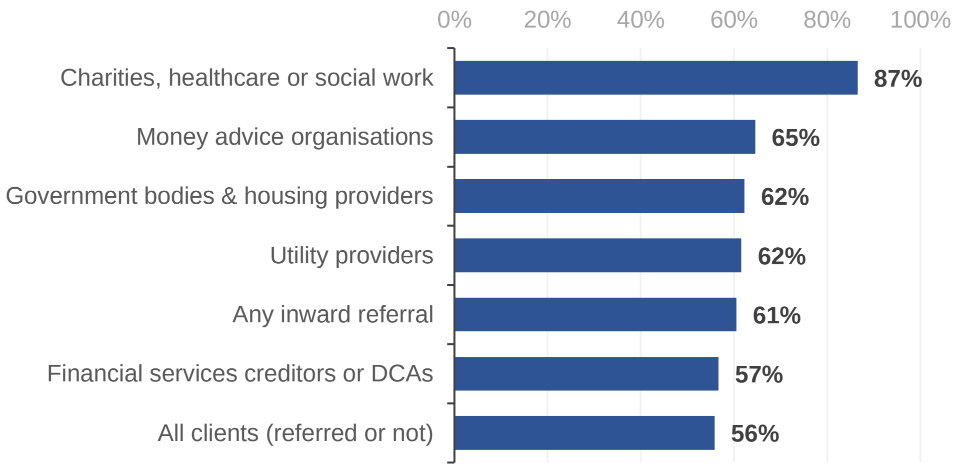
Notes: this diagram is based on data for 14,301 clients who were outwardly referred to two or more different categories of support (out of 39,082 who had been outwardly referred to one or more categories of support). The diagram is intended to be used to illustrate common co-referrals by number, not as a percentage, as clients can be included in more than one chord.

Profile of clients

Inward referrals

As Figure 1.4 shows, those referred into StepChange were slightly more likely to then be flagged as vulnerable (61%, compared to 56% of all clients). This was especially true of those referred in from charities, healthcare or social work organisations (87%), while those referred in from financial services organisations were much more similar to the overall profile of clients that StepChange deals with (whether referred or not) (57%).

Figure 1.4 – Percentage of clients flagged as vulnerable, by inward referral type

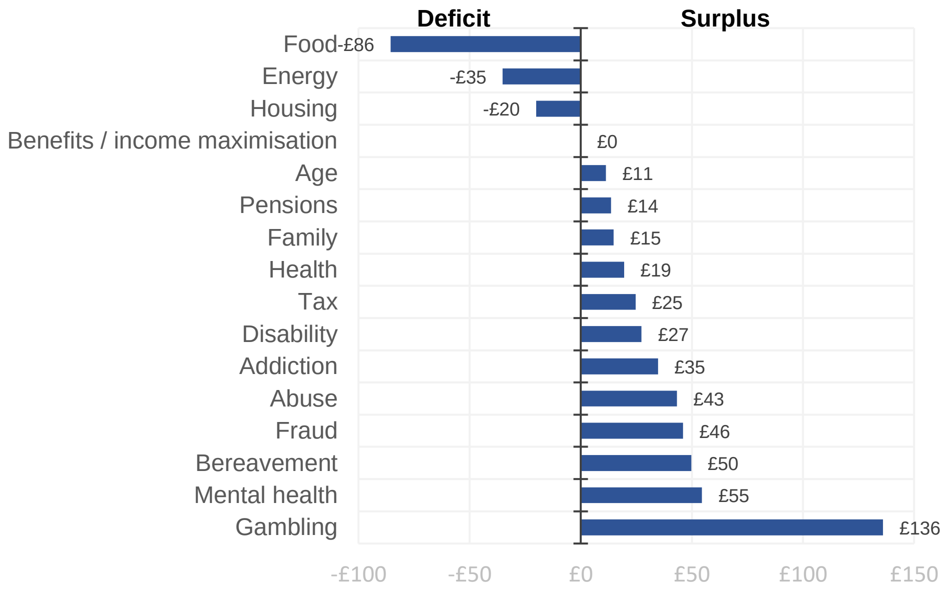


Those referred into StepChange also tended to have less money leftover each month after all income and essential expenditure was taken into account. StepChange's typical client would have a £68 surplus each month, while those referred inwards had a median surplus of just £32. This falls yet further to £4 and £3 respectively for those referred in from utility providers and Government bodies or housing providers. This tallies with other information about this group, as we find that those referred into StepChange were less likely to be in full-time employment (27% vs 40% of all clients) and therefore more likely to be out of work due to illness or disability (22% vs 16%), unemployed (23% vs 20%) or a carer (4% vs 3%). We also note that those referred inwards are more likely to be from a range of minoritised ethnic communities.

Outward referrals

Those referred to other organisations by StepChange are typically in a worse financial situation than those who don't need a referral. Those referred outwards in 2022 had a monthly budget surplus of just £46 (median), compared with £76 for those not referred to any other organisations. As Figure 1.5 shows, the financial situation is typically worse for those being referred to organisations that help with emergency food support (median budget deficit of £86 per month), energy advice (£35 deficit) and housing advice (£20 deficit). At the other end of the spectrum, those referred for help with gambling-related issues had the highest budget surplus (£136 per month).[5]

Figure 1.5 – Median monthly budget surplus or deficit, by type of organisation referred out to from StepChange.



Notes: Sample sizes range from 51 (Tax) to 28,561 (mental health).

Those referred out from StepChange were more likely to be aged 35-64, be female or an ‘other’ gender identity, be White British, be a social renter, be single, and be carers, not working due to illness/disability, or be unemployed but not looking for work. Looking in more detail at specific types of referral, we see that referrals related to mental health, abuse, addiction and gambling were all significantly more common among White British clients than those from minoritised ethnic backgrounds.

Clients referred both into and out of StepChange

As previously mentioned, around one-in-eight (12%) of StepChange clients were both referred into the charity and then referred out to another organisation. This group is highly vulnerable, with 87% having a vulnerability flag and a median budget surplus of just £15 per month. In terms of debt solution offered, this group was also more likely to receive zero offers of a debt solution (36% vs 25% of other clients) or be put in the ‘Client Can Handle’ category, which typically relates to undertaking budgeting activities rather than

[5] This tallies with other research that we have conducted using StepChange data. See: Davies, Evans and Collard (2022) ‘Exploring the links between gambling and problem debt’.

seeking a formal debt solution (18% vs 12%). Their socio-demographic profile was older (over 45), female, from a range of minoritised ethnic backgrounds, social renters or outright property owners, and single. They were also more likely to be carers, out of work due to illness/disability, or unemployed. This group are likely to be of particular importance given the wide range of support services that they may require.

