



Campaigning for Warm Homes

Factor 4 pilot study
Client Impact Evaluation

Prepared by NEA on behalf of Ofgem

2007

Acknowledgements

Factor 4 was originally devised as an initiative to tackle fuel poverty and financial exclusion through the development of community finance institutions. An initial exploratory study into such an approach was carried out by National Energy Action (NEA) and the New Economics Foundation (NEF) and funded through Ofgem. Subsequently, as the study progressed, a business plan and feasibility study were produced with support from the Personal Finance Research Centre at Bristol University. This second research phase was funded by npower and led into a pilot phase of the innovative Factor 4 approach to financial exclusion and fuel poverty.

Funding for the operation of the pilot was received from Barclays Bank, npower, and Severn Trent Trust Fund. We would also like to thank the main funders for their continued support and guidance and PayLink Trust as members of the pilot Steering Group.

Funding for the evaluation of the pilot was provided by Ofgem and particular thanks are due to David Barnes and his successor Lisa Vango. NEA would also like to thank Pat Conaty of NEF and the staff of Birmingham Credit Union Development Agency (BCUDA) for their ongoing support and guidance through the pilot evaluation phase.

The evaluation team would especially like to thank the clients of Factor 4 who took part in the fieldwork and the Factor 4 delivery team and Steering Group for their support in data collection and involvement in the stakeholder research.



Picture above left to right: David Threlfall from npower; Peter Kelly from Barclays; Dave Barnes from Ofgem; Stuart Braley from Severn Trent Trust Fund; and Jim Dearlove from Birmingham Credit Union Development Agency

Table of contents

1.	Introduction	4
2.	Executive summary	7
3.	Evaluation methodology	13
4.	The Factor 4 service	18
4.1	The service	18
4.2	The users	19
4.3	The factors accessed	20
5.	Money & debt advice	26
5.1	Income and finances	27
5.2	Utility debt	32
6.	Energy efficiency & heating	41
6.1	Heating & warmth	41
6.2	Energy knowledge and awareness	47
6.3	Energy efficiency and home heating measures	52
7.	Bill payment services	55
8.	Credit Union savings and low cost loans	58
9.	Health & well-being	60
9.1	General health	60
9.2	Emotional health	62
10.	Conclusions and recommendations	66
10.1	The Four Factors – what was delivered?	66
10.2	Operations and management systems	71
10.3	Funding and partnerships	71
10.4	Overall conclusion	73
10.5	Key recommendations from the evaluation	73

1. Introduction

Ofgem, as part of its Social Action Plan commitment, recognised the potential of developing financial services for low-income households and the role that could be played by utilities for mutual benefit. Ofgem commissioned a piece of work carried out by NEA and the New Economics Foundation to ascertain the market feasibility of a Factor 4 approach and subsequently commissioned the pilot evaluation.

The Factor 4 pilot was launched in spring 2003 and ended in the summer of 2006. The Factor 4 approach was intended to address domestic energy efficiency, debt, financial exclusion and the use of expensive payment methods by low income consumers through the delivery of a four-pronged approach. This Factor 4 approach included the delivery of:

- Money & debt advice
- Energy efficiency advice
- Bill payment services
- Savings & low-cost loans

The pilot scheme was funded by Barclays Bank, npower, and Severn Trent Trust Fund (STTF); it was understood that Factor 4, as it developed, would become self financing. It was intended that this would happen through a combination of financial support from housing associations and from creditors reclaiming debt through the bill payment service element of the scheme.

The pilot service ran for a period of two and a half years and was offered across southeast Birmingham. Individuals were encouraged, through promotional materials posted in public venues such as GP surgeries and libraries and drop-in advice centres, to use the Factor 4 service. Partners and associates such as Sure Start and PerTemps actively encouraged and referred clients to the service.

1.1 Pilot management and systems

Management of the pilot was undertaken by a small team based at Kings Heath Credit Union in Birmingham. The team consisted of a service manager and part-time project support worker. The pilot was overseen, and guidance offered, by a steering group consisting of the main funders: Barclays Bank, npower, Severn Trent Trust Fund and Ofgem; PayLink Trust; the Factor 4 management team; Birmingham Credit Union Development Agency; New Economics Foundation; and NEA.

The management of the pilot underwent some changes during the lifetime of the pilot due to staff turnover. The Factor 4 service manager, who was also the sole full-time advisor, left the project one and a half years into the pilot and this was closely followed by the departure of the project support officer. A new full-time advisor was recruited along with a part-time project support officer. The project support officer also contributed to the advisory role after receiving training, provided as part of their role in administering the pilot. All members of the Factor 4 delivery staff received energy efficiency training through NEA / City & Guilds 6176 energy awareness qualification¹.

It was originally intended that the pilot in its development phase would begin with one and a half members of staff, which would increase in number to three as the pilot progressed. Towards the end of the pilot there were two Factor 4 members of staff employed by BCUDA providing advice services and referring clients to relevant agencies with additional support and management from BCUDA. Throughout the pilot development phase, and particularly throughout year one, support in the development of the service was provided by Pat Conaty of New Economics Foundation, an experienced money advisor and expert in Credit Union services.

1.2 Pilot aims and outputs

Aims

The overall aim of Factor 4 was to provide a comprehensive, one-stop-shop for low income households, through money advice to alleviate debt, support through energy efficiency advice and help through access to bill payment services and low-cost loans. It was intended that the pilot would develop into a sustainable debt management and prevention service contributing to the eradication of fuel poverty and financial exclusion.

Outputs

Project outputs were measured against a number of indicators on which the service manager reported at each quarterly steering group throughout the pilot phase. The target indicators were established at the outset of the project and were based on certain key assumptions, such as expected staffing levels and estimated progression time from one case to the next. As the project developed, these parameters changed due to factors such as staff turnover; therefore, a direct comparison between output target and actual output achieved would not necessarily reveal a true reflection of target hits or misses.

¹ NEA/City & Guilds 6176 energy awareness training is a qualification developed by NEA and owned jointly by NEA and City & Guilds via a collaborative agreement.

It should be noted that whilst the primary concern of the evaluation was the impact of services on clients, the evaluation does also take account, where appropriate, of management targets to provide context for the evaluation and where targets are directly linked to client impact.

Original target indicators set and the achieved outputs are as follows:

Factor 4 Outputs	Target	Achieved (August 2006)
Client contact	1036	476
Debt contacts	731	355
People advised	731	366
Training sessions	26	76
Staff/volunteers trained	108	568
Severn Trent payment plans negotiated	191	75
Follow-up sessions	527	788
Telephone service hours	75	180
Money advice hours	1759	1635
Credit Union membership	213	55
Introduced to bill payment services	228	64
Energy efficiency advice	314	210
Assisted with debt	524	317
Benefit entitlement check	189	81

From the pilot outset to pilot close in August 2006, 366 clients were advised by the Factor 4 team, of these around 75% were cases with debt. Some clients may have required more than one advice session with the team and this is reflected in the client contact figure of 476. The majority of the outputs above are addressed in relevant sections throughout the report.

1.3 Project evaluation

For the purposes of the evaluation, data was collected in two main ways. Firstly, through client case data collected by the Factor 4 management team and secondly through client surveys, both before and after intervention; that is before clients received assistance from Factor 4 and again at least 6 months after. A detailed methodology is provided below.

Unfortunately, largely due to staff turnover, case data collection via the Factor 4 management database was not consistent throughout the pilot phase and so data available for some clients was not for others. This, as well as a small sample achieved from the post intervention questionnaire to clients, significantly impacted on the analysis of data and so limited some of the results obtainable.

2. Executive summary

2.1 Factor 4 pilot and evaluation

- The Factor 4 pilot was launched in Spring 2003 and closed in the summer of 2006.
- The approach was intended to address domestic energy efficiency, debt, financial exclusion and expensive payment methods through the delivery of a four-pronged approach.
- The four elements of the service were money & debt advice; energy efficiency advice; bill payment services; and savings & low-cost loans through credit union membership.
- Evaluation of the pilot's impact on clients was undertaken through a combination of quantitative and qualitative methods.
- Where appropriate, the evaluation comments upon management structures and operations where it is thought this had some bearing on the extent of client impact.

2.2 Factor 4 client profile

- The majority of clients accessed the Factor 4 service via outreach surgeries, Credit Union, Pertemps and Trident housing association.
- The majority of clients of Factor 4 were below retirement age with only one in ten aged over 60. Just over half of clients were women.
- Most clients were from households that had only one main income, being either single males or lone parents (usually female). More than a third of households contained at least one child under 16 years.
- The vast majority of clients were social housing tenants, around a quarter were private sector with only a small proportion of these being owner-occupiers.
- Examination of the sample profile showed relatively high incidence of welfare benefit receipt and more than a third of clients were unemployed. Almost one in five were not working due to poor health or disability.
- Debt and money advice were clearly the two biggest problems faced by clients and in many cases the debt situations were very complex. Debt and money advice were the two factors most commonly accessed by clients.
- Services offered by Factor 4 had not previously been accessed by most clients in the year before visiting Factor 4. Results indicated that Factor 4 was indeed providing a beneficial service to the local community.
- For clients accessing services other than money advice, such as energy efficiency or advice about grants or benefit entitlements, the majority were accessing the services for the first time in at least a year and quite possibly the very first time.

2.3 Main conclusions

- Whilst not achieving all targets as originally envisaged, Factor 4 was successful in trialling an innovative approach to financial exclusion and fuel poverty. In doing so, a framework and series of lessons learnt for future development or for a similar scheme have been developed.
- As Factor 4 developed, it became apparent that the service provided was one of quality over quantity, a personal and tailored approach. The nature of the advice provided, coupled with the case completion time highlights the quality of the advice provided to clients with complex cases.
- The Factor 4 approach to tackling the multi-dimensional nature of a client's financial problems means that in treating the main financial problem of the client another problem is also solved or an additional benefit is derived.
- Factor 4 intended to test out a new form of money advice, 'money advice light' where advice is given at an early stage of financial difficulties and so acts as a source of prevention-orientated advice. In reality, many of the cases seen by Factor 4 had serious and often very complex debt and 'money advice light' was therefore not the solution for many cases.
- The one full-time advisor Factor 4 employed throughout most of the pilot phase came from a debt and money advice background and was highly skilled in this area. This, combined with the complexity of debt cases and limited funding to make other factors fully operational meant that money and debt advice became the primary factor addressed throughout the early and middle stages of the pilot.
- **Money and debt advice:** Whilst Factor 4 operated throughout the pilot phase to deliver all four factors, money and debt advice clearly was the dominant factor.
- Through providing a debt management service, recovery from debt is facilitated and the clients better enabled to take control of their situation, contributing to their ability to avoid similar situations in future.
- **Energy efficiency:** Energy efficiency advice and services were not accessed to the same extent as money and debt advice. Despite this, related activities did take place in the form of awareness raising via outreach services.
- The energy efficiency factor became increasingly important towards the end of the pilot through provision of training to other community workers and through workshops.
- Evidence suggested low levels of energy efficiency awareness and knowledge amongst clients when asked about the benefits to the warmth of their home and difference to

fuel bills that energy efficiency measures, such as loft insulation and wise energy choices, such as tariff selection, could make.

- In the early stages of the pilot there appears to have been a lack of clarity and proper understanding amongst the Factor 4 team of the links between the four factors, especially around energy efficiency. This was addressed as the pilot progressed.
- **Bill payment:** Another distinguishing feature of Factor 4 was its ability to assist clients in accessing bill payment services as well as debt repayment.
- Evidence suggests that this factor was not well taken-up throughout the pilot as work on this factor only began to develop towards the end of the pilot phase.
- A combination of insufficient funding from creditors to support this and the limited time of the primary advisor, were found to be the main contributory factors to the poor take-up of this service.
- **Credit Union savings & loans:** Factor 4 facilitated the credit union membership of over 50 clients, falling short of the original target.
- In many cases, the dominant reason for accessing Factor 4 was debt and money advice. Many of the clients seen by Factor 4 involved complex debt cases; saving was not feasible and offers of loans, even at a low cost, inappropriate.
- In addition, the lack of funding and resources is likely to have contributed to low take-up of this factor in the initial stages, although there was more focus here later on in the pilot.
- Factor 4 was able to successfully access grants for clients, these were usually accessed from energy trust funds, Severn Trent Trust Fund and other sources. Records indicate that no grants were accessed from the leading fuel poverty scheme, Warm Front.

2.4 Funding and resources

- A key lesson from the pilot is that to deliver on both primary and secondary client concerns requires extra resources, not only in time but also in the ability to refer complex cases to agencies better geared up to provide the service; Factor 4 often found that these services themselves were overstretched regarding capacity.
- A conclusion of the evaluation in relation to management and operations is that debt and money advice must go hand-in-hand with advice about avoiding debt; treating the cause and not just the symptoms. This can be achieved through a balanced delivery of services that tackle the multi-dimensional nature of many cases of debt and financial difficulty.

- A key aim of Factor 4 was to secure funding post-pilot phase to continue the work of the service. Factor 4 has worked well in achieving support from local groups including Pertemps Employment Alliance and the Neighbourhood Renewal Fund.
- Securing funding from other anticipated sources did not work as well, e.g. housing associations. Work is continuing post-pilot to further alliances with housing associations and debt recovery services but the project is not yet self sustaining.
- Recognition of the integrated and proactive approach of Factor 4 work and its contribution to the local community, is evident in the successful application for funding to the Financial Inclusion Fund.
- Factor 4's work has also been acknowledged in securing funding from the Legal Services Commission to provide for outreach advice services for those who would not normally present themselves to debt advisors.
- Whilst this additional funding is extremely good news for Factor 4, in that it means that a valuable service can continue, both streams of funding do not allow for the funding of energy efficiency advice; a key factor of the aims and objectives of the original.

2.5 Key recommendations from the evaluation

- ***Delivering on all service factors:*** Whilst it is acknowledged that debt and money advice are often the primary concern for visiting a service such as Factor 4, clients should be made aware of the synergies of all four factors and how addressing a combination of factors can assist in their specific situation.
- The benefits to low-income households, in terms of additional funds available to the household purse, through the better integration of energy efficiency and/or water efficiency advice (for those with a water meter) and debt/money advice should be more widely recognised and funded accordingly.
- Referral networks need be better established, locally and nationally. A referral network should be established with the leading Government-funded fuel poverty programme, Warm Front.
- The nature of the Factor 4 service means that, where possible, symptoms of underlying issues related to one or more of the factors should be better identified and the necessary action taken to rectify or assist with the problem.
- ***Partnerships & funding:*** Where possible, secure partnerships that are needed to support the service via referrals, but also in terms of feedback and financial assistance.
- There should be sufficient lead-in time regarding marketing to clients and raising awareness of the service amongst referral networks and clients before the project goes live.

- Utilities and creditors who identify clients in debt should refer such clients directly to a Factor 4 service and a bill payment or debt reduction service be made available as an alternative to disconnection or the installation of a prepayment meter. This would benefit both the client and the creditor. The scheme would also benefit in terms of client referral.
- Funding for money advice and debt outreach services should include an element of funding for energy and water advice to ensure that the causes of multiple debts, including utility debt, are addressed in equal measure to the management of debt. This will contribute to client empowerment and ability to take control of their financial situation. They therefore, require the 'know how' to do so.
- **Operations & management:** Staff retention and recruitment procedures should be in place with appropriate handover procedures.
- The project staff base should be broader and more diverse to avoid too heavy a reliance on one member of staff for providing most of the advice and sufficient training is required to facilitate the more proactive implementation and development of all factors of the service.
- All scheme advisors should be fully briefed and trained in providing all elements of the service rather than building on one or two factors as a scheme proceeds. An alternative could consist of one fully trained member of staff in place for each factor at the outset with the aim of all staff becoming fully briefed on each key issue as time passes. This would improve coverage of all 'factors' of the scheme whilst enabling an initial period for wider expertise to be developed by all staff and facilitation of a caseworker approach.
- **Data systems:** Data collection systems should be well established and operational before the scheme goes live. Test reports should be produced to ensure consistent data collection and outputs.
- Closer monitoring of client data is required to ensure consistency and use of established coding where appropriate.

2.6 Key lessons for future development:

- **Division of labour for money and energy advice:** combining specialist money advice work with energy advice work in the same job is not realistic. Funding should be sought for an interdisciplinary team with a specialist money adviser working alongside an energy adviser. The role of the energy advisor could be combined with generalist money and budgeting advice to provide 'money advice light' where money and debt problems are less complex.

- **Bill Payment Services:** to negotiate commission payments from utilities and creditors will require a larger scale of operation. This could be developed in partnership with the PayLink Trust or several credit unions collaborating to solve this problem. Factor 4 services could also link with the Co-operative Bank and/or Barclays Bank who are introducing bill payment services to assist credit unions and Community Development Finance Institutions to reduce financial exclusion.

3. Evaluation Methodology

As briefly stated above, there were two main types of data collection and evaluation:

Type One: Continuous data collection on clients – Factor 4 client database and maintenance by the Factor 4 delivery team.

Type Two: Distance travelled – what has changed for clients – quantitative & qualitative data.

3.1 Aims of the evaluation

- To track the progress of clients throughout the three-year period.
- Measure the effectiveness of the project in terms of debt reduction, financial exclusion, financial management and overall client impact.
- Provide an indication of outcomes relating to how well Factor 4 has assisted clients in terms of finance, health, energy efficiency knowledge and fuel and water poverty.
- Make recommendations for how the project can be taken forward and rolled out.
- Data collection to facilitate the measurement of Factor Four outputs.