1.4 Structure of this report

In Section Two, we explore what makes for a good debt advice referral, drawing on our analysis, consultations with StepChange team members and Actionable Insights Webinars. Section Three sets out an agenda for change to improve the effectiveness of debt advice referrals.

2 WHAT MAKES FOR A GOOD REFERRAL?

This section describes six elements that help make a good debt advice referral, based on our analysis of StepChange client data, consultations with StepChange team members and the Actionable Insights Webinars.

While there is no single ‘correct’ way to make referrals, there are a number of key elements for advice agencies and advisors to consider. These are about ensuring that:

1. **Clients’ referral needs are identified in the first place.**
2. **Clients understand where they are being referred and why.**
3. **Clients are referred at the right time for them.**
4. **Referrals are smooth and effective.**
5. **Clients are referred to relevant organisations.**
6. **Feedback loops are used to improve referrals.**

In the sections that follow, we look at each of these elements in more detail and explore the factors that might help – or be hindering – them from happening.

Although we have addressed this section to debt advice services and debt advisors, these six elements apply equally to organisations that make referrals into debt advice, such as financial services firms, utility companies, government agencies, health and social care organisations, and charities providing help and support to individuals, families and communities.

2.1 Clients' referral needs are identified in the first place

Summary

Effective referrals cannot take place unless the need for a referral is identified in the first place. For this to happen, clients need to feel able to disclose information about their situation which might lead to a referral, while advisors also need to be ready both to pick-up on this information and to recognise that a referral may be useful.

Considerable progress has already been made in recent years in encouraging clients to disclose potentially vulnerable situations. In 2017, around one-in-five StepChange clients were identified as 'vulnerable' – but this had risen to more than one-in-two (56%) by 2022. While in 2017, two-in-five *vulnerable* clients had a mental health problem, by 2022 this was two-in-five of *all* clients or 71% of clients identified as having a vulnerability. This may reflect a rise in the level of vulnerability or distress being experienced by debt advice clients more broadly, but likely also reflects improvements in advisor training around handling and recording disclosures.

What are the barriers or enablers to this happening?

Do clients feel able to disclose relevant information?

Previous research has highlighted a range of reasons why a client might not feel comfortable disclosing sensitive information about vulnerable situations. The mental health charity Mind found in 2011 that the most common reasons why those with mental health problems hadn't disclosed their condition to a creditor were: feeling that the organisation wouldn't understand their condition (73%), not being aware that it would make any difference to how the organisation dealt with them (70%), generally not liking telling people about their mental health problem (65%), and being concerned about how the information would be used (64%). A similar survey that we conducted in 2017 with members of the Money and Mental Health Policy Institute's Research Panel found that many of these barriers had persisted over time, though there were signs to suggest that people were beginning to feel more comfortable talking about their mental health with creditors and support organisations than they previously had been. Other types of vulnerable situation, including addiction or domestic abuse, may have their own unique reasons why a client may not wish to disclose.

Agencies may also want to consider how rates of disclosure vary between different sub-groups of clients. Vulnerability flags are disproportionately common among women, adults aged 45 or over, those from white British or Irish ethnic backgrounds and those not working due to illness or disability. In some cases, this may reflect disparities in the actual prevalence of vulnerability but there may be cases where certain groups of individuals are less likely to disclose or have their vulnerability noticed. For example, research suggests that there can be a 'double stigma' among certain minoritised ethnic groups when talking about money problems and mental health. More generally, we find that clients are approximately 25% more likely to be identified as vulnerable when receiving telephone advice than when using the self-service route, even controlling for their socio-demographic profile and economic status.[6] It is unclear whether this reflects actual differences in the level of vulnerability between the telephony and self-service populations or whether it is due to lower levels of detection/disclosure via the online route. Nevertheless, it may be useful for advice agencies to consider how best to detect vulnerable situations via self-service routes.

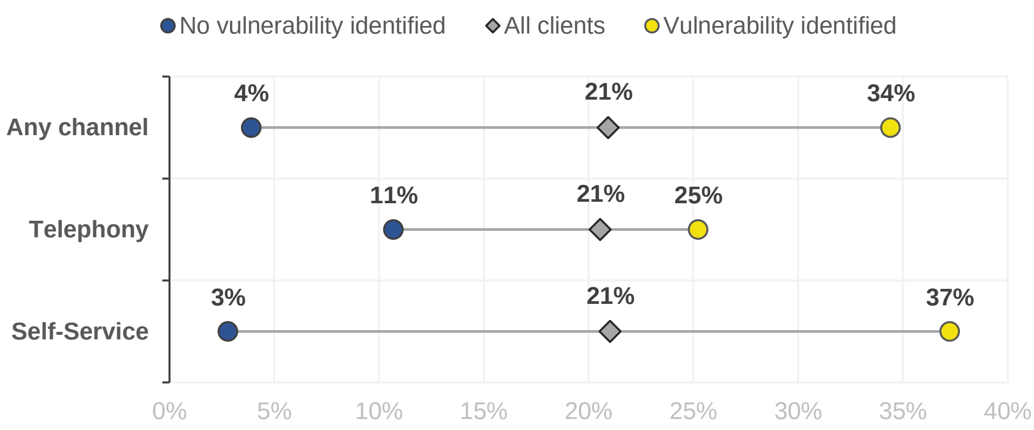
Do advisors recognise when a referral is (and isn't) needed?

One-in-five (21%) debt advice clients at StepChange in 2022 were outwardly referred to another organisation. This rises to over a third (34%) of clients where a vulnerability was identified, showing that the existence of a vulnerability doesn't necessarily mean a referral will always be necessary. Particular types of vulnerability are more likely though to lead to a referral; for example, 46% of those with a vulnerability related to addiction were referred, as were 45% of those with emergency issues, 44% of those with family issues and 40% of those with a mental health vulnerability flag.