3.2 Data collection

At the outset it was recognised as key to establish and maintain a client database that could be added to continuously. The evaluation team advised the Factor 4 team on what this should include and it was agreed that the following information would be collected:

- client details
- who made referral
- interview dates
- interview length
- caseworker details
- creditor negotiations and outcome
- energy/debt/benefit/tariff advice given
- total level of indebtedness
- agencies clients may have been referred on to and the case tracked throughout this process with good communication between the partner organisations and the Factor 4 team where possible
- what course of action was decided and any key dates

- grant take-up – Warm Front², STTF etc
- water debt size (include date)
- energy debt size (include date)
- financial services (bank account/savings/insurance etc)
- number of unsecured debts/non-priority debts
- number of secured/priority debts
- what interventions were made e.g. preventing disconnection
- measurement of regular payment and reduction in debt
- decisions made regarding how to deal with client’s problems

Factor 4 staff operated, and maintained client records, from a shared central back office based at the Kings Heath Credit Union shop in Birmingham.

It was vital that each case entered into the data system was allocated a unique reference number. This ID number was used in the year zero survey and year two survey to link cases and also used in any related procedures. This meant case matching was possible.

YEAR ZERO (first year)

Year zero consisted of the two types of data collection: client records entered into the client database and continued throughout the life of the pilot for each client; and household survey by questionnaire (where the client consented).

The data collected by the household survey at this stage was collected again in year two to allow a distance travelled comparison.

The survey was carried out by means of a paper-based questionnaire. The design was highly structured as it was thought this would better facilitate a high response rate through ease of completion. Issues covered in the phase 1 questionnaire included socio-economic and demographic information such as household composition, tenure, income, occupation, and age etc; financial information including financial confidence, fuel and water debt, subjective finance scale and financial priorities; energy efficiency knowledge, experience of warmth, heating satisfaction and heating patterns; and subjective health, emotional health and mastery³.

² Warm Front is the leading Government-funded energy efficiency programme in England. A grant of up to £2700 is available to owner-occupiers or privately renting tenants for insulation and heating improvements. A grant of up to £4000 is available for some households that require oil central heating. The programme is managed by Eaga plc.

³ A measure of personal management

This data was analysed to establish client need for the service and to set a baseline in terms of the number of Factor 4 clients experiencing debt, fuel poverty (using a proxy) and associated difficulties.

YEAR ONE

Year one was used to collate and begin initial analyses of data that were being collected. It was at this stage that difficulties were first identified and raised with Factor 4 staff regarding database maintenance. The evaluation team visited Factor 4 to assist with this and provided a coding frame and variable list for data that could and should be collected.

It was also at this stage that staff retention became an issue for the pilot.

In addition, an in-depth telephone interview was conducted with the service manager to ascertain their views on the aims and objectives of Factor 4 and also on its development and what they perceived as having worked well or not so well.

Towards the end of year one a focus group was conducted with 5 clients (against a planned attendance of 8). This more qualitative technique was used to gain some insight into the lives of those using the Factor 4 service, why they chose to use Factor 4 and its impact. The results of such a method are often more insightful than the more quantitative techniques used in structured postal questionnaires as they allow insight into the choices and lives of clients and 'real life situations' not so easily identified through structured questionnaires. The focus groups were analysed using a coding system that allowed key themes and recurring issues to emerge and so be identified. The results were used to add depth to the quantitative findings.

YEAR TWO (final year)

In the final year, clients who had used the Factor 4 service were sent a similar questionnaire to that completed in year zero. This questionnaire was sent to those who had completed a phase 1 questionnaire. An amended retrospective questionnaire was sent to those clients who had not completed the original questionnaire. This was intended to allow the evaluation team to show how the household's situation has changed, not only in terms of finance and debt, but also in terms of the impact the scheme had had on their life as a whole; including fuel poverty, health and well-being.

The quantitative questionnaires from phases 1 and 2 were both analysed using SPSS (statistical package for social scientists) as this analysis best allows statistical representation of the results. Where appropriate, statistical tests were used to ascertain the statistical significance of relationships identified in the data. Statistical significance (P) is determined by the probability that this has not happened as a result of statistical accident. P for the purpose of the analysis used in this report is set at <0.05, which means there is a less than five percent chance that the result was accidental.

Due to a disappointingly low response rate for the phase 2 questionnaire, statistical representation of the data was not, in many cases, appropriate. Therefore, throughout the report, where small sub-samples are used, numbers rather than proportions are given to provide an indication of client impacts rather than making generalisations across the sample.

3.3 Sample size

Client survey

Phase 1 questionnaire (before Factor 4 intervention): 54

Phase 2 questionnaire - after Factor 4 intervention: 7

Phase 2 questionnaire – retrospective: 11

- **Total sample pre-intervention: 65**
- **Total sample post-intervention: 18**

To improve the sample size, follow-up telephone calls were made to clients and several replacement questionnaires were posted out. Despite these efforts the sample size remained disappointingly low.

Factor 4 office database

Case data was available for **284** clients. It should be noted here that not all data collected was done so consistently for each client.

Due to the small post-intervention sample, the intended before and after comparisons could not be achieved to the extent that would allow for generalisations across the sample. Having said this, there were some positive aspects. A good sample achieved pre-intervention meant that we were able to establish a Factor 4 service need and use as well as client profiles and conditions that prompted Factor 4 visits. Post-intervention analysis was limited, and where it was used sub-samples are very small but nevertheless provide an insight in to the intervention made in these individual cases and some indication of what a larger sample

analysis could uncover. Caution should be used however with before and after findings as they cannot be extrapolated across the sample.

Stakeholder views

Members of the steering group, management team and partners were invited to take part in a survey to gather their views and interpretation of the pilot's aims and objectives, as well as the extent to which they thought Factor 4 was successful in achieving these. The survey used a semi-structured questionnaire to explore these issues.

Six completed questionnaires were returned by the stakeholder groups. The sample broken down included:

- **Four members of the steering group**
- **Two members of the Factor 4 delivery/management team**

To make clear the sample on which the findings are based, bold text has been used. Where individual case study material is used to illustrate service impact, clients have been given pseudonyms to protect their identity. Throughout the report, findings are discussed in relation to their originating sample.

4. The Factor 4 service

4.1 The service

The Factor 4 pilot was unique in that it set out to offer money and debt advice combined with energy efficiency advice, bill payment services and access to low-cost loans and saving accounts, via a local credit union. The four factors were promoted across the pilot area via leaflet distribution and posters in public buildings such as GP surgeries and libraries. The service was also promoted through existing surgeries and outreach services operated through the credit union network. Residents identifying with the services offered could access one or more of the Factor 4 service elements. Clients in this way would be 'self referrers,' in addition to this, clients were also referred from several referral partners across the pilot area.

Results from the analysis of **Factor 4 office data** show that of 221 valid records, the most common access routes for clients of Factor 4 were:

- the Ladywood surgery (18.5%)
- the Kings Heath surgery (14.9%)
- Pertemps (13.6%), a recruitment agency running several projects
- Trident Housing Association (10.9%)

Collectively, over half of clients accessed Factor 4's services in these ways. More than one in ten (13.9%) clients were referred via a credit union. Other access routes recorded are shown in the table below. For more detail about the organisations listed, please refer to the glossary in the appendices.

Access route	%
Community Advice Trust	5.5
Jericho Project	4.1
Jobcentre Plus	4.1
Revenhurst	3.6
Previous case	0.5

For 15.4% of cases the access route was categorised as 'other' and the organisation specified. The stated organisations are varied and, except where the count is 1, the number of cases accessing Factor 4 via each organisation is given in the table below.

Specified access route (count)	
Breakaway	Gingerbread
Broadway Medical Centre	Karis
City Loan Shark team	Neighbourhood Office
Event (energywatch) (2)	Optima
Focus Housing (2)	Rethink
Freshwinds	Shelter
Friend/relative	Sure Start (4)

(Please refer to the glossary – Appendix A)

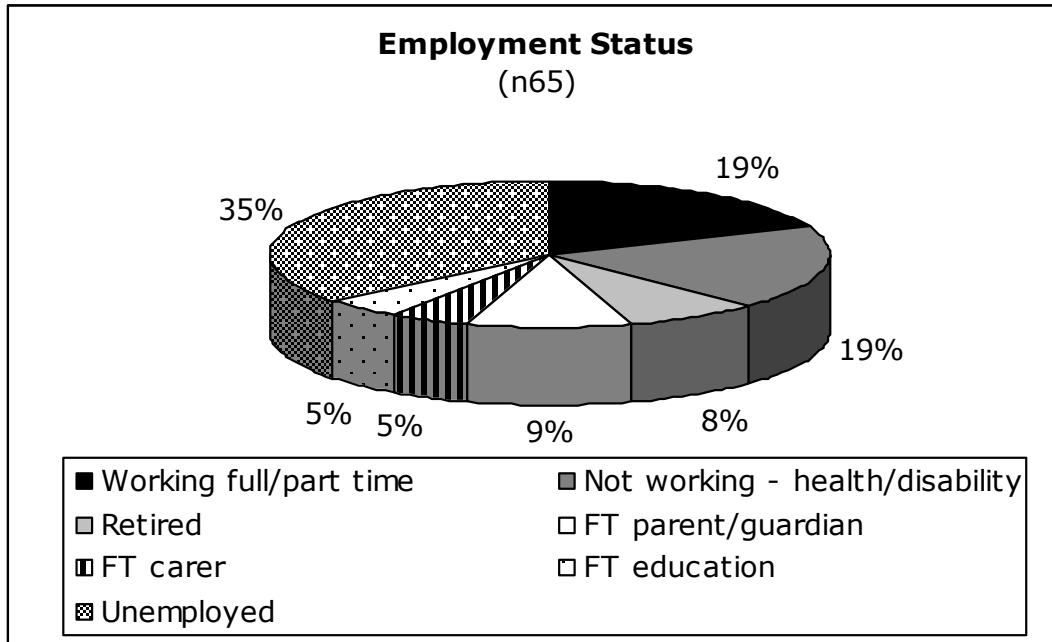
Clients surveyed by questionnaire were asked to state how they had heard of Factor 4. Fifteen clients responded to this question. 60% (9) indicated the credit union as the source of information, 20% (3) said friends and family and one client stated the local library. Two clients stated 'other' source and specified Trident Housing Association and a drop-in centre.

4.2 The users

In surveying clients who visited Factor 4, a profile of service users has been created using socio-economic and demographic data collected via **client questionnaires**. Profiling service users can be particularly helpful in assessing service use and improving targeting.

- Based on the questionnaire sample, the majority of clients were women, 54% compared to 46% men with a large majority being below retirement age.
- Only 1 in 10 were aged 60 or over, half were 36-59 and two-fifths (40%) 16-35.
- Looking more carefully at clients' personal situations, the majority were either single males aged less than 60 (31%) or lone parents (32%).
- One in 10 of respondents were multi-adult households, some of which contained a child under 16 years.
- Over a third of all households surveyed contained at least one child aged under 16 years compared to one in 10 (9.5%) households that contained someone aged 60 years or more.
- The tenure of over a quarter (27%) of clients was private sector, however, very few clients were owner-occupiers, only 8.5% of the total sample.
- The majority were social sector tenants, two-fifths (40%) were council tenants and almost a third (32%) housing association tenants.
- Results indicate that the majority of Factor 4 clients are likely to be single adult households with or without children, this suggests that the majority of households that accessed Factor 4 had only one income.

- Further examination shows relatively high levels of welfare benefit receipt, only 4% reported to not be in receipt of any state benefit. Two-thirds were in receipt of three or more benefits at the time of accessing Factor 4 services.
- More than a third (35%) were unemployed and less than a fifth (18.5%) were in full-time or part-time paid employment. The same proportion (18.5%) were not working on health or disability grounds. The employment status of the sample is shown in the chart below.

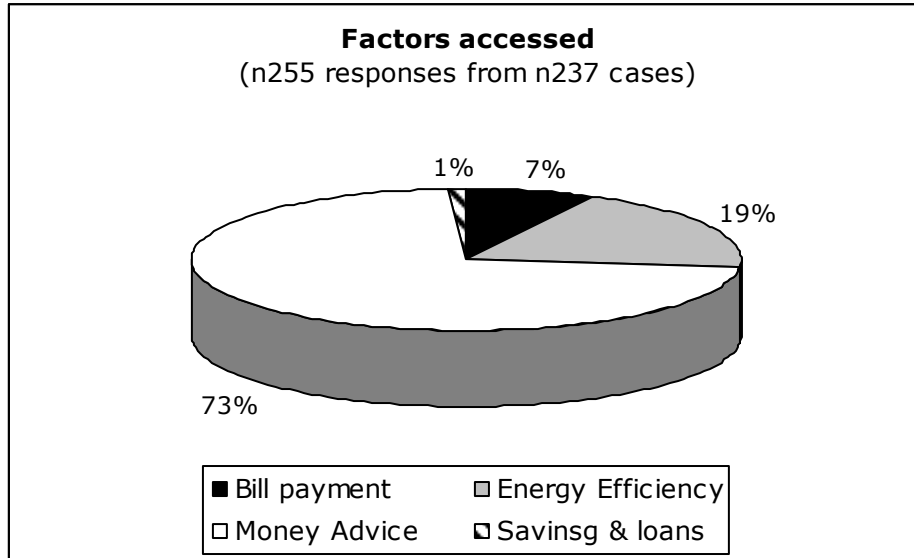


- These results indicate households on very low incomes and income data, whilst based on income bands, confirm this. Only one client surveyed had an annual income of more than £10,000 per annum and one declined to disclose their income. The average reported income was £5,350.00 per annum⁴.

4.3 The Factors accessed

Clients' reasons for accessing services offered by Factor 4 were assessed at point of contact by the Factor 4 team.

⁴ The Factor 4 management team have reported that clients of Factor 4, whilst on very low incomes, tend to underestimate their income by not including housing benefit or ISMI as income.



The above chart illustrates results based on the **Factor 4 office database**. The clear indication is that the majority of visits to Factor 4 were for money advice. Almost a fifth of visits concerned energy efficiency, less than a tenth related to bill payment and only 1% concerned access to low-cost loans and savings.

Whilst clients will have visited Factor 4 for issues relating to one or more of the four factors, the specific reasons for their visit may not be clear. To try and unpick the reasons why people chose to visit Factor 4, the **survey of clients by questionnaire** asked clients to select reasons under the headings of each Factor. Each of the services fitted into the four main factors of the overall service as shown in the table below.

MONEY ADVICE	ENERGY EFFICIENCY	BILL PAYMENT	SAVINGS & LOANS
Tax credit and benefit checks	Negotiating fuel payments	Help paying bills	Low-cost loans
Budgeting advice	Home energy assessment	Debt management	Basic bank account
Debt advice	Application for grants		Savings
STTF grant application	Fuel switching		
Budgeting advice			
Negotiation with creditors			

To better assess why people chose to visit Factor 4 it is necessary to look more closely at the different elements of the project. For this analysis the responses from the **client survey** have been used as this is the only data source that collected specific reasons for the visit without attributing them to a single Factor 4 category.

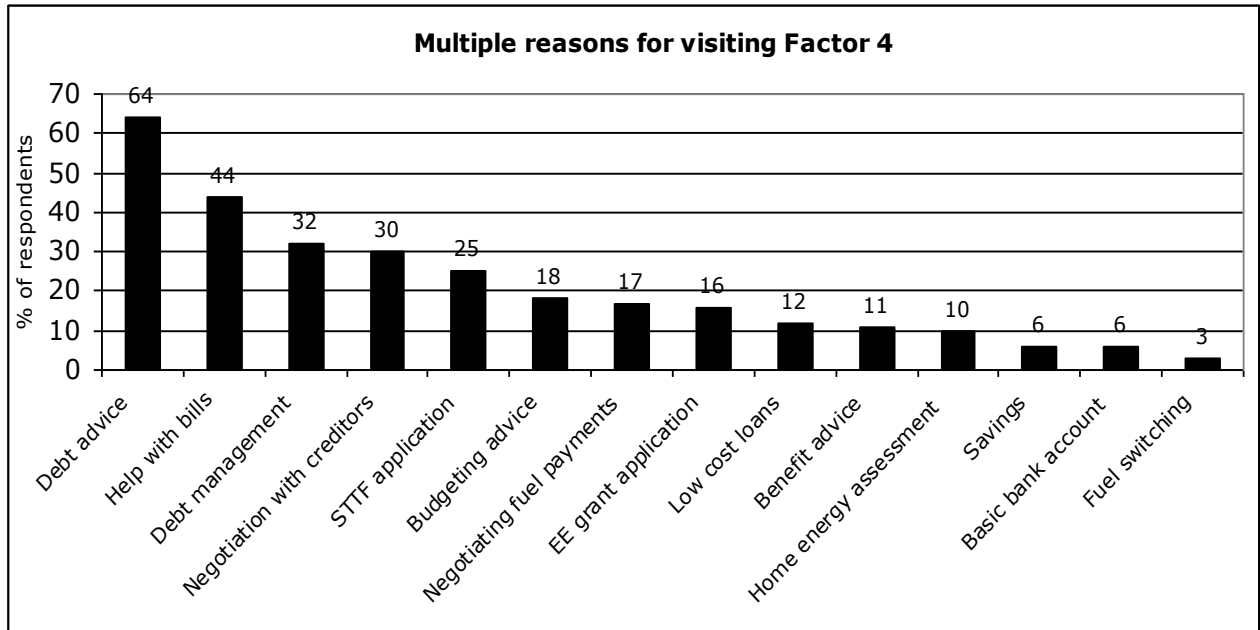
Results, as shown in the table below, indicate that the majority of clients visited for more than one reason.