Advisors can use their discretion when determining whether a referral is necessary. This discretion is evident in the client data analysis: as Figure 2.1 shows, compared to the self-service route (where signposting is determined entirely by pre-defined rules depending on what the client discloses), advisors giving advice over the phone were *less* likely to refer clients with a vulnerability flag to an external organisation and *more* likely to refer those with no

Figure 2.1 – Outward referral rate, by channel and vulnerability status

Vulnerable clients are more likely to be outwardly referred, but this is less pronounced via telephony channels – suggesting advisors are using discretion



[6] Based on binary logistic regression analysis (N=132,528) controlling for client: age, ethnicity, gender, family composition, nation of UK, employment status and tenure.

vulnerability. With the data available to us, it was not possible to explore whether the outcomes from referrals varied by advice channel, i.e. whether a referral made by an advisor over the phone is more likely to be successful than one made automatically via the self-service route.

Can screening for financial difficulty within other support services improve rates of inward referral to debt advice?

Given the high correlation between financial difficulty and other vulnerabilities, such as mental health, routine screening for money problems may help other non-debt support organisations identify more people to refer for financial help. This is something that the Money and Mental Health Policy Institute (MMHPI) has called for, recommending that the NHS introduce a money worries screening question into the initial assessment that psychological wellbeing practitioners conduct as part of someone's early journey with NHS Talking Therapies. They estimate that addressing financial difficulties would lead to approximately 27,000 people moving into recovery from anxiety or depression.

Can technology help identify clients' referral needs?

There are growing regulatory expectations that financial services and other creditors should be able to effectively identify and support people in vulnerable situations, which may include identifying those who would benefit from a referral for extra support from an external organisation.

Technology can help organisations do this, for example through the use of voice analytical software to monitor customer interactions over the phone for signs of potential vulnerability; making chatbots available throughout an online customer journey to facilitate the disclosure of any needs; as well as using targeted online questions, FAQs and open text boxes to encourage people to volunteer relevant information. However, this type of technology is likely to be out of reach of all but the biggest debt advice providers; other research has highlighted the need for investment in debt advice charities so they can deploy new technology at scale.[7,8]

[7] Organisations such as CAST can help nonprofits to make use of digital opportunities: Programmes for Nonprofits - CAST (wearecast.org.uk)

[8] Other funders are also exploring ways of supporting smaller, local advice organisations to access tech infrastructure. Impact on Urban Health, for example, has provided funding for advice agencies in Lambeth and Southwark in South London to implement debt advice technology created by Elifinty: Creating simple, quick and inclusive access to debt advice - Impact on Urban Health

2.2 Clients understand where they are being referred and why

Summary

In addition to understanding why it may be useful to disclose a vulnerable situation in the first place, clients should be helped to understand what the referral process is and why it's happening. It is important that clients don't feel that they are being 'fobbed off' to another organisation or they might disengage with the advice process altogether. Importantly, clients need to know that a referral to an external organisation doesn't necessarily mean that their journey with the referring debt advice organisation is over; they may be able to continue the debt advice process as normal anyway or they may be able to come back once they have received help from elsewhere with other more pressing issues.

By taking the time to explain the referral process, both verbally and in writing (where possible), understanding of the process can be improved. Advisors shouldn't assume that clients have detailed knowledge of how the support ecosystem works but can adapt their explanation depending on how familiar the client seems with the process.

What are the barriers or enablers to this happening?

Is a good explanation given of what will happen during the referral process, both via advisors or via self-service channels?

As described above, it is useful if the advisor is able to give a full explanation of the referral process and to answer any questions the client has. This may be more difficult over self-service advice channels, as there is less facility for clients to ask questions.

Recognising that there is no 'standard' pathway for referrals, it may be helpful for advisors to be able to give examples of different referral pathways that clients can take. It may also be important to manage the client's expectations about what the referral can achieve and what the external organisation will (and won't) be able to help with. For example, if referring to NHS Talking Therapies (formerly IAPT) for anxiety or depression it may be useful to explain that after an initial assessment they will likely be placed onto a waiting list for several weeks to access therapy.

Do clients generally understand the structure of the support ecosystem?

For those who spend their lives working in one of the UK's many different support organisations, it may be obvious that each organisation is a separate entity; however, for clients – especially those less familiar with the support ecosystem – it may not be so clear how the sector operates. Some may believe that all public sector (or state-funded) organisations will have access to the same data about them, so think that information shared with one is automatically shared with all. This can be particularly relevant for younger adults and for those from minoritised ethnic communities, some of whom may have some distrust of the organisational ecosystem (often based on bad past experiences), so may be reluctant to provide sensitive information.[9] A good explanation of how referrals work may be especially helpful for these groups.

As part of its Single Advice Fund to deliver debt and other advice, Wales has access partners – third sector organisations that do not deliver advice, but help and support people to engage effectively with the advice process. This is another way to help overcome barriers such as mistrust and low awareness of the support ecosystem.

2.3 Clients are referred at the right time for them

Summary

A referral by a debt advice service to an external organisation for extra support should ideally come at a point in the advice pathway which is right for the client. For urgent help or in a crisis (e.g. if a client talks about suicidal thoughts that indicates a serious risk to life), the referral should happen straightaway. In other cases, it may make sense for the client to prioritise debt advice over other types of support (e.g. where enforcement action is imminent). Client preferences are also a factor, in addition to any specific requirements of external organisations to which debt advice services refer people.

Funding and the terms of debt advice contracts are likely to affect the amount of time debt advisors can dedicate to getting external referrals right where they are providing help by phone or face-to-face. The capacity to invest in technology will also shape client experiences of online referrals.

What are the barriers or enablers to this happening?

Where is the client in their debt journey?

To refer clients at the right point in time for extra support, debt advice services need to understand where someone is in their debt journey as well as their capacity to take on board additional information about external support and, if appropriate, to act upon it.

It is important that debt advice services think about this timing issue for their online services as well as telephony and face-to-face. As we noted earlier, asking pertinent questions at appropriate points – whether verbally or online –

[9] See: Evans *et al* (2023) The intersecting impacts of mental ill-health and money problems on the financial wellbeing of people from ethnic minority communities.

may encourage clients to disclose information that indicates they would benefit from extra support. There may also be technology-based solutions to optimise the timing of online referrals.

Another factor is whether clients have successfully applied for Breathing Space, a government scheme which is designed to give people in England and Wales 60 days to receive debt advice and find a solution to sort out their debt problems, during which time there are limits on the actions that creditors can take.[10] Given that Breathing Space is strictly time-limited, non-urgent referrals to extra support may need to be de-prioritised.

Is there a 'right' order for referrals?

Our analysis of StepChange client data shows that it is common for outwardly referred clients to be referred to multiple external organisations for extra support:

- **Half of clients (50%) who were referred outwardly for extra support were referred to two or more organisations. This rises to two-thirds (67%) if we only look at telephony clients (where an advisor is making the decision, rather than automated).**
- **Three-in-ten clients (28%) of those referred were referred to three or more organisations, rising to 43% among telephony clients.**

Whether there is a 'right' order for clients to pursue different referrals to extra support will very much depend on the individual client and their circumstances, their capacity to deal with several different issues and their personal preferences. Another important factor will be the time that debt advice services can give to discussing referrals with their clients.

For example, our client data analysis shows that almost all the StepChange clients who were referred to help about their energy bills (95%) were also referred to income maximisation services. If a client is in arrears with their energy bill, it may make sense for them to deal with that issue first, so they can arrange ongoing payment of supply to ensure they are not disconnected. By comparison, the actions to maximise their income may take some time to come to fruition, such as applying for benefits. Similarly, 85% of clients referred for help with food were also referred to income maximisation, where the order in which they deal with these referrals is likely to depend on how urgently they need help with food.

There may be instances where external referrals could have a material impact on a client's debt advice journey and their outcomes, and so mark them out as a priority. Our research on gambling and problem debt indicated that if harmful gambling is not addressed, then any debt resolution is likely to be temporary. Debt advisors and creditors should therefore routinely signpost people at risk of gambling harm to a range of different sources of help. A client's personal preferences may take them in a different direction, however. Richard, one of the participants in that research, was referred to debt advice by his gambling

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[10] There is also a Mental Health Breathing Space scheme which offers additional protection for eligible people with mental health problems. Separate arrangements exist in Scotland.

support counsellor. However, he wanted to work through the reasons for his gambling addition first, before tackling his debt problems, as he explained:

> *"There were issues with the wider family life, my childhood, other things that I needed to break into before I could feel as if I could face everything else… it was almost I suppose a grieving process."*

So while ultimately there may be no 'right' order for referrals to be actioned, nonetheless this seems an important part of any referral conversation.

Do external organisations have prerequisites that could affect referrals?

Our analysis of StepChange client data showed that three-quarters (77%) of those referred to addiction support were also referred to mental health services – sadly not surprising given that "it is very common for people to experience problems with their mental health and alcohol/drug use (co-occurring conditions) at the same time."

Official guidance for NHS Talking Therapies[11] for anxiety and depression states that someone's level of drug or alcohol misuse should not interfere with their ability to attend and engage in therapy sessions. If this is not the case, then National Institute for Clinical Excellent (NICE) guidelines recommend treatment for drug or alcohol misuse first. In other words, if someone can't engage in talking therapy because of their substance use, then they are very likely to be referred to get help with their substance use.

Of course, debt advice services cannot be expected to assess whether someone with a substance use problem might need to address that issue first, before referred them to NHS talking therapies. But it may be useful for them to be aware of these types of conditions.

2.4 Referrals are smooth and effective

Summary

In an ideal world, the referral process should be as seamless as possible, involving minimal interruption to the client's access to support and not requiring the client to repeatedly re-tell their story. This proves more challenging in the real world, as there may be constraints on the type of referral process that support organisations can use, as well as challenges sharing data about clients between organisations.

Support organisations may employ a range of types of referral mechanism:

- **Signposting – this generally involves the advice organisation providing the client with the details of external organisations that can help them and leaving the client to make contact with them.**

[11] Formerly known as IAPT or Improved Access to Psychological Services.

- **Requesting a callback – with the client's consent, the advisor can share the client's details with an external organisation so that they can then contact the client to arrange an appointment or provide support.**
- **Booking the client an appointment – advisors may be able to book the client an appointment directly with the support organisation, either by contacting the organisation on the client's behalf or automatically via an electronic system.**
- **Warm transfer – typically used in telephony advice, advisors may be able to directly 'hand over' the client to a member of staff at another organisation by transferring their call and even brokering an introduction or explaining the situation so that the client doesn't have to repeat themselves.**
- **Internal referrals – larger organisations may be able to refer clients to different teams or departments within their organisation. This includes specialist vulnerability teams.**

For inward referrals from creditors and other partners, StepChange also offers referring partners an 'easy referral form' that they can use to share a link to StepChange's online advice tool and, in some cases, book their clients/customers a callback. This is intended to give a more engaging route into debt advice, compared to signposting, with gentle nudges along the journey to encourage clients to complete the debt advice process.

Organisations are forced to make pragmatic choices about which of the above mechanisms they use in which circumstances and whether to invest resources in establishing closer referral processes with the external organisations that they work with most. Advisors may take the clients' characteristics into account – for example, their digital or language skills – when deciding whether to simply signpost a client or take a more involved referral approach.

What are the barriers or enablers to this happening?

Are there limitations on the type of referral process that can be implemented?

As mentioned, organisations have to be pragmatic about the referral process that they use in different situations. While more involved referral processes, such as warm transfers, may be smoother and more efficient from the perspective of (most) clients, they require substantial resources from the organisation to set-up, including the time invested in developing and maintaining the partnership with the external organisation, the technological resources required for such transfers and the capacity to deal with transfers in a timely way so clients aren't left waiting for long periods. Even relatively simple referral mechanisms require advisor time, which may already be stretched due to funding constraints. This means that signposting is often the most pragmatic option for agencies – but there is a risk that the client does not make contact with the signposted organisation and therefore doesn't access the support that they need.

Further analysis, however, is needed to understand the extent to which client outcomes vary depending on the type of referral mechanism used. From the data available to us, we were not able to determine whether certain methods of referral achieved better or worse outcomes than others. Do referrals involving more 'hand-holding' achieve better outcomes (once we account for client characteristics)? And which groups of clients benefit most or least from more involved referral mechanisms? Are there groups of clients for whom signposting is more than sufficient?

What are the challenges of sharing data across organisations?

Even with client consent to share data, the process of setting-up data sharing agreements and sharing infrastructure between referring organisations can be complex and resource-intensive.

We also heard from workshop attendees that organisations often want to re-collect data from clients to be confident that information is up-to-date and of sufficient quality for their purposes. For example, creditors may not trust income and expenditure forms completed by an advice agency and so want to conduct their own. This can mean that the client is forced to provide the same information multiple times, rendering the referral process less efficient from their point of view.