Number of reasons specified	%
One	19.0
Two	28.6
Three	19.0
Four	19.0
Five	4.8
Six	4.8
Seven	4.8

- Over a quarter of the sample specified two reasons for their visit and almost a fifth (19%) specified 3 or 4 reasons respectively.
- The maximum number of reasons given for visiting was seven, stated by 5% (3) of respondents and 15% (9) stated more than 4 reasons for their visit.

As respondents were able to give more than one reason for their visit to Factor 4 the chart illustrating this below gives the percent of respondents specifying each reason and so does not round to 100%.

- The results clearly show that almost two-thirds of respondents said they chose to visit Factor 4 for debt advice.
- Over two-fifths sought help with paying bills and almost a third for debt management and negotiation with creditors respectively.



- The least common reason specified for visiting Factor 4 was fuel switching; access to a basic bank account and savings were also low.
- Results support those from the **Factor 4 office database** in that debt advice, which forms part of the money advice Factor, is by far the most common reason for visiting Factor 4.
- Access to savings and basic bank accounts, which forms part of the Savings and Loans Factor, registers the lowest proportion of clients, again this is supported by the earlier findings from the **Factor 4 office database**.

The results illustrate the breadth of the problems faced by Factor 4 clients; debt and money advice are clearly the two biggest problems. It's possible that this is the reason why the remaining factors of the service are not so commonly accessed and this is discussed further, in relation to the delivery of all factors of the service, in chapter 10.

Whilst clients may benefit from savings, low-cost loans and basic bank accounts as well as fuel switching and energy efficiency advice, these may not be the primary concerns of people facing debt problems. One benefit of the Factor 4 approach is that the primary concerns can be addressed whilst other secondary issues, that could benefit the overall situation of the client, can also be addressed in tandem. How well Factor 4 has achieved this will be considered in later sections.

To give an indication of whether Factor 4 was filling a service gap, and in what ways, clients were also asked to state whether they had accessed any other similar services to those offered by Factor 4 in the past 12 months.

Results based on a sample of 52 clients who completed the **Factor 4 questionnaire**, and for whom 'before Factor 4' data was available, indicate that the services that Factor 4 provided in the pilot area had not previously been accessed by most clients in the year before visiting Factor 4.

- Money advice was by far the most commonly accessed factor of the service: of those that completed the client questionnaires 90% (47) said that they visited Factor 4 for money advice; over four fifths (85%) of these clients said that they had not received debt or money advice in the 12 months before accessing Factor 4.
- A similar pattern was identified across many of the services incorporated in the Factor 4 service.

Whilst sub-sample numbers are small for clients accessing services other than money advice, such as energy efficiency or advice about grants or benefit entitlements, the majority of these clients were accessing the services for the first time in at least a year and quite possibly the very first time.

- Two-fifths (21) of clients reported accessing Factor 4 for energy efficiency advice, 19 of these or 91% said that they had not received energy efficiency advice in the previous 12 months.
- Relating to energy efficiency advice, but looking more specifically at advice regarding tariffs and price, all eleven clients who said they had visited Factor 4 regarding this matter had not received such advice in the previous year; this was also the case for those accessing Factor 4 for advice about energy efficiency grants.
- Of the five clients who said part of their visit was regarding benefits advice, four had not received any advice regarding benefits entitlement in the previous year.
- Ten clients who visited Factor 4 to enquire about a grant from Severn Trent Trust Fund had not received advice about this grant source in the 12 months before visiting Factor 4.

Whilst some of sub-sample numbers are small due to data matching, results do indicate or suggest that Factor 4 was providing a beneficial service to the community which it served

during the pilot phase. As shown, very few clients reported to having received the advice for which they visited Factor 4 in the 12 months previous to their visit.

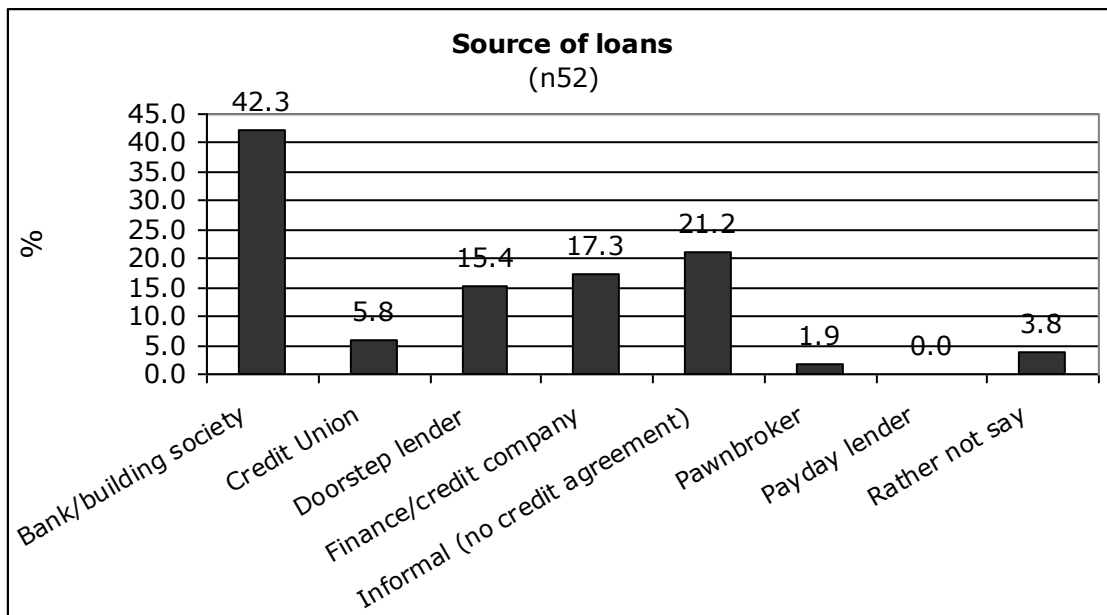
Whilst clients of Factor 4 had previously accessed some services also offered by Factor 4, the numbers are relatively small. Previous studies have shown, particularly in relation to energy efficiency and benefits advice, that many households are unaware of where to go for advice.

The low proportion of clients accessing bill payment and savings and loans based on the **Factor 4 office data** is likely to be due to the unavailability of these two factors until further into the pilot phase. This is further supported by the slightly higher proportion of clients citing these factors, or reasons related to these factors, in the **client questionnaires** as the reason they chose Factor 4.

5. Money and debt advice

As the previous section outlined, many clients visiting Factor 4 appear to have debt problems and difficulties paying bills. Results from the analysis of the **client survey by questionnaire** showed that over four-fifths (85%) of clients surveyed said that they had some outstanding loans or debt. It is important to remember that this includes those who are both in debt and with repayment difficulties and also those with loans without arrears. It should also be noted that the absence of arrears does not mean the debt is affordable to the household. Many households prioritise debts or bills, making savings elsewhere or cutting back on other necessary services or products.

For many people in the UK their level of debt is manageable, however, for others this is not the case and many find themselves unable to cope with their debt burden. As shown in the table below, the most common source of loans for **clients surveyed** was banks or building societies, over two-fifths said they had used banks or a building society for a loan. Many low-income families who are unable to access credit through conventional high street lenders can be forced into a secondary market of informal lending, without credit agreements and often with excessive interest rates. This form of lending had been used by just over a fifth of the sample and was the second most common source of loans. This could be explained by the inability of those already with debt and arrears to access loans from more mainstream sources and so they turn to informal lenders.



Through data matching, records from the **Factor 4 office database** for those clients surveyed by questionnaire indicated that around two thirds of clients had some level of debt. Analysis of the Factor 4 client records for all clients showed a recorded debt for 50% of clients.

The following section looks at the financial situation of clients before and after receiving help from Factor 4 and attempts to draw from the results the impact on clients' financial situation. Due to the small sample for the 'after' scenario impact, results should be treated with some caution.

5.1 Income and finances

The previous section outlining the profile of Factor 4 clients showed the low income of people visiting Factor 4. Clients reported their income within bands via the client questionnaires. Clients chose the band into which their income most closely fit. Using this method we were able to establish an average household income of around £5,350.

State benefits

Whilst based on a small sample from the **client surveys**, we can gain some insight into the impact that a benefit entitlement check can have on income. Two cases reported that their income had increased as a result of visiting Factor 4.

Case 1:

One client assisted with claims for Disability Living Allowance, Attendance Allowance, Housing Benefit and Council Tax Benefit reported an increase in their income of £150.00 per month as a result of the assistance received from Factor 4.

Case 2:

After Factor 4 assistance with a claim for Working Tax Credit one client reported an income increase of £134.40 per month.

Both of these equate to an annual increase in income of over £1,500. Whilst these are just two cases, previous studies into income maximisation⁵ have shown that Benefit Entitlement Checks that are successful in obtaining an award for the claimant, on average, result in an increase in annual income of £1,500. The Factor 4 service did not collate information about

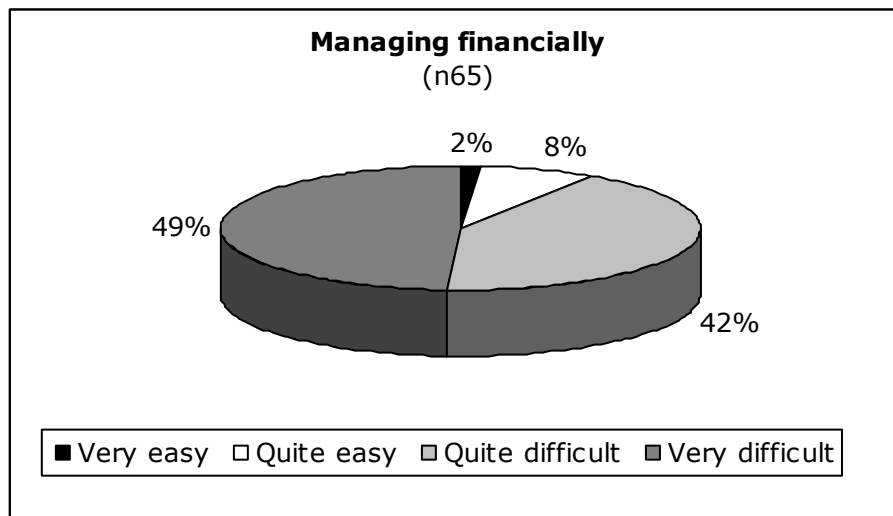
⁵ NEA, 2005. Income Maximisation.

whether any benefits advice or check provided to clients resulted in a successful claim. Therefore, findings on increased income as a result of advice from Factor 4 are only available as self-reported information via the **client survey questionnaires**.

The **Factor 4 office records** updated to August 2006 shows that a total of 81 clients had received advice about benefit take-up, although it is not known from the data collected if this advice resulted in a successful claim and subsequent increase in income in each case.

General financial management

Based on results from the **client questionnaires**, the overwhelming majority (91%) of the 65 clients surveyed when asked to say how easy or difficult they found it to manage financially before visiting Factor 4 said they found it 'quite difficult' or 'very difficult.' As shown in the chart below, almost half (49%) said they found it 'very difficult' to manage financially.



The relationship between existing debt or outstanding loans and how easy or difficult clients find it to manage was found to be significant ($p < 0.05$). Of those reporting outstanding loans or debts, almost two-thirds (63.6%) said that they found it very difficult to manage financially and just over a third (34.1%) said they found it quite difficult.

Despite the proportion of clients visiting Factor 4 for debt or money advice, the numbers reporting an improvement in their financial circumstances was small. It should be noted that these results are based on a very small sub-sample. Data collected via the **client questionnaires** regarding how easy or difficult clients found it to manage both before and after accessing Factor 4 was available for 16 clients.

Since receiving advice from Factor 4 how easy do you find it now to manage financially?		
Response:	Count	Percent
Much easier	2	12.5%
A little easier	5	31%
About the same	7	44%
A little more difficult	1	6.3%
Much more difficult	1	6.3%
Total responses	16	100

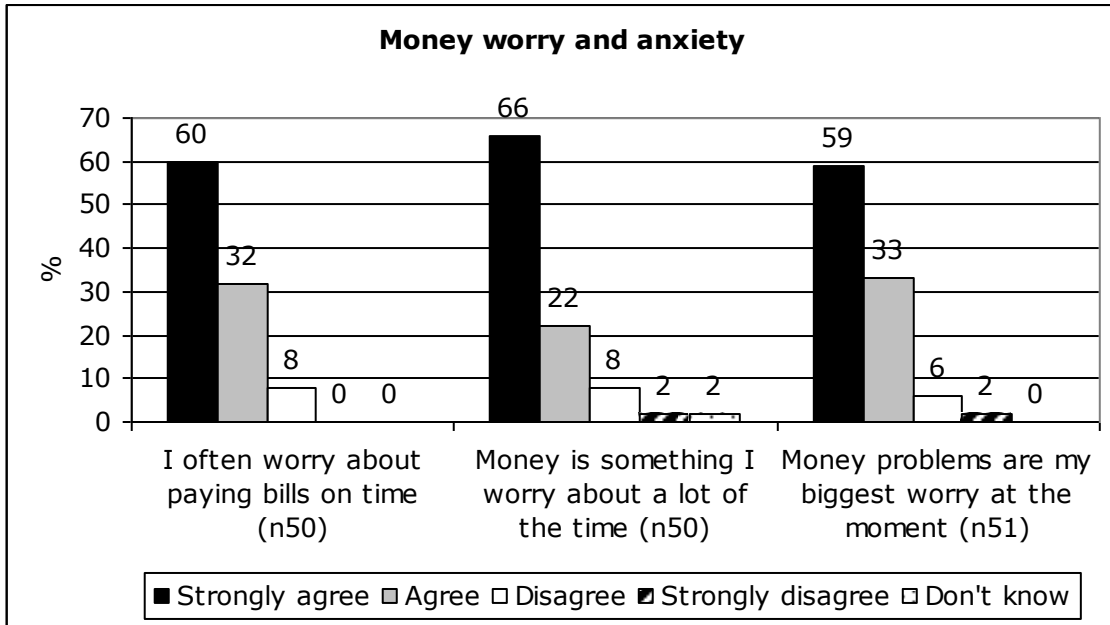
- Seven (44%) clients said that financially things had stayed the same after visiting Factor 4.
- The same number reported an improvement in how easy or difficult they found it to manage after visiting Factor 4. Two (12.5%) clients reported to finding it much easier to manage financially after receiving advice from Factor 4 and five clients (31%) reported it to be a little easier after accessing Factor.
- Two clients (12.5%) said that they found it more difficult to manage financially.

In cross-referencing the data obtained via the **client questionnaire** and that collected by the **Factor 4 office** results showed that both clients reporting more difficulty in managing financially had visited Factor 4 for money advice and both had debts exceeding £1,000. One client had a total debt burden of £1,270 and the other £1,929; both of these debts were largely made up of credit or loan debt. One client was awaiting referral to an Energy Trust Fund.

The extent of debt in some cases was very substantial; in one case recorded by the **Factor 4 office** the total debt of a client was £163,000. The average (mean) debt for cases based on records obtained from the **Factor 4 office database** was £5,160 (rounded to nearest £10). However, it may be more useful to look at the median as the average rather than the mean (the mean can be affected by extreme values, as already shown above.) The median debt for the sample was £1,720.00 (rounded to nearest £10).

- Before clients visited the Factor 4 service over half (60%) said that they strongly agreed with the statement, *'I often worry about paying all of my bills on time'* and a further 32% said that they agreed. 8% said that they disagreed.
- Two-thirds of the sample agreed strongly that *'money was something they worried about a lot of the time'* and a further 22% agreed. 10% disagreed with this statement to some extent.

- For over 90% of respondents, money problems were their '*biggest worry*' at the time of visiting Factor 4. Results clearly indicate a considerable level of anxiety and worry amongst the sample regarding paying bills and money problems, as shown in the chart below.



Further investigation into the level of debt of clients visiting the Factor 4 service uses the **household survey sample** as the debt data from the **Factor 4 office database** can be matched with socio-economic and demographic data collected via the questionnaires. This sample is largely representative of the larger sample of the **Factor 4 office database**, in that average debt levels are similar. The mean debt (rounded to nearest £10) of the clients who completed the questionnaire was £5,150 and the median value £1,860.

Ten clients reported their overall level of debt after having received assistance from Factor 4 at least 6 months previously. For half of these clients their debt burden had reduced, four said a little and one reported their debt to have reduced a lot. Three clients reported their debt burden to have remained the same and two said their debt had worsened.

Have your debts reduced since receiving help from Factor 4?	
(n10)	Count
Yes, quite a lot	1
Yes, a little	4
No, they stayed the same	3
No, they increased	2

Access to financial services and banking

For many people facing debt difficulties, access to financial services and financial literacy can be a problem. Paying bills by Direct Debit can often be a cheaper way to pay. As is the case with fuel payment, people paying in this way can enjoy lower tariffs than those using pre-payment meters or standard credit. It should be noted that it is often the most vulnerable or those already in debt to their fuel supplier who use a prepayment meter, despite this usually being the most expensive method. Fuel companies are now starting to equalise prepayment and standard credit tariffs for either gas or electricity, but not for both fuels. One of the leading suppliers has now introduced a social tariff that equalises the prepayment tariff with the Direct Debit tariff for vulnerable dual fuel customers. It should be noted that pre-payment meters can sometimes be the payment method of choice, due to the assistance with budgeting and avoidance of unexpectedly large bills.