The Standard Financial Statement (SFS) aims to be a universal income and expenditure statement for use by multiple creditors and advice organisations, with standardised data gathering and a single set of spending guidelines. It is described as having the 'potential for more streamlined sharing of data between organisations assisting an over-indebted individual'. Our workshop attendees generally felt this potential had not yet been fully realised and that issues sharing data remained.

Technology, in particular Open Banking, may also facilitate improved data sharing between organisations. There are various platforms which aim to enable clients to 'passport' their financial data across multiple organisations – potentially saving both the client and advice agency time.[12] Adoption of new technology, however, is not always straightforward – especially for smaller organisations with limited budget, technical expertise and capacity to re-train staff on a new system.[13]

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[12] See, for example, Collard & Evans (2021) Open Banking for Good: Making a difference?.
[13] PFRC is also currently conducting an evaluation on behalf of Impact on Urban Health of Elifinty's technology platform in debt advice organisations in South London. Part of this evaluation will consider the barriers to uptake of such platforms by local advice agencies and partner organisations.

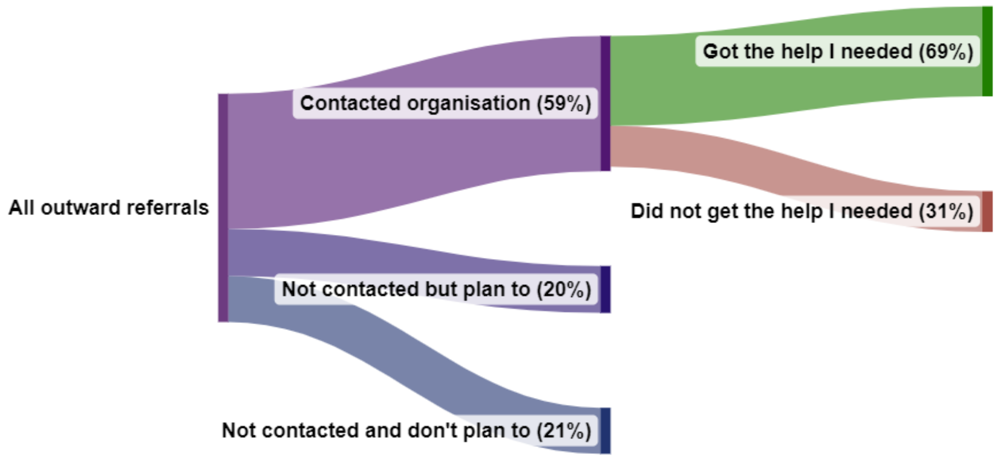
2.5 Clients are referred to relevant organisations

Summary

Clients may become demoralised if they are put in touch with an organisation that is either unsuitable to their needs or is unable to help them, especially if they are first required to go through a lengthy process of retelling their story or providing their information again. This can lead to clients losing faith in the support system and disengaging with support services. It’s important therefore that clients are sent to organisations that they think are relevant and that have the ability to help them.

Our analysis of StepChange’s client outcomes survey three months post-advice shows that three-in-five (59%) of clients who had been outwardly referred actually went on to contact the organisation they were referred to (Figure 2.2). Of these, more than two-thirds (69%) said they got the help they needed from this organisation. Around two-in-five of those referred to an external organisation hadn’t contacted them after three-months, comprised of 20% who planned to in future and 21% who did not plan to.

Figure 2.2 – Whether clients who were referred to another organisation actually contacted them, and whether they then got the help they needed



Notes: data source is StepChange’s client outcomes survey, conducted three months post-advice. (N=521 clients who reported being referred to another organisation by StepChange, which was 17% of all clients surveyed. This is lower than the rate of referral captured by StepChange, suggesting some clients had forgotten that they had been referred by the time they were surveyed.)

Many clients in the ‘no plans to contact the organisation’ group most likely hadn’t taken up the referral because they had already resolved most of their problems. 70% of this group reported an improved financial situation after three months and 61% reported an improved ability to cope with day to day life. This compares with 75% and 66% respectively for those who had taken up a referral and reported getting the help they needed. Unsurprisingly, those in the other groups (who either still intended to contact the organisation or who reported not getting the help they needed) generally reported both worse financial and non-financial outcomes.

What are the barriers or enablers to this happening?

How can organisations identify appropriate organisations to signpost or refer to?

It can be challenging to identify a list of appropriate organisations to refer clients to. Those who are particularly vulnerable may benefit from help from a small, local organisation who can offer in-depth, face-to-face support – but these organisations may have limited capacity to accept referrals and aren't always visible to national organisations or others who operate outside of their area. Furthermore, the landscape of local support services can shift quite rapidly due to organisations opening and closing in response to changes in available funding or the availability of volunteers to keep them running. All this means that maintaining a list of organisations can require considerable time and resources. Most debt advice services therefore take a pragmatic approach and generally signpost clients to the largest, most established organisations that they have vetted as suitable.

There have been attempts to find ways of improving the sharing of data about support organisations in the UK. Open Referral UK, for example, is a data standard designed to give a "consistent way of publishing and describing information" about community services, meaning that directories of support organisations can be compiled more efficiently. 'Step' meanwhile uses AI to regularly compile information from the web about available support organisations.[14] Such approaches may have potential for debt advice organisations looking to signpost or refer clients to other sources of support.

Does the receiving organisation have the capacity to help?

Many support organisations may have limited capacity or long waiting lists.[15] As discussed later, it is important therefore that organisations have the ability to let each other know how their service is currently coping. Our workshops attendees described how regular meetings between local services was extremely useful for building this understanding.

Can advisors understand and articulate what each organisation does?

StepChange advisors referred clients to as many as 180 different organisations in 2022. Clearly, it may not be feasible to give all advisors full training on exactly what each organisation does, so it is important that the

[14] See NPC's 2023 report 'How might we improve signposting for young people?' for more discussion of data-driven approaches to identifying signposting organisations.
[15] See Brunton et al (2022) who explore 'the challenges of integrating signposting into general practice', finding that 'signposting to already over-loaded services' could '[lead] to a lack of patient trust' in the person or organisation signposting.

system they use to refer clients gives detailed information about what or who the organisation can (or can't) help with. That being said, for the most common referral partners, it can be beneficial for the advisor to spend greater time learning about their services and their remit.