Access to financial services can also affect the management of money and debt. A bank account is now essential to everyday life, however, 1.9 million UK households, containing around 2.8 million adults, do not have a bank account⁶. This is of some concern as all benefits and state pensions now have to be paid direct into bank accounts with the only alternative being a cheque cashable at a Post Office or the Post Office Card Account (POCA). Despite this, in early 2006 the Department of Work and Pensions announced it was to withdraw its support for the POCA when their contract expires in 2010. The Government subsequently announced in December 2006 their decision to continue with the card account, but due to EU procurement rules, it will have to open up the provision of the service to competitive tender; which the Post Office would be eligible to bid for⁷.



The banking industry has been providing basic bank accounts with facilities for standing orders and Direct Debits, but without overdraft facilities since 2000. The British Bankers' Association in October 2006 announced that since 2003 one million customers who previously were without banking services now have basic bank accounts.⁸

⁶ Financial Inclusion Task Force 2006

Image from the EST

⁷ The Rt. Hon. Alistair Darling MP, Secretary of State for Trade and Industry; Post Office Network - House of Commons Statement; House of Commons, 14 December 2006 (<http://www.dti.gov.uk/about/dti-ministerial-team/page36059.html>)

⁸ British Bankers' Association, 2006. 1m basic bank account milestone reached (press release) Available from: <http://www.bba.org.uk>

A recent Financial Inclusion Report from the Treasury Select Committee⁹ concludes that whilst most people take advantage of the 'cashless society' trend for millions of people in the UK, many financial services are inaccessible. Facing higher charges for loans and other financial services and barriers to undertaking even simple transactions financial exclusion often means social exclusion.

- Of the clients **surveyed by questionnaire**, more than half (57%) reported having a bank account with a Direct Debit facility that they use.
- Almost a fifth (18%) said that whilst they did have a bank account with a Direct Debit facility they did not use it.
- A further 14% said that they had a bank account without a Direct Debit facility
- 12% reported having neither a bank nor building society account.

Post-intervention data was available for 16 clients.

- One client reported currently using Direct Debit to pay for their electricity where they did not before.
- Three clients reported now using Direct Debit for bills other than fuel or water.
- Seven clients said that they still did not use Direct Debit to pay any bills.

According to BACS Payment Schemes Limited, the not for profit, membership-based, industry body providing payment services such as Direct Debit, 75% of UK adults now have at least one Direct Debit.

Factor 4 management reports showed 317 clients to have been assisted with debt. This equates to around 87% of all clients seen during the pilot phase receiving some debt advice and, in some cases, payment negotiation with creditors or grants accessed. In many cases the result of advice would be unknown as advice may have been given regarding debt management but feedback not provided. Further Assistance Grants were accessed for eight clients by Factor 4 and the total value of these grants was £1365.53.

5.2 Utility debt

Factor 4, whilst providing a clearly needed service, was not intended to deal with very complex debt cases and the original plan was that these would be referred on. Factor 4 was intended to act as a first-stop advice service to provide a lower level of advice and assistance

⁹ House of Commons Treasury Committee, 2006. Financial Inclusion: credit, savings, advice and insurance. Vol 1

whilst referring more complex debt cases to the appropriate agency. The innovative element of Factor 4 was the marrying of money and debt advice services with energy efficiency advice, credit union and bill payment services. The additional three factors of the Factor 4 service are addressed in turn.

Looking more closely at the utility debt, that is fuel and water debt, an analysis of the **Factor 4 office database** showed that of the 47 cases where water debt was recorded, the average debt was £405, the lowest recorded was £59 and the highest £1,603. Similar levels of debt were recorded for gas and electricity and these are shown alongside recorded water debt in the table below. No other fuel debt was identified, e.g. bottled gas.

Recorded debt	Water (n47)	Gas	Electricity
Average (mean) £	405	394	438
Minimum £	59	43	52
Maximum £	1603	1562	3350

The average gas debt was £394, the lowest £43 and the highest £1562. The average electricity debt was £438, slightly higher than both gas and water, the highest recorded electricity debt was considerably higher than that for gas and water at £3350.00. This could be explained by electricity historically being the more expensive heating fuel, compared to natural gas. The lowest electricity debt recorded was £52.

The **survey by questionnaire** did not collect debt amounts but did ask clients to say whether they had any fuel or water debt at the time of accessing Factor 4, 53 clients responded.

- A quarter (25%) of the sample said that they were currently behind with fuel payments.
- Just over half (51%) said they were currently behind with water payments.

The higher incidence of water debt over fuel debt could be related to the inability of water supply companies to disconnect households from their water supply. This being the case, those with tight household budgets may prioritise fuel payments over water. Another possible reason for the lower incidence of fuel debt could be the high proportion of clients using a prepayment meter for gas and/or electricity and the inability to accrue fuel arrears if using this payment method. Fuel payment method is looked at in more detail a little later.

Fuel debt

Unlike the case with water, fuel suppliers can disconnect customers for non-payment, although rules (both regulatory and voluntary) apply to disconnecting vulnerable customers. Two clients surveyed reported having been disconnected from their fuel supply by their fuel provider, one for gas and the other for electricity. The number of customers with fuel arrears being disconnected have been falling in recent years, although looking at the numbers reported by Ofgem, for the first three quarters of 2006, there has been a rise in the number of disconnections. Despite this, levels still remain significantly below the levels of a few years ago. The table below shows the number of disconnections reported by Ofgem up to 2005¹⁰.

Number of Disconnections for non-payment of debt ²					
Year	2005	2004	2003	2002	2001
Gas	2309	2553	15973	21780	26088
Electricity	604	727	1361	995	375
Total	2913	3280	17334	22775	26463

This reduction is at least partly attributable to the use of prepayment meters as an alternative to disconnection, a requirement through regulator Ofgem that suppliers, where possible, should consider pre-payment meter installation as an alternative to disconnection.²

Disconnection amongst prepayment customers remains a problem in the form of self-disconnection. Self-disconnection occurs where consumers are unable to afford to charge their meter card or key and so are without energy to heat and power their home.

- Seventeen clients reported using a prepayment meter for gas and twenty-six for electricity.
- The majority of those using a pre-payment meter for either gas or electricity reported to having self-disconnected at some point.
- Twelve clients (71%) reported self-disconnecting from their gas supply and twenty (77%) from their electricity supply.

In the current climate of higher fuel prices, more and more households are likely to be struggling to pay for their fuel, or enough fuel to maintain an adequately heated home; they are fuel poor. We have recently witnessed a period of rising fuel prices that saw the average household's dual fuel bill exceed £1,000 and whilst we have more recently seen



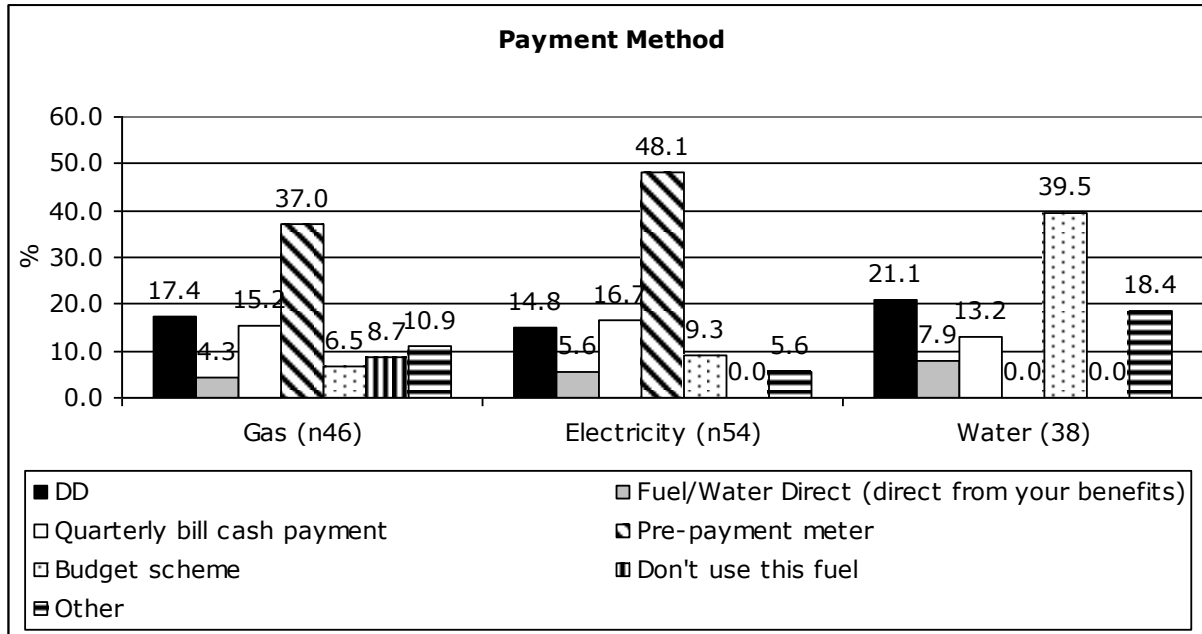
¹⁰ Ofgem, 2006. Sustainable Development Report.

fuel bills fall, they remain unaffordable for millions of UK households.

This additional burden on the household budget contributes to the household's financial stress and total debt load. To assist in alleviating this, energy efficiency advice and water saving advice (for those with a meter) can deliver significant financial savings as well as positive environmental impacts in terms of reduced CO₂ emissions; lessening the burden on the household budget and so assisting with debt management. As Ofgem state, *'debt and fuel poverty are intrinsically linked. Measures designed to tackle fuel poverty can help customers manage their finances and reduce the risk of debt...'*

As mentioned in the earlier section, those paying their fuel bills by Direct Debit often benefit from lower prices and further financial gains can be made if accounts are managed online. To enjoy these benefits consumers must have a bank account and a Direct Debit facility; and in the case of online banking, access to the internet. This is often not the case for many vulnerable customers and in some instances where the customer does have the facility the barrier is fear, the fear of overdraft charges and bank charges and so the choice is made not to use the facility.

As established in the profiling of the Factor 4 clients in section 4.2, clients of Factor 4 are largely from low-income families with high benefit dependency levels. Many of these cases also have a considerable level of personal debt, an average (mean) of over £5,000. The table below shows that the most common payment method for fuel amongst the sample **surveyed by questionnaire**, is a prepayment meter (PPM).



A PPM was by far the most common method for paying for electricity, almost half of the sample paid for their electricity this way and almost two-fifths paid for gas by this method. Payment by what is often considered to be the cheapest method, Direct Debit, was more common for water payment than fuel payment. A fifth paid for their water by Direct Debit, compared to 17% and 15% of clients for gas and electricity respectively. One client switched to paying for their electricity by Direct Debit after visiting Factor 4.

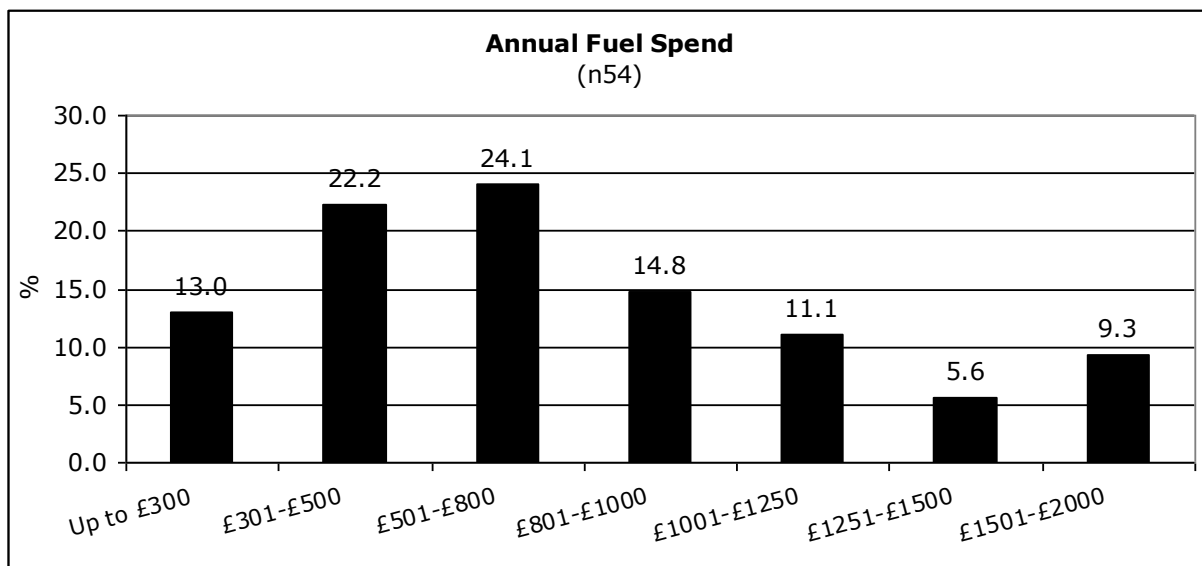
Despite the extra costs incurred by PPM customers, many low-income households prefer to pay for their fuel in this way. Using a PPM means that the householder does not receive an unexpectedly high bill and can choose when to charge their meter. Evidence from the client focus group suggests that consumers feel more in control of their fuel bills where a PPM is installed.

The large number of Factor 4 clients using this method of payment for fuel may be due to their need to feel in control of their fuel expenditure rather than a high incidence of fuel debt. As mentioned above, a quarter of surveyed clients said they had fuel debt compared to half that had water debt. This is supported by the small number of PPM customers reporting to having any fuel debt, only 13% (2) of those using a gas PPM and 12% (3) of those with a PPM for electricity. The incidence of fuel debt amongst clients surveyed was actually highest amongst those who paid for their fuel by quarterly billing. Whilst sub-sample numbers are small, five of the seven clients who paid for gas by quarterly billing had some fuel debt as did

four of the eight who used this method to pay for electricity. Factor 4 secured grants from the British Gas Trust Fund to the value of £605.97 to help tackle these energy debts.

For those twenty-one clients who reported having water debt, almost half (48%) paid for their water by budget scheme and almost a fifth (19%) by quarterly bill or cash payment. Only one client paying for water by Direct Debit reported any water debt.

At the time of the **client survey** a fifth of clients (20.4%) had a self-reported annual fuel spend of more than £1000. A third of the sample reported spending between £501 and £1000 per year on fuel and over a fifth between £301 and £500; these results are shown more clearly in the table below. The results are based on banded self-reported fuel spend and so should be treated with some caution, but they do provide an indication of how much clients of Factor 4 were spending on fuel each year.



The average (mean) annual fuel spend for the sample surveyed was £800. Those who reported being behind with fuel payments had a slightly higher annual average fuel spend at £912.

Where 'after' intervention data was available, results show three cases of Factor 4 assisting with gas debt and four cases of assistance with electricity debt. Two clients said that their electricity debt had reduced, no clients reported any reduction with gas debt.

The case study below illustrates well the importance of a service such as Factor 4 in delivering the correct advice that is client specific and focused. Also highlighted is the complex nature and depth of some of the debt cases presented to Factor 4.

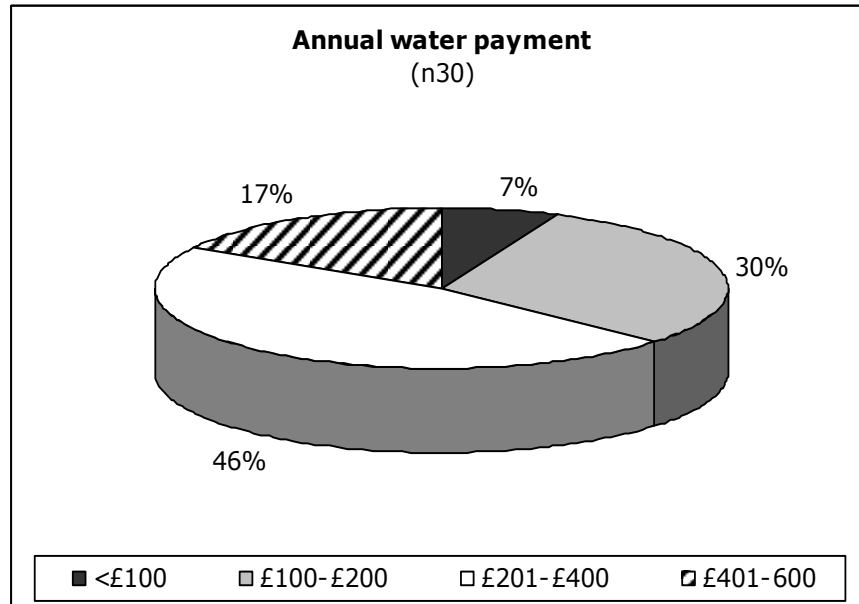
Case study A: Fuel debt

Mr Sotheby, a single man, long-term unemployed and living in a one-bedroom flat visited Factor 4 about an ongoing dispute with British Gas over his gas account dating back to 1993. He had been sent a bill claiming that he had used over 5000 units in one quarter. As a result of this bill Mr Sotheby had a prepayment meter fitted which was calibrated to recover the debt. Due to his low income Mr Sotheby was often in the position of self-disconnecting which was detrimental both to his physical and mental well-being. Mr Sotheby had disputed this debt with British Gas for years and had kept all his bills and correspondence, however, when Factor 4 contacted his supplier on his behalf they were informed that BG only kept their records for six years and would not use the client's information to establish what had happened in 1993. It soon became apparent that this case had reached an impasse and was unlikely to be resolved. Therefore, Factor 4 applied to British Gas Trust Fund for assistance for Mr Sotheby and were successful in obtaining £1,570 to clear his account. Mr Sotheby subsequently returned to Factor 4 for guidance in changing to a cheaper supplier.

In combining skilled and tailored debt advice and negotiation, Factor 4 was able to assist this particular client in resolving an ongoing fuel debt problem. In addition, due to Factor 4's ability to combine this service with grant access and energy advice, the debt problem was completely resolved and the client advised about how he could save money on future fuel bills by switching supplier.

Water debt

For most clients completing the **client questionnaire** their annual water payment did not exceed £400. Almost half reported making an annual water payment of between £201-£400 and around a third reported an annual payment of £100-£200. Almost a fifth of clients who reported how much they paid for water were paying between £400-£600 a year. These results are shown in the chart below.



The average water spend for the sample was £268, the average spend for those who reported being behind with their water payments was slightly higher, £280. Seven clients said that Factor 4 had assisted them with their water debt and two clients reported that after Factor 4 help their water debt had reduced.

Clients were asked to say how Factor 4 had assisted them with their water debt. Six clients said that applications had been made to Severn Trent Trust Fund (STTF) and in one case they also received a gas cooker. In another case they were awarded a deduction of £50 from their annual water bill and a payment scheme set up using a payment card at their local Post Office. Results from the **Factor 4 office database** suggest that around 15% of cases were referred to STTF with a further nine (5%) to be arranged. For 12% of the cases from the **Factor 4 management database**, where data was available (95 cases) a debt payment plan was set up with Severn Trent Water. By close of the pilot phase, 26 STTF grant applications had been successful resulting in grants to the value of £8691.28 in total. Some clients were unable to benefit from an STTF grant as they had recently been in receipt of a grant.

Providing assistance with debt and money management can have positive effects on people's health and overall well-being; this will be explored in more detail in section 9. Clients were asked to say how any help they received regarding debt had affected their household finances. Some of the responses are given below:

"As long as I pay the specified amount every week and spread it over 12 months the bills should be kept in check"

"I can use the money I save for other things"

The quotes above illustrate how managing household bills and debts can relieve pressure on the household budget and allow individuals more discretion in spending.

6. Energy efficiency and heating

Whilst energy saving may not be the primary concern of those facing debt and money problems, assistance with this element of their spending could have a significant impact on the financial state and well-being of a household.

The impact of energy efficiency advice as well as associated services such as awareness of grants will be explored in this section. Firstly, the importance of an adequately heated and energy efficient home is discussed in terms of health and well-being. Ensuring that every home is affordably and adequately heated is one of the four pillars of the Government's energy policy, as set out in the Energy White paper of 2003.¹¹

6.1 Heating & warmth

The World Health Organisation recommends that a primary living area should be heated to 21°C and secondary areas to 18°C. Room temperatures lower than this can begin to adversely affect health. Some 3 million households are fuel poor in England with around 335,600 fuel-poor households (15.3%) in the West Midlands.¹² These households are unable to afford the energy needed to achieve healthy and comfortable living environments.

A number of factors can affect the level of warmth that is achievable. The energy efficiency rating of the building is an obvious one and SAP ratings provide an indication of this. Poor energy efficiency standards mean that heat is easily lost from a building or that appliances or boilers are operating inefficiently and using excessive energy. Improving the energy efficiency of a building is a sustainable means of reducing energy consumption and carbon emissions for current and future occupants of the dwelling.

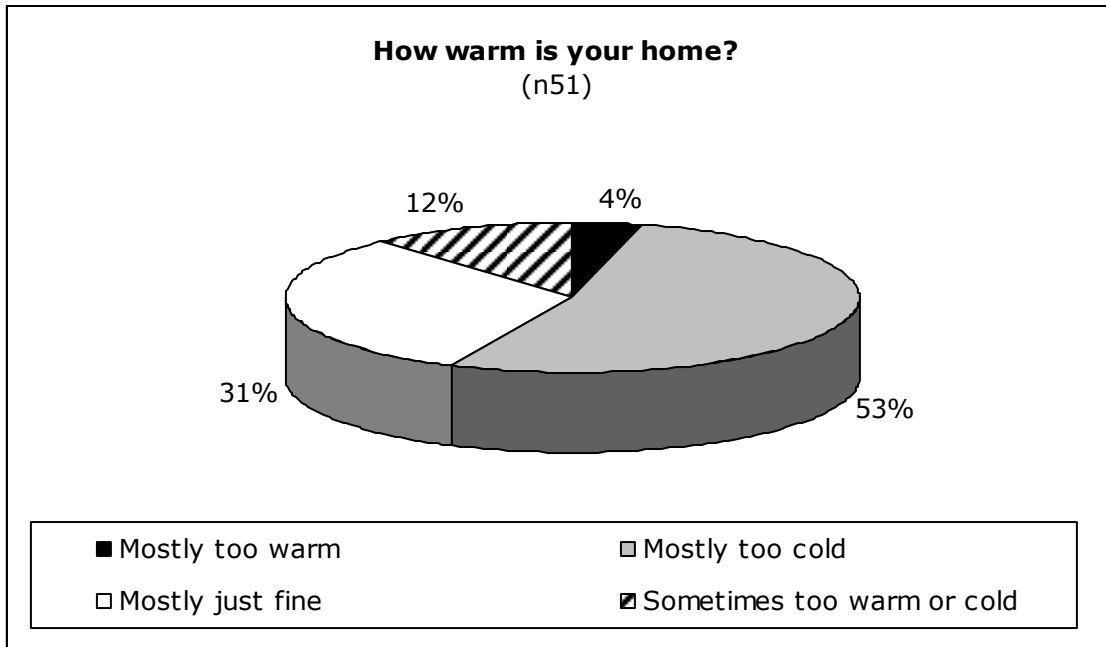
In addition to the energy efficiency of a dwelling, householders' behaviour can also have an impact on the level of warmth a home can achieve and the amount of energy used. Tariff choice (although it should be noted that some households cannot choose their tariff), energy saving skills such as purchasing low-rated appliances and low energy light bulbs and proper use of heating controls are examples of this. Tailored, good quality energy advice can improve warmth and make best use of the energy used in the home whilst maintaining adequate heating levels and minimising the amount spent on fuel by the occupants.

¹¹ DTI 2003 Energy White Paper: Our energy future – creating a low carbon economy The Stationary Office.

¹² NEA estimate 2006 based on EHCS 2003 figures adjusted for fuel price increases and income.

Clients **surveyed by questionnaire** were asked to comment on how often they found their home to be too cold, too hot or just fine. Results are illustrated in the chart below

- A small majority of clients found their home to be mostly too cold.
- Just under a third reported their homes to be mostly just fine.
- Around one in ten could not find a happy medium; their homes were either too warm or too cold.
- Four percent said their homes were too warm.



Clients were asked to say more about the heating and warmth of their homes. Regarding their heating systems they were asked to say to what extent they were satisfied with a number of different elements of their system.

- Whilst the majority of the sample were satisfied to some extent (10% very satisfied and 55% satisfied) with the type of heating system they had, just over a quarter (26%) said that they were either dissatisfied (14%) or very dissatisfied (12%).
- Over half of the sample were either dissatisfied (25%) or very dissatisfied (29%) with the cost of running their system, whilst 31% were satisfied.
- Respondents were slightly more satisfied than not with the amount of heat they got from their system, 45% satisfied to some extent compared to 38% dissatisfied or very dissatisfied.
- Whilst a small majority (52%) were satisfied with the control they had over the level of heat they could achieve with their heating system, two-fifths (40%) were dissatisfied with this element of their heating system.

- The majority (70%) were satisfied with how easy their system was to use, compared to just under a quarter (23%) who were dissatisfied.
- The sample was evenly split on how satisfied they were with how well their house retained heat, almost half (48%) were satisfied and dissatisfied to some extent.

These results would indicate that most clients were generally satisfied with their heating system, though a sizeable number were dissatisfied with specific elements such as running costs and the level of heat that could be obtained from their system.

Four clients commented on why they were satisfied or dissatisfied with their heating system. Two clients referred to the unreliability of storage heaters. This information was collected via the **client questionnaires** and not through the **Factor 4 office**.

"Storage heaters do not do the job - you want heat in the night not through the day and I have no control over when it comes on, which is 2 o'clock in the morning."

"Storage heaters are not very reliable."

It is in these instances that a project such as Factor 4 should be able to identify clients who are struggling with their heating system regardless of the original cause of the visit. The nature of a Factor 4 approach means that each element should be touched upon and so any difficulties regarding heating should be identified and any necessary action taken.

Another client commented on how their heating system had been broken for 6 years and that they were still waiting for the local authority to fix or replace the system. This particular client is a lone parent with a self-reported income of less than £5,000 per year living in a council rented property.

"My central heating is broken and has been for six years. Birmingham City Council are refusing to replace it, even though they cannot fix it, due to how old the system is."

People living on low and fixed incomes have to make difficult choices relating to their household budget. A recent survey, of 1500 parents on low incomes, by Save the Children¹³ has suggested that some parents often have to make the difficult choice between eating and heating and often go without themselves to provide for their children. Two thirds said they would go into debt to make ends meet and 91% were reported as going without to make sure their child had enough. Save the Children said that *'parents are being forced to make impossible choices between such basic provisions as providing a hot meal for their children or putting on the heating.'*

- Results from the **survey of Factor 4 clients** showed that the majority of the sample, 76%, agreed that they *sometimes cannot buy other things so that they can afford to pay for gas and electricity.*
- Almost half (45%) agreed with this statement and a further 31% strongly agreed.
- Almost three-quarters (74%) of the sample agreed that *sometimes they had the heating on less than they would like so that the bills were not too much.* This is a general statement, in that it attempts to glean from the clients a general view as to whether gas and electricity payments are a strain on the household budget.

These results suggest that the majority of Factor 4's clients are in a situation where they have to make difficult choices regarding their household budget. Results also indicate a considerable level of under-heating amongst the sample, in that many clients reported not heating their homes to the level they would like.

To try and assess the level of 'unaffordable' warmth across the sample, i.e. the number of households struggling to afford their fuel bills, a proxy for determining fuel poverty has been used.

The commonly accepted definition of fuel poverty is where a household is required to spend more than 10% of income to achieve adequate warmth for health and well-being. This is calculated by expressing the required fuel cost (the amount required to achieve an adequate level of warmth), as a proportion of household income.



¹³ Save the Children, 2006. [Demand for Seasonal Grants as children go without basic items such as heating, clothes and proper food this Christmas.](http://www.savethechildren.org.uk) (press release 19/11/06) Available from: <http://www.savethechildren.org.uk>

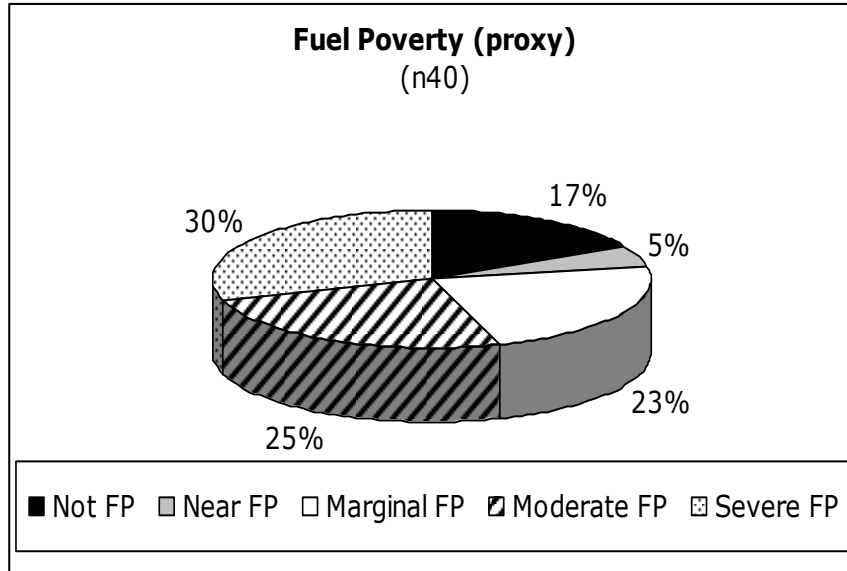
Required fuel cost data were not collected as part of the evaluation as this would have required an energy audit for each client. To establish an indication of the level of fuel poverty experienced by the sample a fuel poverty proxy was used. This was calculated using reported income and self-reported fuel spend, these data were available for 40 clients. It should be noted that some households may over-heat or under-heat their home. The results discussed above suggest a considerable level of under-heating amongst the sample.¹⁴

Using the fuel poverty proxy described above, it is estimated that around 78% of the sample were fuel poor. This means that more than three quarters of the surveyed Factor 4 clients required to spend more than 10% of their income on fuel. As fuel poverty results from a combination of poor energy efficiency standards, low incomes and unaffordable fuel prices, many households would face fuel poverty if their income dropped or fuel prices rose; as has been seen recently. Fuel poverty in England is estimated to be almost 3 million¹⁵, up from 1.2 million in 2003, mainly as a result of fuel price increases since that date.

- Based on a sample of 40, almost 17% (7) were shown not be in danger of fuel poverty, spending between 0% - 7.5% of their income on fuel.
- Two cases (5%) were near to being fuel poor, that is spending between 7.6% - 10% of their income on fuel.
- More than a fifth (22.5%) were in marginal fuel poverty, spending more than 10% of income but less than 15%.
- A household spending between 15% - 19.9% of income on fuel is judged as being moderately fuel poor; this was the case for 25% (10) of the sample.
- Severe fuel poverty occurs when a household is required to spend 20% or more of income on fuel. Thirty percent (12) of clients surveyed were in severe fuel poverty. These results are shown more clearly in the chart below.

¹⁴ The Factor 4 management team reported that clients of Factor 4, whilst on very low incomes, tend to underestimate their income by not including housing benefit or ISMI as income. The government's preferred definition of income is one which includes housing benefit or ISMI. Therefore, the definition used for this calculation is the basic income definition (excluding housing benefit and ISMI) and so may overestimate fuel poverty levels. Despite this, the profile of the client group suggests that fuel poverty is likely to be much higher than the regional or national average.

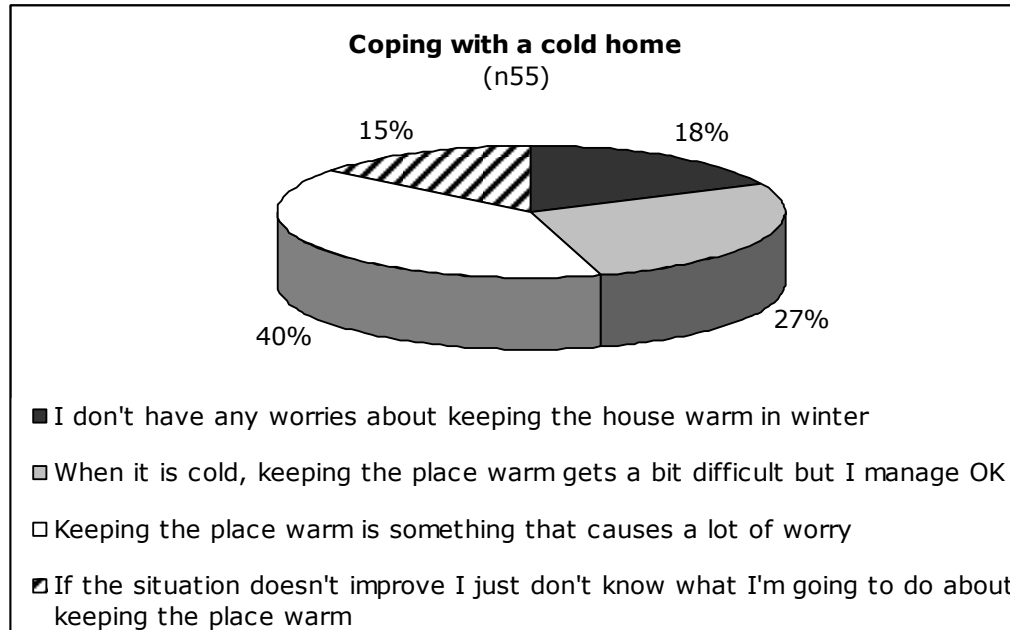
¹⁵ NEA estimate 2006 based on English House Condition Survey data 2004 adjusted for fuel price increases since 2003.



There was no statistically significant difference found between those with and without fuel debt and their Fuel Poverty Index (FPI%).

- Those with fuel debt had a FPI of 20% (severe fuel poverty) and those without any fuel debt a FPI of 17.5% (moderate fuel poverty).
- This could possibly be explained by the nature of the sample. That is, those visiting Factor 4 are already at risk of fuel poverty through debt and low incomes and any significant differences between debt level and fuel poverty are difficult to detect amongst a relatively small sample.

Analysis of the **survey results** show the majority of clients to be struggling to pay fuel bills and keep their homes warm, this is reflected in the chart below.