2.6 Feedback loops are used to improve referrals

Summary

Our workshop attendees spoke of the importance of engaging in a continual process of sharing learning with and between referral partners. This feedback loop helps organisations that are making or receiving referrals to determine how well their processes are or aren't working, and also gives organisations the opportunity to let others know how much capacity they currently have to support new referrals.

This feedback loop may take the form of regular email updates or meetings. Meetings can be held bilaterally, between two referral partners, or with a wider group of referral partners. Such group meetings are sometimes coordinated by a central convening body such as the local authority, to avoid small, local organisations having to attend multiple similar meetings.

Referral partners may also be able to work together on more thorough analysis of client outcomes and referral behaviour, using data linked between each of their organisations.

What are the barriers or enablers to this happening?

Do organisations have capacity to engage with this feedback process?

Smaller support organisations may not have much capacity to attend separate meetings with lots of different referral partners. This means that it can be useful to hold a smaller number of group sessions involving a wide range of referral partners, usually in a defined geographical area. Local authorities may act as the convenor for these group sessions as they are likely to come into contact with a range of different referral partners.

With the recent increase in place-based discretionary support for individuals and households (such as Local Welfare Assistance schemes), there is a need to consider how best to gather feedback on the referral journeys of people using debt advice providers with national coverage through distance means (like online). Debt advice services with clients seeking advice in this way need referrals to work in every place, implying a focus on consistency across geographical areas that may not develop from place by place feedback but rather requires attention at a regional or national level.

Can referral partners share data to effectively assess client outcomes?

Support organisations should ideally be looking to use their data to understand how client outcomes vary depending on how they reached their service. For example, are clients referred from a certain external organisation often unsuitable for their service? If so, it may be worth feeding this back to the referring organisation, as there may be a misunderstanding about what their service offers or which groups of people are eligible.

More detailed analysis could also be conducted through the linkage of client data across multiple organisations. In other words, such analysis would be able to track an individual's journey and outcomes across a number of support organisations, rather than taking a single organisation view of their outcomes.

3 AN AGENDA FOR CHANGE

This section sets out an agenda for change, based on the evidence, that can help ensure debt advice referrals work well for individuals and organisations.

This briefing has presented new evidence about debt advice referrals, with the aim of stimulating discussion about how to ensure they work well across a complex ecosystem that comprises multiple players of different shapes and sizes.

It shows that referrals are an integral feature of debt advice: three-in-five (59%) of StepChange Debt Charity's advice clients have either been inwardly referred to the charity from another organisation or were subsequently referred outwards following their advice session. Many of these clients are in touch with multiple organisations: of those who were outwardly referred by StepChange, over a quarter (28%) were signposted or referred to three or more different organisations. This means that referral pathways can, by their nature, be complex and fragmented.

Doing referrals well can make a big difference. Effective inward referrals from creditors and other organisations into debt advice services may mean that people get help sooner with their debt problems than they would otherwise. Effective outward referrals from debt advice services to external support may help someone deal with wider issues they are facing, which in turn puts them in a better position to deal with their financial problems. This is especially pertinent at a time when UK households face significant financial pressures; and debt advice services are seeing more clients who have complex situations and additional vulnerabilities on top of their financial difficulties.

In this concluding chapter, we put forward suggested next steps that together form an agenda for change, based on the six elements that our evidence suggests make a good debt advice referral. These are summarised in Table 3.1 below. While we have addressed this agenda for change to debt advice services and debt advisors, these next steps apply equally to organisations that make referrals into debt advice, such as financial services firms, utility companies, government agencies, health and social care organisations, and charities providing help and support to individuals, families and communities. Indeed, only with the engagement of all referral partners can we hope to improve debt advice referral pathways.

#1 – Clients' referral needs are identified in the first place

Effective referrals cannot take place unless the need for a referral is identified in the first place. For this to happen, clients need to feel able to disclose information about their situation which might lead to a referral, while advisors also need to be ready to pick-up on this information and to recognise the potential benefit of a referral.

Organisations are already training their staff to create an environment where clients feel able to disclose sensitive information and where this information is acted upon. Nevertheless, further external messaging for clients (or potential clients) may help to ensure that they realise that disclosure can lead to extra support.

Agencies may also benefit from further research to explore: a) whether the rate of vulnerability detection for various sub-groups (in particular, among men and minoritised ethnic groups) match the 'true' rate of vulnerability for that population; and b) whether referrals made via different channels are achieving different or similar outcomes for clients.

Suggested next steps:

- **Develop messaging for (potential) debt advice clients to ensure they understand that disclosing information about their situation can lead to extra support.**
- **Non-financial support organisations (such as NHS Talking Therapies) to consider adding screening questions related to financial worries to help detect and refer more clients to debt advice or money guidance.**
- **Further research to explore: a) whether the rate of vulnerability detection for various sub-groups (in particular, among men and minoritised ethnic groups) match the 'true' rate of vulnerability for that population; and b) whether referrals made via different channels achieve different or similar outcomes for clients.**

#2 – Clients understand where they're being referred and why

The UK's support ecosystem is complex and organisations shouldn't assume that clients know how this ecosystem works when they refer them for extra help.

To aid client understanding of referrals, organisations (or even better, sector-wide bodies) could develop information for clients that provides an overview of the support ecosystem. This could be supplemented by information for clients about what they can expect when they contact an external support organisation, e.g. in the form of a written paragraph, diagram or case study including things such as likely wait times, what services do/don't offer and any conditions or eligibility criteria.

Suggested next steps:

- **Provide information for clients that gives an overview of the support ecosystem.**
- **Supplement this overview with information for clients about what they can expect when they contact an external support organisation, e.g. in the form of a written paragraph, diagram or case study.**

#3 – Clients are referred at the right time for them

To refer clients at the right point in time for extra support, organisations need to understand where someone is in their debt journey as well as their capacity to take on board additional information about external support and, if appropriate, to act upon it. And, while there may be no 'right' order for referrals to be actioned by clients, nonetheless discussing how and when clients might seek extra support seems an important part of any referral conversation.

It is important that debt advice services think about this timing issue for their online services as well as telephony and face-to-face. Asking pertinent questions at appropriate points – whether verbally or online – may encourage clients to disclose information that indicates they would benefit from extra support.