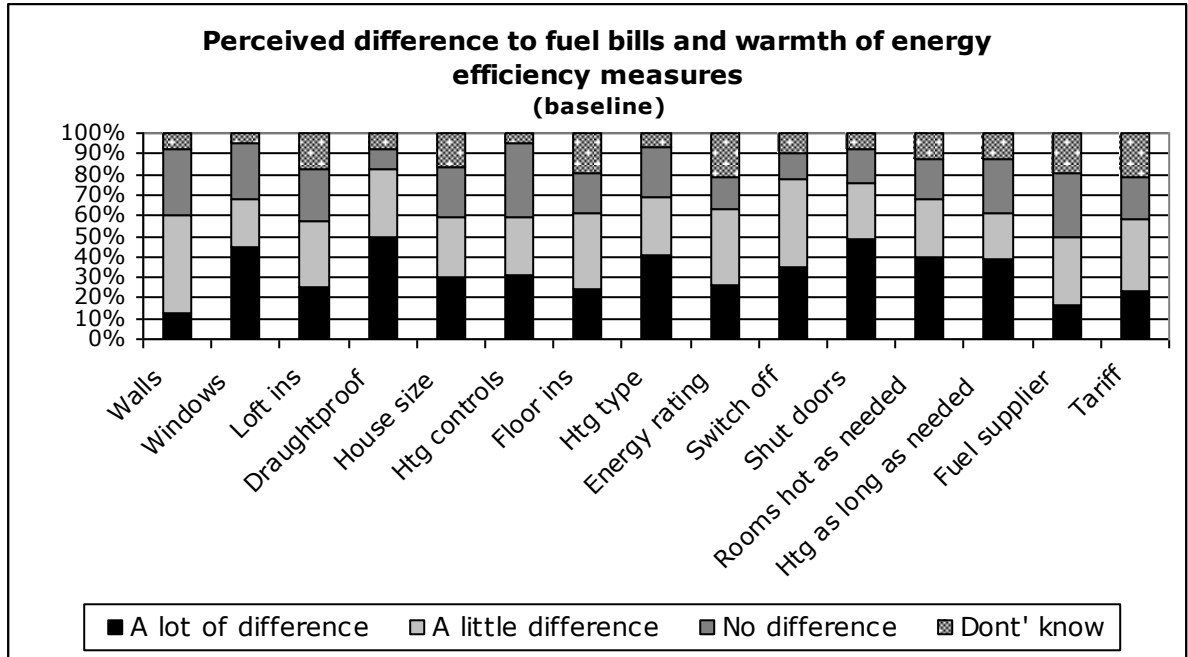


- Less than a fifth of clients said that they had no worries about keeping their home warm in winter.
- Just over a quarter reported its being a slight problem; agreeing that *keeping their home warm can be a bit difficult but that they manage OK*.
- For over half of the clients surveyed keeping their home warm is a considerable cause of worry; 15% of these described an almost desperate situation having arisen regarding heating their home.

6.2 Energy knowledge and awareness

To measure how effective the delivery of energy efficiency advice by Factor 4 was, clients were asked a series of questions, both before and after Factor 4 intervention, to establish their awareness regarding energy efficiency and energy-related financial savings.

Clients were asked to consider fifteen measures for their home or actions they could take and were asked to say how much difference they thought each one could make to their fuel bills or the warmth of their home. Responses to this series of questions are shown in the chart below. Previous studies have indicated that many people believe windows to make the most difference to the warmth and/or their fuel bills, with fewer believing this of fuel supplier and tariff. The results from this study seem to indicate similar results.



It is worth noting that energy efficiency advice and advice to reduce fuel bills, whilst they do overlap, deliver different outcomes. Energy efficiency advice is targeted at saving energy, which could also impact on fuel bills due to reduced consumption. However, advisors also tell consumers about how they can save money on their fuel bills through more cost efficient, rather than energy efficient means; such as switching supplier and/or tariff.

Whilst considering energy behaviour, it is worth taking into account what the motivations are for action amongst different groups. It could be suggested that those on low incomes are more likely to take actions that would reduce their fuel bills, thus be finance driven. More affluent households may feel more driven to act by energy and carbon savings, thus be environmentally driven.

It is widely accepted that the biggest improvement in reducing energy costs involves improvements to the energy efficiency of buildings through filling the wall cavities and loft spaces. Benefits are assessed in terms of payback period (how long before expenditure is recovered in cost savings). Another measure that can have a significant impact on the price paid for fuel is the energy tariff. In some instances there is a considerable difference between the price paid for fuel when paying by Direct Debit compared to customers using pre-payment meters. Switching supplier can also deliver substantial savings for some consumers.

First, if we look more closely at what are known to be the most cost-effective and energy efficient measures, namely type of walls and loft insulation, we can obtain an indication of the level of energy efficiency awareness of the sample before Factor 4 intervention.

Measure/action	A lot of difference %	A little difference %	No difference %	Don't know %
Type of walls (n40)	12.5	47.5	32.5	7.5
Type of windows (n40)	45.0	22.5	27.5	5.0
Loft insulation (n40)	25.0	32.5	25.0	17.5%
Draughtproofing (n40)	50.0	32.5	10.0	7.5
Size of house (n37)	29.7	29.7	24.3	16.2
Heating controls (n39)	30.8	28.2	35.9	5.1
Floor insulation (n41)	24.4	36.6	19.5	19.5
Heating type (n42)	40.5	28.6	23.8	7.1
Energy rating of appliances (n38)	26.3	36.8	15.8	21.1
Switching things off properly (n40)	35.0	42.5	12.5	10.0
Shutting windows/doors (n41)	48.8	26.8	17.1	7.3
Rooms & water only as hot as needed (n40)	40.0	27.5	20.0	12.5
Heating on only as long as needed (n41)	39.0	22.0	26.8	12.2
Who you get your fuel from (n42)	16.7	33.3	31.0	19.0
Tariff (n43)	23.3	34.9	20.9	20.9

- Very few clients, just over one in ten, thought that the type of walls a property had would make a lot of difference to the warmth of the home or to fuel bills.
- Almost half thought they would make a little difference with almost a third believing the type of walls would make no difference.
- More clients, a quarter, thought loft insulation would make a lot of difference, however a quarter also believed it would make no difference.
- Almost a third thought it would make a little difference.

Measures clients thought would make a lot of difference appear to be those more visible or tangible and which improve comfort levels in the home such as draughtproofing, shutting windows/doors and the type of windows.

Results indicate that there was a need for energy efficiency advice amongst the sample before visiting Factor 4. This is supported by the results presented in the table above that illustrate not only a poor understanding of the benefits of wall and loft insulation but also a lack of awareness of the saving on fuel bills that can be delivered through switching supplier and tariff. Despite significant savings being open to households paying by Direct Debit or

managing their account online (particularly in comparison with prepayment meters) few were aware that this could make a considerable difference to the amount paid for fuel; a fifth (21%) did not know and a further fifth (21%) thought it made no difference.



Energy efficiency and energy advice

The **Factor 4 management reported** 210

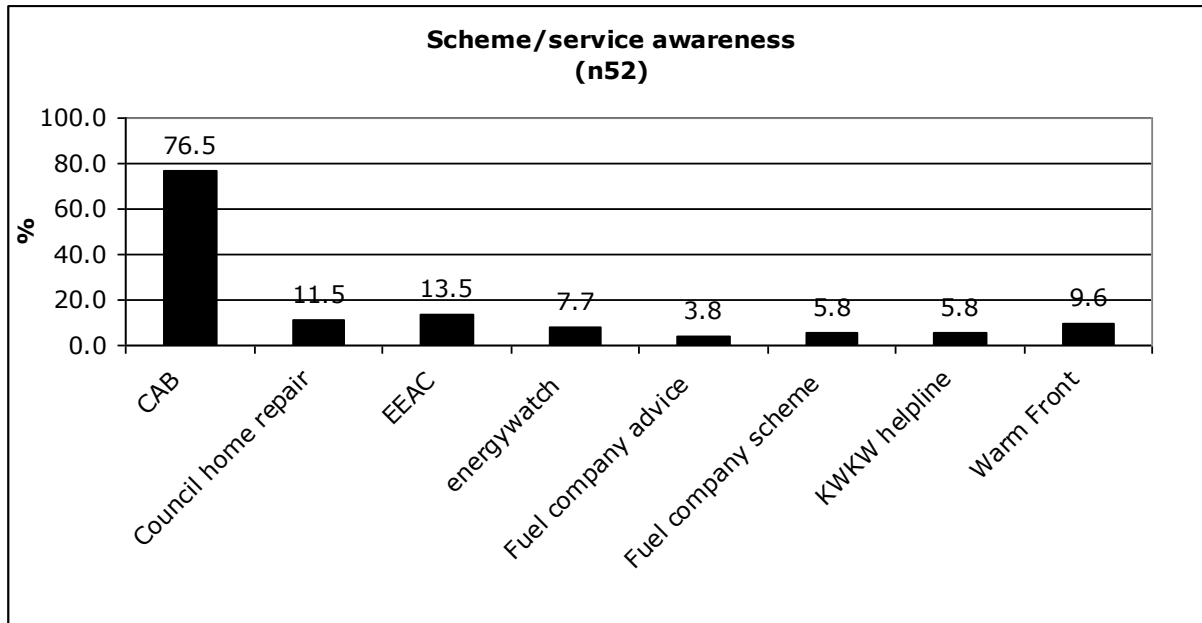
cases of energy efficiency advice being given, however detailed case data were not entered into the office database so it is not possible to analyse this advice and its outcomes in terms of measures undertaken or tariff switching. Despite this, Factor 4 advisors were fully trained in energy efficiency advice and guidance and so it would not be unreasonable to conclude that the quality of advice is likely to have been of a high standard.

The post-intervention sub-samples are small and so broad generalisations cannot be made, however by looking at a number of case studies we can gain some indication of whether energy efficiency knowledge and awareness has improved. The five cases for which we have both before and after data regarding energy efficiency knowledge indicate that Factor 4 has improved awareness about the impacts of the two main energy efficiency measures - wall and loft insulation.

As discussed above, the two key interventions to improve the energy efficiency of dwellings are loft and wall insulation. Before Factor 4 intervention, two of the five cases believed that the type of walls made no difference, a further two believed they made a little difference and only one said a lot of difference. After visiting Factor 4, awareness regarding the importance of wall insulation had improved amongst the group, three clients said that they now believed wall type to make a lot of difference and none reported that they thought walls made no difference.

Three of the five cases originally said that they thought loft insulation made no difference to the warmth of their home or to the level of their fuel bills, one thought a little difference and another a lot of difference. The number believing loft insulation to make no difference reduced to zero after intervention with two now believing it made a lot of difference and two a little difference; one response claimed still not to know.

Energy advice, energy efficiency measures and other energy/home improvement-related services are available from a number of sources, although not all identified agencies provide all of these services. To assess the extent to which clients had already heard of these services clients were asked to select from a specified list.



The majority of clients were aware and had heard of the Citizens Advice Bureau. However, very few had heard of the remaining specified services. The Energy Efficiency Advice Centre was recognised by 13.5% of clients and 11.5% recognised Birmingham City Council’s home repair/improvement scheme. Looking more closely at energy or energy efficiency-related schemes, the results would indicate that very few are aware of the services that are available to assist them. Schemes designed to assist the vulnerable with energy efficiency measures and/or to provide energy advice such as Warm Front, fuel company advice and measures schemes (through EEC) and the Keep Warm, Keep Well helpline all polled very low awareness levels.

Again, to try and establish what impact Factor 4 might have had on clients’ awareness, a small selection of cases were used. Before and after data were available relating to seven households.

The results indicated that Factor 4 has improved awareness amongst the group and could indicate improved service awareness across the sample.

- None of the cases selected had heard of an energy supplier discount scheme (measures delivered through EEC) or their local Energy Efficiency Advice Centre (EEAC) before visiting Factor 4.
- After contact with Factor 4 one client reported to having heard of their energy supplier discount scheme and two cases reported now being aware of their EEAC.
- One case had heard of energywatch where previously recall was zero.
- These were the only services where recall had improved, awareness of the government's Warm Front scheme and the Keep Warm/Keep Well helpline did not improve amongst this small group.

6.3 Energy efficiency and home heating measures

Previous assistance and installations

To ascertain the extent to which clients had already implemented energy efficiency measures



before visiting Factor 4 we asked clients to say what measures they had had installed in the last 12 months. Seventeen clients of the 65 **surveyed by questionnaire** said that they'd previously had some energy efficiency measures installed. It should be noted that this was a multiple response question.

- Six clients had installed one measure in the 12 months previous to their visiting Factor 4.
- Five clients had installed two measures.
- Three clients had installed three or four measures respectively.
- In nine cases there had been new central heating controls installed and seven installations of double glazing.
- Loft insulation had been installed in five cases.
- There were four cases each of new hot water jackets being fitted and new central heating systems installed.
- There had been three cases of new hot water systems being installed and draughtproofing.
- Cavity wall insulation was recorded for two clients.
- Four clients said that they had wholly paid for the measures to be installed themselves.

- Two clients said they had received a grant from Warm Front for the work.
- Five clients said the council had paid for the work.
- In two cases measures had been paid for through npower Health Through Warmth¹⁶.
- Three clients said their landlord or housing association had paid for the work to be done.

Overall, 10 clients (15%) of the **sample surveyed by questionnaire** were Warm Front-eligible based on the benefits and household data collected. Despite this number of Warm Front-eligible clients, there does not appear from the data available, both from **client questionnaires** and the **Factor 4 office database**, to have been any applications to the Warm Front scheme by Factor 4 on behalf of a client.

The **Factor 4 management team** did collect data relating to referrals, that is, schemes or services that Factor 4 clients had been referred to for further assistance or grants. As already stated, there is no documented evidence for any Warm Front referral. Despite this, 37 referrals were recorded to other services.

- Thirteen referrals to npower Health Through Warmth were made by Factor 4.
- Five referrals were made to Hestia, Hestia manage The Black Country and Central Midland Energy Efficiency Advice Centres (EEACs) on behalf of the Energy Saving Trust (EST).
- One referral was made to energywatch, the gas and electricity consumer watchdog. The nature of this referral was not noted on the **Factor 4 office database**.

Thirteen respondents commented on how satisfied or dissatisfied they were with Factor 4's energy and water advice services via the **client questionnaires**.

- Eight clients said that they were satisfied, with three of these stating they were very satisfied.
- Four clients said that they were neither satisfied nor dissatisfied.
- One client reported to being dissatisfied with the advice service for energy and water efficiency.

¹⁶ npower Health Through Warmth is a scheme which aims to improve levels of comfort and quality of life for vulnerable people who have cold and damp related illnesses. This is achieved by facilitating the installation of appropriate energy efficiency and heating measures, following referrals received from community workers.

Clients were asked to comment on why they felt this way, some of the shared comments included:

"People listen to you and don't make judgements. They give you the right advice."

"Because no matter how much or how little the help was, the fact is they were always willing to help."

7. Bill Payment Services

The third element of the Factor 4 advice service was bill payment. It was originally intended that clients visiting Factor 4 could arrange to pay their bills with the assistance of Factor 4; this could be through joining the local credit union and the setting up of an account, other services offered by credit unions such as banking and low-cost loans and savings are covered in the next section.

Another service offered by Factor 4 was that of PayLink. The PayLink Trust offered a debt management service facilitated through PayPlan to arrange repayments between clients who are in debt and the companies to which they owe money; their creditors. Credit union bill payment services operate in a similar way, whereby clients pay money into a bill payment account, the credit union then make payment on the client's behalf.

Overall, this element of the service does not appear, from the data available through the **Factor 4 management database** and **survey of clients**, to have been well taken up.

- Less than a tenth (7%) of the reasons given for visiting Factor 4, as recorded by the **Factor 4 office database**, concerned bill payment services and only 1% concerned savings and low-cost loans.
- Seventeen clients were identified in the **Factor 4 office database** as being allocated a PayLink reference number and so introduced to this service.
- These seventeen clients were included in the 64 clients reported by the Factor 4 management team as being introduced to a bill payment service, the pilot target was 228.

This shortfall in attaining the original target for introduction to bill payment services can be accounted for by the fact that during the initial stages of the pilot there was very little focus on this factor. Evidence from the **stakeholder survey** suggests that this was due to a combination of a lack of funding to support this element and the time constraints of the primary advisor. The inability to fully offer this service early on in the project was partially due to the



heavy focus on money and debt advice. Evidence suggests that promotion of all four factors at the secondary venue, (North Birmingham Community Credit Union) which began offering Factor 4 services in 2006, was not fully operational due to insufficient funding and poor communication networks.

Despite this, where bill payment services were taken-up, delivered beneficial outcomes, as in the case of Mr Thomson. Mr Thomson's case (not his real name) is detailed below.

Case study B: Bill payment

Mr Thomson is a single man of 50 with mild learning difficulties and in receipt of Incapacity Benefit. Mr Thomson lived with his mother until her death when he succeeded to the tenancy of the family home. At this point Mr Thomson got into financial difficulties as he had never had to manage a household budget before. After being threatened with eviction and disconnection of his utility services, Mr Thomson sought money advice through his Registered Social Landlord. This help resulted in a grant from STTF to cover his water arrears, negotiated repayment plans for his rent and council tax arrears, and prepayment meters for gas and electricity. Despite this assistance Mr Thomson was still unable to manage his money well. Through Factor 4 the credit union arranged a bill payment account for him, into which his Incapacity Benefit was paid. Mr Thomson now draws out the balance after his essential bills have been met. The credit union appreciates that people need something to look forward to and Mr Thomson was granted a small loan from the Credit Union, based on his savings, which he stated he intended to spend on celebrating his 50th birthday with a few friends and champagne!