Suggested next steps:

- **Support organisations to share information with one another about any pre-requisites or conditions that clients may need to fulfil in order to access their service.**
- **Include how and when clients might seek extra support in all referral conversations, whether online or in-person.**

#4 – Referrals are smooth and effective

In an ideal world, the referral process would be seamless, with easy access to support and clients only having to tell their stories once. In the real world, there may be constraints on the type of referral process that support organisations can use, as well as challenges sharing data about clients between organisations. This means organisations must make pragmatic choices, such as whether to focus any resources on improving referral processes with the external organisations they work with most.

To make smooth and effective referral pathways the norm requires debt advice funding models to take into account the time required for debt advisors to make effective referrals to organisations that can provide extra support, including having the time to discuss with clients how they might best deal with the additional issues they face.

The adoption of new technology to facilitate better use of data (e.g. Open Banking data) as well as enabling data-sharing between organisations also has the potential to make a big difference in improving referral pathways. To realise this potential requires sector-wide exploration of what is needed to embed data-sharing infrastructure in debt advice services.

Finally, further analysis is needed to understand the extent to which client outcomes vary depending on the type of referral mechanism used. For example, do referrals involving more ‘hand-holding’ achieve better outcomes (once we account for client characteristics)? Which groups of clients benefit most or least from more involved referral mechanisms? And are there groups of clients for whom signposting is more than sufficient?

Suggested next steps:

- **Influence funders to ensure that debt advice funding models take into account the time required for advisors to make effective referrals to other support organisations.**
- **Encourage sector-wide exploration of what is needed to embed better data-sharing infrastructure in debt advice services.**
- **Further analysis to understand the extent to which client outcomes vary depending on the type of referral mechanism used.**

#5 – Clients are referred to relevant organisations

To keep clients engaged and trusting in debt advice services, it’s important that they are referred to organisations that they think are relevant to their situation and that can help them. However, maintaining a list of organisations can require considerable time and resources.

There are already technology solutions available that attempt to make this job easier, for example using open data standards to publish information about community services in a consistent way (Open Referral UK) and using AI to regularly compile information from the web about available support organisations (Step). These innovative approaches may have potential for debt advice organisations to signpost or refer clients to extra support, including giving them information about what or who the organisation can (or can’t) help with. From an efficiency perspective, this seems best explored on a sector-wide basis.

Suggested next steps:

- **Ensure clients receive clear and concise information (in writing or verbally) about what support is offered by external organisations.**
- **Explore the sector-wide potential for debt advice organisations to use technology solutions (e.g. that use open data standards or AI) to signpost or refer clients to the most relevant external support.**

#6 – Feedback loops are used to improve referrals

Feedback loops are a continual process of sharing learning with and between referral partners to determine how well their processes are or aren't working. Referral partners may also be able to work together on more thorough analysis of client outcomes and referral behaviour, using data linked between each of their organisations.

In our workshops, local authorities were identified as having the convening power to bring together a wide range of referral partners to share learning and potentially data as well. There seems to be a role, therefore, for local government associations in England, Scotland, Wales and Northern Ireland to encourage these networks in order to improve referral practices and outcomes, which could deliver considerable efficiencies as well.

An ambition for the debt advice sector could be to embark on a multi-year 'Data First' programme like the one led by the Ministry of Justice (funded by Administrative Data Research UK), which links various administrative datasets to build a picture of the characteristics of justice system users and how they interact over time with justice services. In the case of debt advice services, such a programme could facilitate better data linkage of individuals across different support organisations and ultimately enable debt advice services to see a whole ecosystem picture of client referrals and outcomes and understand 'what works' in debt advice referrals.

Suggested next steps:

- **Influence local government associations to establish referral partner networks in order to improve referral practices and outcomes and promote efficiencies.**
- **Explore the potential for a debt advice sector 'Data First' programme to facilitate better data linkage of individuals across different support organisations and enable debt advice services to see a whole ecosystem picture of client referrals and outcomes and understand 'what works' in debt advice referrals.**

Table 3.1 – Our suggested next steps in an agenda for change

#1 Clients' referral needs are identified in the first place:	1. **Develop messaging for (potential) debt advice clients to ensure they understand that disclosing information about their situation can lead to extra support.** 2. **Non-financial support organisations (such as NHS Talking Therapies) to consider adding screening questions related to financial worries to help detect and refer more clients to debt advice or money guidance.** 3. **Further research to explore: a) whether the rate of vulnerability detection for various sub-groups (in particular, among men and minoritised ethnic groups) match the 'true' rate of vulnerability for that population; and b) whether referrals made via different channels achieve different or similar outcomes for clients.**
#2 Clients understand where they're being referred and why:	4. **Provide information for clients that gives an overview of the support ecosystem.** 5. **Supplement this overview with information for clients about what they can expect when they contact an external support organisation, e.g. in the form of a written paragraph, diagram or case study**
#3 Clients are referred at the right time for them:	6. **Support organisations to share information with one another about any pre-requisites or conditions that clients may need to fulfil in order to access their service.** 7. **Include how and when clients might seek extra support in all referral conversations, whether online or in-person.**
#4 Referrals are smooth and effective:	8. **Influencing funders to ensure that debt advice funding models take into account the time required for advisors to make effective referrals to other support organisations.** 9. **Encouraging sector-wide exploration of what is needed to embed data-sharing infrastructure in debt advice services.** 10. **Further analysis to understand the extent to which client outcomes vary depending on the type of referral mechanism used.**
#5 Clients are referred to relevant organisations:	11. **Ensure clients receive clear and concise information (in writing or verbally) about what support is offered by external organisations.** 12. **Explore the sector-wide potential for debt advice organisations to use technology solutions (e.g. that use open data standards or AI) to signpost or refer clients to the most relevant external support.**
#6 Using feedback loops to improve referrals:	13. **Influence local government associations to establish referral partner networks in order to improve referral practices and outcomes and promote efficiencies.** 14. **Explore the potential for a debt advice sector 'Data First' programme to facilitate better data linkage of individuals across different support organisations and enable debt advice services to see a whole ecosystem picture of client referrals and outcomes and understand 'what works' in debt advice referrals.**

APPENDIX

Research methodology

To understand more about referral pathways into and out of debt advice services, and how these pathways might be improved, we:

- Analysed StepChange client data for the period Jan-Dec 2022 to explore the nature of inward and outward referrals and profile of clients being referred (n=187,000 client records for people who completed a full debt advice session through telephony, online or a combination of both.).
- Analysed 3-month post-advice survey data for StepChange clients from 2017-2022 to explore referral outcomes (n=3,037 survey responses for all client sample; n=858 for vulnerable clients).
- Consulted StepChange team members to explore what makes for effective referrals based on their experiences. We spoke to six team members in total, including frontline advisers, the Vulnerability Product Manager, Relationship Manager and Partnerships Development Co-ordinator.
- Conducted three actionable insight webinars with external stakeholders in summer 2023 to examine debt advice referrals in the energy sector; in mental health and addiction services; and referral processes and mechanics more generally. We used our analysis of StepChange client data and consultations with StepChange team members as material for the 90-minute webinars, which were convened under the Chatham House Rule. In total, 23 external stakeholders attended the webinars, including representatives from creditor organisations, support services, regulators, and advice services.