Bill payment services, as offered by local credit unions can effectively assist households in managing their bills, and Mr Thomson's case is a good example. Through participation in the bill payment service Mr Thomson was also introduced to other benefits of the credit union, namely savings and low-cost loans which in turn allow individuals to enjoy the benefits. The benefits are not only financial but can also impact on the emotional and social well-being of clients who are enabled to take part in social occasions.

Stakeholders have recommended that more flexibility is required to fully develop bill payment systems and Factor 4 would have benefited from this earlier on in the pilot.

Another possible reason for the low take-up of the bill payment service is that there already existed in the pilot area similar and well established services making it difficult to break into that market. In addition to this, many of the clients visiting Factor 4 for the bill payment or

debt repayment service had very complex debt situations and so required a heavy focus on managing the debt in the first instance; many cases had to be referred elsewhere for the level of service required.

8. Credit union savings and low-cost loans

Credit unions operate as financial cooperatives offering a wide range of financial services ranging from savings and bill payment accounts to competitive low-cost loans. Credit unions usually operate across local geographical areas or through membership of some other association/organisation.

The initial pilot target had been to increase credit union membership by 213. In the event, 55 clients were introduced and reported to have joined their local credit union, no details were available as to whether they subsequently took up the savings and loan services on offer.

- Six clients of those **surveyed by questionnaire** post-Factor 4 (15) intervention said that they had joined their local credit union.
- Clients were asked to say a little about how the services of the credit union had helped them. Clients' views on the Credit Union are given below:

"Credit union will help me save to take my children on holiday next year"

"The credit union has helped me so much. I cannot praise them enough"

Again, as for the bill payment factor of the service, access to low-cost savings and loans via Credit Unions was lower than originally anticipated. Evidence from Factor **4 management** and the **stakeholder survey** suggests that membership was improving towards the end of the pilot.

The Factor 4 service was supported by the local credit union network, however, evidence collated from the **stakeholder survey** suggests difficulties emerged in the transition from being a Factor 4 client to a credit union member. This was especially true in cases of severe debt, where the client was not in a position to save or to be encouraged to take even low-cost loans. When the Factor 4 service promoted the credit union services successfully it worked well, in that clients were able to be slowly removed from more expensive debt arrangements into a world of more affordable credit. A case of successful credit union membership, that of Mr Thomson (**case study B**), and the benefits of membership delivered through the Factor 4 and credit union relationship was highlighted in the previous section on bill payment.

A similar service to Factor 4 operating on Merseyside offers advice services only to members of the credit union, this saw a marked increase in credit union membership. Some caution

should be used if Factor 4, post-pilot, were to consider such a move as this might exclude those people for whom Factor 4 could be of the greatest benefit.

Partnership with the Credit Union was valuable in that it acted as a source of clients for the Factor 4 service. Both agencies were promoted at their respective outreach surgeries and so the relationship was mutually beneficial.

9. Health & well-being

Debt and financial stress, it is widely accepted, do not just impact on the financial element of people's lives. The associated worry and stress can also impact on the emotional and even physical health of those affected and their family. In assisting with the relief of debt and providing the right advice, guidance and counselling it is recognised that worry and emotional stress can be reduced.

Evidence from previous studies around fuel poverty has shown that many households experiencing fuel debt or a cold home feel that they are unable to control many elements of their life and may engage in limited social activities or experience poor health. Results from a study in North Tyneside that looked at the impact of energy efficiency measures on the health of residents concluded that those who received measures were more likely to report an improvement in their self-reported health.¹⁷

The following section will explore the emotional and physical well-being of clients and their families. The findings are taken from the **survey of Factor 4** as well as evidence from a **focus group** featuring five clients who were invited to discuss the services received from Factor 4.

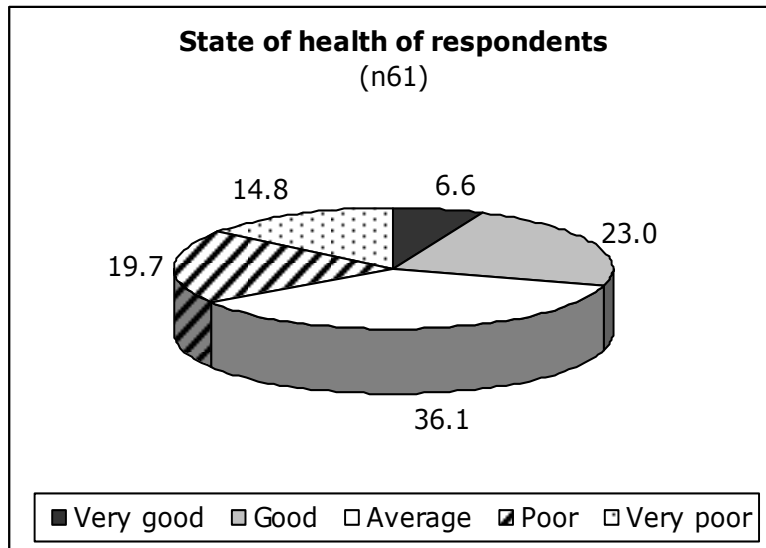
9.1 General Health

The general health of clients visiting Factor 4 was mostly average or poor.

- Less than a third (29.6%) reported their health to be very good (6.6%) or good (23%) when they visited Factor 4.
- Just over a third reported their individual health to be average; a similar proportion (34.5%) said that their health was poor or very poor.

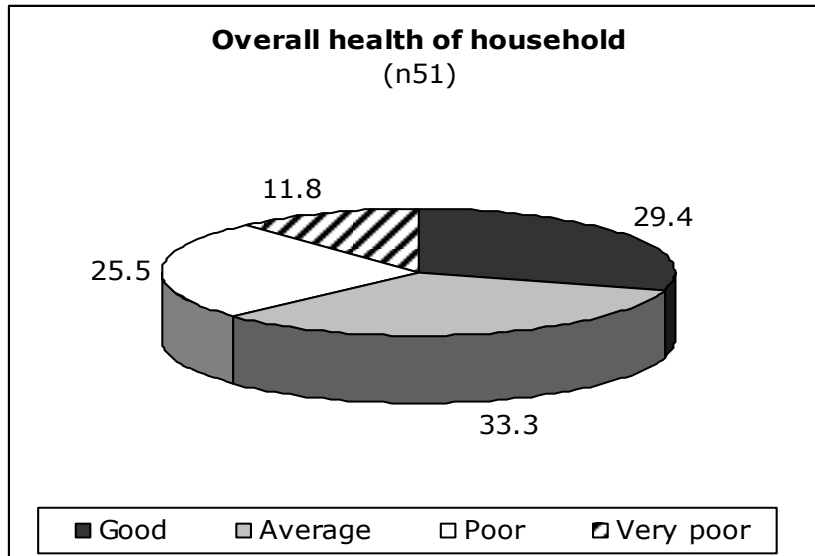
These results are shown in the chart below.

¹⁷ NEA, University of Northumbria (2002) North Tyneside Health Impact Study.



- A slightly larger proportion of clients said that their overall household health was poor or very poor (37.3%), this may be due to another household member with an illness or disability.
- Looking back at the employment status of clients, almost a fifth were economically inactive on health or disability grounds and only 5% reported being a full-time carer.
- Respondents were not asked to comment on whether they or another member of their household had any limiting long-term illness or other health condition such as asthma. A study by the University of York (2005)¹⁸ commissioned by Save the Children, stated that the UK has one of the highest incidences of asthma in the world and that it is increasing amongst children from low-income families.

¹⁸ University of York, 2005. The well-being of children in the UK 2nd Edition. Save the Children. Available from: <http://www.york.ac.uk/inst/spru/wellbeingsummary.pdf>



Self-reported health data were available for fourteen clients both before and after they had received help from Factor 4.

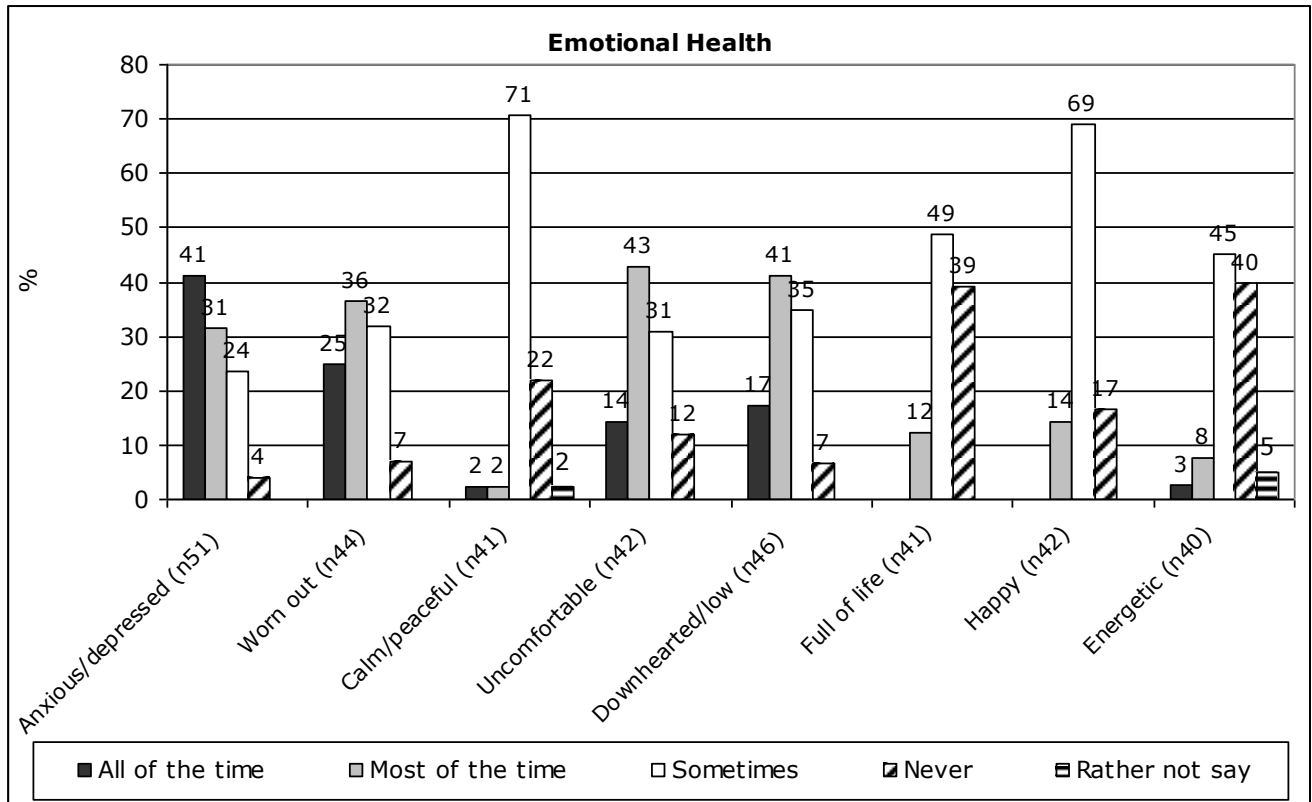
- Of these fourteen, ten clients said that their health had remained the same.
- Two clients said that their health had worsened.
- A further two said that their general health had improved.

It is worth noting here that clients were asked to self-report their general health and that clients usually refer to their physical health in responding to these questions. Bearing this in mind, clients were asked to give an indication of their emotional health before accessing Factor 4.

9.2 Emotional health

As already mentioned, financial stress and worry can have a considerable impact on the emotional well being of individuals; in some cases leading to depression, anxiety and feelings of disempowerment. This impact on emotional health is illustrated in case study A in **section 5.2** regarding fuel debt. In this case Mr Sotheby was experiencing severe fuel debt and, as a result of that debt, was self-disconnecting through the inability to pay for fuel through his prepayment meter, which was calibrated to take payment for the outstanding debt. The Factor 4 team highlighted this case as one where the client's situation was such that it was having a severe impact on his emotional health and, through the inability to keep his home warm, his physical well-being.

Bearing this in mind, results from the analysis of responses collected through the **client questionnaires** indicate that there are considerable levels of worry and anxiety across the sample. Some clients reported to feeling downhearted and low and anxious or depressed. The chart below illustrates these findings more clearly.



- Almost three-quarters of the sample reported to feeling anxious or depressed more often than not, 41% all of the time and 31% most of the time.
- A high proportion of clients (61%) said that more often than not they felt worn out, rather uncomfortable (57%) and downhearted or low (58%).

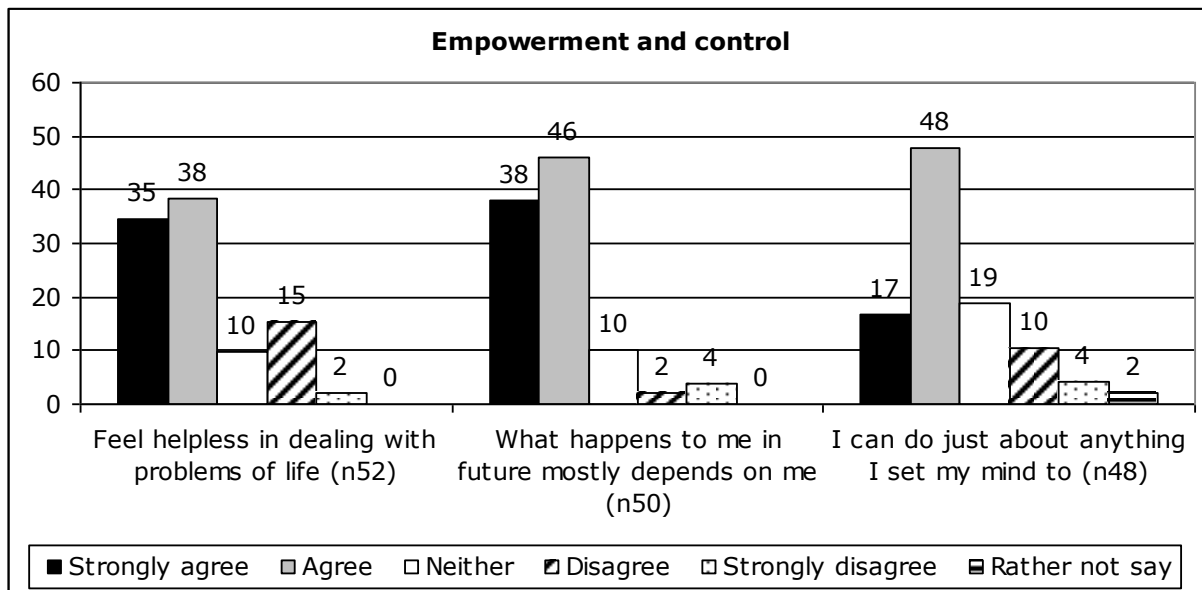
To ensure that the questioning was not overly biased towards negative emotions clients were also asked to say how often they felt happy, calm and peaceful or full of life.

- Many clients reported to feeling these more positive emotions sometimes.
- 71% reported to feeling calm and peaceful sometimes
- 69% reported to sometimes feeling happy.

A considerable proportion reported to never feeling happy, full of life or calm and peaceful; fewer clients reported to never feeling the more negative emotions.

Unfortunately, due to the small post-intervention sample, the analysis was not able to produce any reliable results regarding the impact of Factor 4 advice on clients' emotional health.

Out-of-control finances can often mean that some individuals feel out of control in other aspects of their life. To ascertain the extent to which clients felt disempowered before they visited Factor 4, clients were asked to say to what extent they felt in control of aspects of their life. The results are presented in the chart below.



- The chart above illustrates that the majority of clients feel that they are mostly responsible for what happen to them in future, this implies some sense of control over events.
- Conversely, almost three-quarters of the sample agree to some extent that they feel helpless in dealing with the problems of life. Over a third (35%) strongly agreed that they often feel this way.

The above results imply that financial worry and stress have considerable effects on the emotional well-being of those it affected and that whilst most are willing to accept that their

own actions determine events, many are unsure of what to do about the problems they face in life and feel powerless in addressing problems.

Factor 4, as a service offering money and debt advice in conjunction with water and energy saving advice and access to grants, low-cost loans and financial services, can go a considerable way in supporting individuals facing the daily struggle of debt and associated financial stresses.

10. Conclusions and recommendations

Encouraging the take-up of assistance can be fraught with difficulties, particularly those services associated with debt or financial hardship. The Factor 4 pilot not only offered advice and assistance regarding debt and financial problems but also aimed to assist and enable clients to access new services, some of which are not historically associated with, or offered by, traditional advice services.

10.1 The Four Factors - what was delivered?

The overall aim of Factor 4 was to deliver a holistic advice service to tackle both financial exclusion and the risk of fuel poverty. The pilot was funded to test the ability of the Factor 4 delivery mechanism to deliver on all four aspects of the service in a joined-up way. In addition, Factor 4 aimed to seek out engagement and partnership involving a range of organisations including utilities, housing associations and the local authority. It was intended that funding would be secured from these sources as well as other possible sources to fund Factor 4 beyond its pilot phase.

Factor 1: money & debt advice

Whilst Factor 4 operated throughout the pilot phase to deliver all four factors, money and debt advice clearly became the dominant factor. Section 4.3 of the report outlines the factors accessed by clients and illustrates the breadth of the problems faced by Factor 4 clients, clearly highlighting debt and financial difficulties as the two leading concerns.

For one case, detailed in the case study below, the debt management service was much needed. The dedicated application of staff time to individual cases such as this, can have a considerable impact on the financial well-being of clients who may not otherwise know how to react in such circumstances and so allow debt to escalate.

Case study C: Debt management

Ms King is a longstanding client of the Factor 4 service and the initial contact was for money advice. Factor 4 successfully negotiated a manageable household budget for her to pay her priority outgoings. Token offers of £1 per month were agreed for three non-priority debts. Ms King returned to Factor 4, as a shortfall in her bank account had resulted in non-payment of the three £1 standing orders for her token offers. As a result her bank charged her £105, resulting in severe financial hardship. This was at the time of a great deal of media interest regarding excessive bank charges. Factor 4 contacted Ms King's bank on her behalf and,

whilst they denied any wrong-doing, they agreed to make an ex gratia payment of £452.00 to cover the costs and inconvenience.

Factor 4, through providing a debt management service, allows clients to recover from the debt and so begin to take control of the situation. This can contribute to the ability of such clients to avoid similar situations in future. Having been assisted with her recent difficulty the client felt comfortable in returning to Factor 4 who were able to provide a tailored and personal approach.

The number of hours of money advice provided by Factor 4 was 1635, against a target of 1759. Given staffing shortfalls during the project this is a positive number based on a total of 355 customers. This means the average case from start to completion took on average 4.6 hours, highlighting the intensity of some of the cases seen by the Factor 4 team and goes some way to explaining the apparent uneven distribution of factor application. While the pressing nature of money debt cases mean that this may often be the area concentrated on, more steps need to be taken to ensure that clients are aware of the other services available which may help them.

While the pressing nature of many debt cases means that this may often be the immediate area for action more steps need to be taken to make sure that clients are aware of the other factors available to them which may further help them to improve their financial situation.

Factor 2: energy efficiency

Whilst energy efficiency advice and services may not have been accessed to the extent that money and debt advice were, other energy-related activities did take place in the form of awareness-raising through outreach services. Management reports suggest that the energy efficiency and financial literacy awareness and training elements were beginning to take greater importance towards the end of the pilot through provision of training to other community workers and workshops. Evidence collected via the client surveys suggest that there was low awareness and knowledge of the benefits of being more energy efficient. However, those who received energy efficiency advice and related services, albeit based on a small sample, did indicate some improvement in their knowledge and awareness of energy efficiency and services available to assist them.

There appears to have been a lack of clarity and proper understanding of the links between the four factors at the outset by the delivery team, especially around energy efficiency.

Training in energy efficiency for Factor 4 staff, post-pilot, should continue and perhaps be supplemented by the involvement of a specialist energy advisor.

Later in the pilot phase, particularly after the establishment of the energy efficiency sub-group, promotion and facilitation of energy efficiency services became better focused and delivered improved performance. The Factor 4 energy efficiency sub-group was formed to help create a stronger focus on this factor as staff were less experienced in this field. Regular meetings to discuss the progress of existing cases and generation of new ones through a more proactive approach were helpful in raising the profile of energy efficiency and related matters. Systems for processing, following up and closing cases were put in place and monitored, with reports available to the sub-group. Specialist advice and information was offered to Factor 4 staff, including where to source funding, access to energy efficiency survey forms and reports. These opportunities included visits to an energy efficiency helpline call centre and to clients' homes to gain knowledge and insight.

The target set for providing energy efficiency advice over the pilot phase was 314 clients. The pilot actually delivered energy efficiency services to 210 clients. The majority of this target was attained towards the end of the pilot phase. Factor 4 management reported that in many cases energy efficiency measures and advice were unsuitable due to the personal circumstances of the clients. For example, clients who lived at home with their parents.

A particularly successful element of the energy efficiency factor, were the outreach events held within the local community. These events succeeded in taking the message of energy efficiency to members of the community who would not normally have considered its merits; particularly in relation to their household budget and finances.

Factor 3: Bill payment

Another distinguishing feature of Factor 4 was its ability to assist clients in accessing bill payment services as well as debt repayment. Families and individuals on low and fixed incomes, as discussed throughout the report, are often excluded from mainstream financial services, living in a cash payment world rather than the more cashless society the majority of people now experience. Those on low incomes have been found to pay around £1,000 a year more for essential services or goods than their more affluent and financially included counterparts.¹⁹ This means that a significant minority of the population can often face higher

¹⁹ Save the Children & Family Welfare Association 2006 [The Poverty Premium: how poor households pay more for essential goods and services.](#)

charges for, and barriers to, accessing their money and paying bills on a regular basis. It also means that some are unable to benefit fully from the competitive energy market and enjoy the lower tariffs for fuel available, for example, when paying by Direct Debit. In short, their financial situations are often more inconvenient and more expensive.

The client target set for bill payment was 228. By the end of the pilot phase 64 clients had been introduced to the bill payment service. Evidence discussed in section 7 suggests that this factor was not well taken up, although better progress was made in the latter stages of the pilot. Most work on this factor was undertaken towards the end of the pilot phase. A combination of insufficient funding from creditors to support the setting up of the necessary systems and promotional activities and the limited time of the primary advisor were found to be the main contributory factors to the poor take-up of this factor.

Factor 4: Credit union savings & loans

Factor 4 facilitated additional credit union memberships of over 50 clients and, whilst these numbers fell short of the original target numbers, it is important to remember that in many cases the overriding reason for accessing Factor 4 was debt and money advice, not necessarily access to financial services. Many of the cases seen by Factor 4 were complex debt cases, savings were not practicable and offers of loans, even at a low-cost, were frequently inappropriate.

The Factor 4 approach to tackling the multi-dimensional nature of clients' financial problems often means that in treating the main financial problem of the client, another problem is solved or a benefit is derived. The case study below illustrates this synergy very well.

Case Study D: Utility debt & credit union savings

Mrs Rafferty contacted Factor 4 through an advice surgery. She had been experiencing ongoing problems with several household bills, but particularly water rates. Factor 4 negotiated a series of payment plans for these and applied to Seven Trent Trust Fund for assistance with an outstanding water rate debt. Mrs Rafferty also informed Factor 4 that she had no cooking facilities for herself and her young family and so the STTF application included a request for a grant towards this. Both were successful and through the relationship with the credit union Mrs Rafferty is now a regular saver at the South East Birmingham Community Credit Union branch.

Case study D highlights how a service such as Factor 4 can not only assist in cases of multiple debts but can also deliver positive outcomes through service coordination to help individuals overcome debt and encourage positive financial habits such as regular savings.

Factor 4 had a new credit union member target of 213. Fifty-five clients were recruited to the local credit union. Again, as for bill payment this was largely attributed to a lack of funding and resources, with little focus on this particular factor until later on in the pilot phase.

Other related factors

In terms of accessing grants for clients, Factor 4 accessed funds mostly from Severn Trent Trust Fund, British Gas Energy Trust and Further Assistance Grants, totalling over £10,500. With hindsight, it was thought that the project might have been more ambitious in accessing additional funding sources.

Based on evidence from the **Factor 4 office database** thirteen referrals were made by Factor 4 to npower Health Through Warmth. Health Through Warmth reported that of these thirteen clients six had received measures. For the seven cases referred, where no measures had been installed, this was largely due to the client either having moved home, or the client or housing associations' failure to respond to follow-up contact from npower Health Through Warmth. The evidence available suggests that there were no referrals to Warm Front.

Overall progress

Towards the end of the pilot in August 2006 the Factor 4 team was beginning to develop further all four aspects of the service; up to this point the major factor being addressed to any great extent was that of debt and money advice. During year one it became apparent that energy efficiency really was not being addressed to the extent originally envisaged. To address this matter with some degree of urgency a sub-group was set up to direct and guide the project in terms of furthering the energy efficiency element of the service.

An additional aim of Factor 4 was to test out a new form of money advice, 'money advice light.' Using this method, it was hoped that advice would be given at an early stage of financial problems to act as a source of prevention-orientated advice. In reality, many of the cases seen by Factor 4 had serious and often very complex debt and money advice light was not the solution needed in many cases. The one full-time advisor Factor 4 employed throughout most of the pilot phase came from a debt and money advice background and was highly skilled in this area. This, combined with the complexity of debt cases and lack of

funding to make other factors fully operational, meant that money and debt advice became the primary factor addressed throughout the early and middle stages of the pilot.

10.2 Operations and management systems

In completing the evaluation of Factor 4 we are mindful of the experimental nature of the Factor 4 pilot; nothing quite like Factor 4 had really been undertaken previously. Factor 4 staff often found themselves on a steep learning curve managing the delivery of what was in high demand (money and debt advice) and balancing this with the delivery of lower- demand services, namely energy efficiency and financial services. Difficulties related to the delivery of all four factors were compounded by problems associated with staff retention, project handover and lead-in times. Staff turnover was discussed earlier in section 1.

Factor 4 addressed what were often complex debt cases and so other factors that may have been of assistance were secondary. A key lesson from the pilot seems to be that to deliver on a primary concern of a client and to deliver on a secondary set of services requires extra resources, not only in time but also in the ability to refer complex cases to agencies better geared up to provide the service; Factor 4 often found that these services themselves were overstretched regarding capacity.

10.3 Funding and partnerships

One of the conclusions of this evaluation in relation to management and operations is that more resources are required for services such as Factor 4. Partnership working with other agencies, to pool resources and aid referrals, was also important. Money and debt advice is currently on the Government agenda and being addressed by the Department for Trade and Industry's Financial Inclusion Fund. However, debt and money advice must go hand in hand with advice about avoiding debt; treating the cause and not just the symptoms. This can be achieved through a balanced delivery of services that tackle the multi-dimensional nature of many cases of debt and financial difficulty.

One of the key aims of Factor 4 was to secure funding post-pilot phase to continue the work of the service. Factor 4 has worked well in achieving support from local groups including Pertemps Employment Alliance and Neighbourhood Renewal Fund to supplement that of the main sponsors Barclays Bank, npower and Severn Trent Trust Fund. However, securing funding from other anticipated sources did not work as well. It was originally intended that income would be secured from creditors who were assisted by Factor 4 in debt recovery and

from housing associations. Work is continuing post-pilot to further alliances with housing associations and debt recovery services.

As commented on above, recognition of the integrated and proactive approach of Factor 4 work and its contribution to the local community is evident in the successful application for funding to the Financial Inclusion Fund. The Financial Inclusion Fund (FIF) managed by the DTI was set up to support initiatives, such as Factor 4, in tackling financial exclusion and will provide funding of £120 million over three years to successful applicants. Aims of the fund include increasing the number of specialist caseworkers and qualified money advisors nationally. Funding will provide support for a further advisor and part-time administration support. Factor 4's support assistant was successful in applying for the post of advisor, a trainee position funded by the FIF. Factor 4's work has also been acknowledged in securing funding from the Legal Services Commission to provide for outreach advice services to those who would not normally present themselves to debt advisors. An additional advisor post has been funded as a result of this.

Whilst this additional funding is extremely good news, in that it means that a valuable service can continue, neither stream of funding allows for the funding of energy efficiency advice; a key factor of the scheme without which the original aims of the project are frustrated. This means that a key element in preventing fuel debt and, indirectly, other debt cannot be addressed. Energy efficiency and energy-related advice are acknowledged as important factors in managing household finances and minimising the risk of fuel debt whilst providing a warm and healthy living environment. Due to the limitations of the funding secured, the provision of all four factors could not continue.

A household receiving advice about energy efficiency not only benefits from making better use of energy expenditure it also benefits from access to grants for insulation and heating system improvements, contributing further to lower fuel bills. Energy efficiency advice also covers additional issues that contribute to money management and the household budget, such as switching supplier or tariff. Given the positive benefits of quality energy advice in reducing fuel bills, minimising debt risk and increasing disposable income there is a strong case for providing this service in conjunction with more general debt and money advice. A holistic package to provide advice and guidance on how to manage and avoid debt can have wider implications for the community; at a micro-level individual household circumstances are improved; at a more macro-level the physical, psychological, environmental, social and financial health of the community can be improved.

10.4 Overall conclusion

Whilst Factor 4 did not deliver on all aspects of the service from the outset, all factors began to develop by the end of the pilot phase. Factor 4 continues to operate and is reported to be as 'busy as ever.' The evaluation team would recommend that the conclusions and recommendations be taken in the context of an operational pilot.

Factor 4, whilst not achieving all targets as originally envisaged, has been successful in trialling an innovative approach to financial exclusion and fuel poverty and, in doing so, has provided a workable framework and set of lessons for future development and potential roll-out of a similar service.

As Factor 4 developed, it became apparent that the service provided was one of quality over quantity. The nature of the advice provided, coupled with the case completion time, highlights the quality of the advice provided to clients with complex cases. This is further supported by the highlighted cases studies featured in this report.

10.5 Key recommendations from the evaluation

Delivering on all service factors

- Whilst acknowledging that debt and money advice are often the primary concerns and reasons for visiting a service such as Factor 4, where appropriate, clients should be made aware of the synergies of all four factors and how addressing a combination of factors can assist in their specific circumstances. This was, to some extent, addressed towards the end of the pilot with the expansion of the educational aspects of the Factor 4 service via outreach events.
- The benefits to low-income households, in terms of additional funds available to the household budget through the better integration of energy efficiency and/or water efficiency advice and debt/money advice should be more widely recognised and funded accordingly.
- Referral networks need to be better established. This should include locally operating services but also involve the leading Government-funded energy efficiency programme, Warm Front. Eaga plc, the managing agent for Warm Front, now operate a referral interface whereby referral agencies can directly refer clients and track their progress throughout the referral and installation process.

- The nature of the Factor 4 service means that symptoms of underlying issues related to one or more of the factors should be better identified and the necessary action taken to rectify or assist with the problem e.g. where clients are having difficulties with their heating system or inability to use their system properly, as was the case with one client. Where an energy efficiency advice session is needed but capacity is unavailable, referrals could be made to the local EEAC.

Partnerships & funding

- Funding made available for money advice and debt outreach services should include an element of funding for energy and water advice to ensure that the causes of multiple debts, which include utility debt, are addressed along with the management of debt. Debt prevention empowers the clients, enabling them to take control of their financial situation and acquire the 'know how' to manage their own financial circumstances.
- Where possible, develop partnerships both in support of the service via referrals and feedback, and financially. These relationships will of course expand as the project matures.
- There should be sufficient lead-in time to enable for marketing and raising awareness of the service amongst referral networks and clients before the project goes live. This point was emphasised by stakeholders who felt that systems for the delivery of all factors were not well established from the outset. Better planning would ensure that clients access the scheme via referrals from the outset and that the client base is built upon through client self referral as the scheme becomes more widely recognised in the local community.
- Utilities and creditors who identify clients in debt could refer such clients directly to a Factor 4 service and a bill payment or debt reduction service made available as an alternative to disconnection or installation of a prepayment meter. This would benefit both the client, in terms of assistance in clearing debt whilst still being able to benefit from lower tariffs, and the creditor in that any outstanding debts will be recovered. This would also benefit the Factor 4 scheme in terms of client referral.

Operations & management

- Staff retention and recruitment procedures should be in place with appropriate handover procedures to provide for a smooth transition when scheme personnel leave, as well as a risk assessment to prepare for personnel issues.
- A project staff base should be broader and more diverse to avoid too heavy a reliance on one member of staff to provide most advice and training. This would better allow staff to embrace and proactively implement the development of all factors of a service and prevent one theme dominating others, as was the case with debt and money advice throughout the early and middle stages of the Factor 4 pilot.
- All scheme personnel involved in the provision of advice and awareness raising should be fully briefed and trained in providing all elements of the service rather than building on one or two factors as a scheme proceeds. As an alternative, one fully trained and briefed member of staff should be in place for each factor at the outset with the aim of all staff becoming fully briefed on each key issue. This will improve coverage of all 'factors' of the scheme. To achieve the 'single case worker approach', the client would be assigned the member of the team whose skill base best fit the primary need of the client, but who could also address the secondary needs in an effective manner.

Data systems

- All data collection systems should be well established and operational before the scheme commences and test reports produced to ensure consistent data collection and outputs.
- There should be closer monitoring of client data to ensure consistent data collection for each client and use of established coding where appropriate.

Key lessons for future development

There are two key lessons drawn from the Factor 4 evaluation that should be taken into consideration for future development of the Factor 4 approach. These are as follows:

- **The correct and considered division of labour for money and energy advice:** the pilot has indicated that combining specialist money advice work with energy advice work in the same job is not realistic. It would appear that seeking funding for an interdisciplinary team with a specialist money adviser working alongside an energy adviser would be more practicable and successful. It should be possible to combine the role of the energy advisor

with generalist money and budgeting advice (i.e. money advice light) as the energy problems faced by clients were not as complex or labour intensive as treating the money and debt problems faced by clients.

- **Bill Payment Services:** to negotiate commission payments from utilities and creditors will require a larger scale of operation. This could be developed perhaps in partnership with PayLink Trust or by several credit unions seeking to develop a Factor 4 service and in doing so collaborate to solve this problem. Both the Co-operative Bank and Barclays Bank are introducing bill payment services to assist credit unions and Community Development Finance Institutions to reduce financial exclusion. There is possible scope for Factor 4 projects to make a link here.