Client data analysis

StepChange provided anonymised data for all clients who had completed a full debt advice session in 2022. This gives data for the most recent advice session completed by an individual, so no individuals would be duplicated within the dataset if they had completed more than one advice session in 2022. The data provided included variables about the nature of advice received (channel, duration, recommended solution), the socio-demographics of the client (such as gender, region, economic situation), the client's financial situation (such as amount owed on each type of debt), any vulnerability flags added by the adviser, and data on inward/outward referrals. In total, data for 187,278 clients was provided, but this was then filtered to exclude clients who had provided unfeasibly high values for certain data fields (e.g. income, debt levels). This left 186,712 clients in the overall dataset – but as we explain below, due to missing data, we had to use a smaller sample size for some analyses.

Data on inward referrals

The data on inward referrals is either recorded by the adviser on receipt of a referral or is based on questions asked of clients when they register for debt advice (such as whether someone they owed money to had suggested they contact StepChange). Data on inward referrals (whether referred or not) was missing for 72,635 clients, meaning that analyses on inward referral are based on a total sample of 114,077. Of these 114,077, 37% had been referred (N=42,161). We assume that data is missing at random, i.e. that referral data is not only missing where the client was *not* referred.

Data on outward referrals

Unlike the inward referral data, StepChange were able to provide full data on outward referrals. This included a record of all of the organisations that advisers (or the self-service system) had referred clients to. The research team assigned each referral organisation to one of approximately 30 categories, such as mental health, benefits / income maximisation, etc.

For analyses where we look at both inward and outward referrals together, we use only the sub-sample of 114,077 clients for whom there was no missing data.

Analysis

Cross-tabulations were produced and appropriate significant tests were used to identify statistically significant differences between categories (either through chi-squared tests, column proportion z-tests or t-tests) – at the 95% confidence level ($p<0.05$). Binary logistic regression analysis was also used to assess clients' likelihood of being flagged as vulnerable. This analysis controlled for a range of factors: advice channel, age, ethnicity, gender, family composition, nation of UK, employment status and tenure.

Appendix Table 1 – Key sample characteristics

		Total	Vulnerable client flag		Channel of interaction	
		Total	No vulnerability	Has a vulnerability	Self-service	Telephony
			(A)	(B)	(C)	(D)
Total	**N**	*186,712*	*82,451*	*104,261*	*150,672*	*36,040*
Vulnerable client flag	**No vulnerability**	44.2%	100.00%	0.00%	47.0% D	32.1%
	Has a vulnerability	55.8%	0.00%	100.00%	53.0%	67.9% C
Channel of interaction	**Self-service**	80.7%	86.0% B	76.5%	100.00%	0.00%
	Telephony	19.3%	14.0%	23.5% A	0.00%	100.00%
Gender	**Female**	63.0%	60.1%	65.0% A	63.2% D	62.4%
	Male	36.7%	39.8% B	34.6%	36.5%	37.4% C
	Other gender identity	0.3%	0.1%	0.4% A	0.4% D	0.2%
Age band	**18-24**	11.4%	12.7% B	10.4%	12.4% D	7.5%
	25-34	33.6%	37.3% B	30.7%	36.3% D	22.4%
	35-44	25.4%	26.9% B	24.2%	26.3% D	21.9%
	45-54	16.8%	14.4%	18.6% A	15.7%	21.3% C
	55-64	9.1%	6.0%	11.6% A	7.1%	17.5% C
	65 and over	3.7%	2.7%	4.5% A	2.3%	9.3% C
Ethnic background	**White English / Welsh / Scottish / Northern Irish / British**	82.8%	80.0%	84.8% A	84.4% D	76.9%
	All other ethnic backgrounds	17.2%	20.0%	15.2%	15.6%	23.1%
Employment status	**Carer**	3.1%	2.4%	3.6% A	2.9%	3.5% C
	Full-time employed	39.8%	52.3% B	30.2%	44.5% D	20.5%
	Not working due to illness or disability	15.9%	2.5%	26.2% A	13.2%	26.7% C
	Part-time employed	14.0%	15.9% B	12.6%	13.8%	14.7% C
	Retired	3.2%	2.3%	3.9% A	2.0%	7.9% C
	Self-employed	0.1%	0.2% B	0.1%	0.2% D	0.0%
	Student	1.7%	1.9% B	1.6%	1.8% D	1.3%
	Unemployed: looking for work	11.3%	12.6% B	10.3%	10.8%	13.3% C
	Unemployed: not looking for work	8.6%	7.4%	9.4% A	8.3%	9.6% C
	Zero hour contract	2.3%	2.5% B	2.2%	2.3%	2.4%

Notes: All percentages are column percentages. Letters denote values that are statistically significantly higher than the corresponding column (at $p<0.05$ in a column proportion z-test).

Client outcomes survey

StepChange also provided the research team with anonymised survey data, captured three months after clients have had a debt advice session. This survey asks about the progress they've made with their finances and the wider wellbeing, as well as if they've been in touch with any of the organisations they were referred to by StepChange. This data covered the period from 2017 to 2022, and included 4,393 clients – but only 3,053 had data on whether or not they had been referred to another organisation by the charity. Referral data was based on a survey question, rather than management information recorded by StepChange, as the survey data had been anonymised and matched to only a small number of variables (a binary vulnerability flag indicator, nation and whether the client had a positive or negative budget). More in-depth analysis will be possible on future data collected via this survey as it will be able to be linked to the whole range of variables stored in the charity's case management system.

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