

OUTCOMES MAP: FINANCIAL AND LEGAL MATTERS

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MAPPING OUTCOMES FOR SOCIAL INVESTMENT

This is one of 13 outcomes maps produced by NPC in partnership with the SROI Network, Investing for Good and Big Society Capital. Each map examines a particular issue area or domain, and aims to document the relevant outcomes and indicators that are currently being measured by charities, government, academics and practitioners working in this field.

This map is not intended to be prescriptive about what you should measure; instead it aims to be a starting point for social investors, funders, charities and social enterprises thinking about measuring outcomes in this domain. Neither is it intended to be definitive or comprehensive: we plan to develop the maps further in future as we learn more about measurement practice in this area.

If you have any feedback or suggestions for how we could do this, please get in touch with Tris Lumley at NPC by emailing tris.lumley@thinkNPC.org.

Outcomes maps in this series

Housing and essential needs

Education and learning

Employment and training

Physical health

Substance use and addiction

Mental health

Personal and social well-being

Politics, influence and participation

Finance and legal matters

Arts and culture

Crime and public safety

Local area and getting around

Conservation of the natural environment and climate change

MEASUREMENT OVERVIEW: FINANCIAL AND LEGAL MATTERS

Definition

Financial and legal problems can emerge in almost any aspect of our lives and occur for a wide variety of reasons, for example if our relationships break down, if we lose our job or have problems at work, if we find ourselves in debt, or if we experience health problems.

- **Financial matters** refer to the knowledge and ability to understand and manage finances. Within this definition, outcomes include attitudes towards financial matters, access to products and services, how individuals use services, and local availability of services. This also includes being able to open a bank account, being able to get hold of credit, and being able to plan for the future.
- **Legal matters** refer to knowing your rights, obtaining access to advice, support and representation, and using legal advice and its results. Outcomes also include influencing policy-makers. Legal matters can refer to a wide spectrum of activities and outcomes, relating to almost any aspect our lives. Defining specific outcomes of legal advice rely on having a point of reference, for example in relation to a family or employment dispute.

Context

Financial and legal issues can affect anyone. Family, debt, work and housing can all be sources of problems which require advice and support.

Definitions of financial problems often focus on income. However, it is now recognised that financial exclusion – not having access to mainstream financial products or advice – is also a significant issue. In practice, this means that people on low incomes usually pay more for financial services than others, for example they use extremely high interest lenders or be subject to higher bank charges.

Key to understanding current trends in financial problem is the downturn in the UK and global economy since 2008. There are now over 2.5 million people unemployed in the UK, with some areas hit particularly badly.¹ Rising food prices, higher fuel and energy bills combined with stagnation in wages has put household incomes under pressure. In parallel with the general deterioration of the economy, anecdotal suggests a rise in doorstep lenders, as well as a boom in trade among pawnbrokers and online lenders.² As the

¹ According to ONS figures, accessed 16 January 2013. See <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Unemployment>

² Consumer Focus research (2010) Keeping the Plates Spinning. See <http://www.consumerfocus.org.uk/news/number-of-payday-loan-users-has-quadrupled-consumer-focus-research-reveals>

government looks to save money, reforms to state welfare system, such as the introduction of Universal Credit and caps on benefit, also add to difficult time for low income households.

For people with financial issues, there are a range of organisations offering information, advice and practical support. StepChange (formerly The Consumer Credit Counselling Service) and the Money Advice Trust both provide free advice to people in debt. Tax Aid specifically helps those people with a debt or dispute with HM Revenue and Customs. Financial literacy and education is provided by national charities including Credit Action and MyBnk for young people. Several commercial banks NatWest and Nationwide offer programmes in schools. At a local level, credit unions provide affordable credit and savings products, principally to people on low incomes. Charities working with sick or vulnerable people include money advice as part of their suit of services, for example Macmillan Cancer Care and UNLOCK, which works with ex-prisoners.

Financial difficulties feed legal difficulties. Reports show increasing number of people declaring themselves bankrupt, historically high rates of house repossessions, and strain on family relationships.³ The government spends around £2bn a year on legal aid to pay for advice, mediation or representation in court for people on low incomes.⁴ This includes help for housing, debt, work, family, benefits and education problems, or for people accused of a crime. However, the coalition government is planning a £350m cut from the budget from March 2013 – something that has been heavily criticised by campaigners as it comes at a time when benefit reforms mean there is likely to be a surge in demand for advice.⁵

The largest provider of the government legal aid programme is Citizens Advice, a federation of charities working in 3,500 locations around England and Wales, and including 360 individual charities. Citizen Advice branches have reported an increase in demand over the last few years, and there are report that many are turning away clients. Private solicitors and barristers also do work for legal aid clients and many offer pro bono advice. Another large provide of advice are trade unions, although this is usually limited to employment advice.

Vulnerable groups

Among the key groups to consider are:

- **Low income households:** people on a low income are more vulnerable to financial problems, and often cannot afford to pay for appropriate professional legal advice if problems arise. Studies have shown that low income households are far more likely to be financially excluded and consistently pay more for financial products and services.⁶ They are also more likely to experience legal issues relating to changes in benefit legislation.

³ BBC News report, House repossessions creep up, mortgage lenders say, 10 November 2011, <http://www.bbc.co.uk/news/business-15672123>. BBC News report, Debt Experts' warn over rising bankruptcy costs, 3 June 2011, <http://www.bbc.co.uk/news/business-13645691>. BBC News report, Relate survey: Money problems 'causing family strain', 27 December 2012, <http://www.bbc.co.uk/news/uk-20849015>

⁴ Ministry of Justice Website, <http://www.justice.gov.uk/legal-aid>

⁵ See Guardian article 'Legal Aid Cuts', 22 May 2012, <http://www.guardian.co.uk/commentisfree/2012/may/22/legal-aid-cuts-what-price-justice>

⁶ NPC (2008) Short changed: Financial exclusion, a guide for donors and funders.

- **Disabled people or people with a long-term illness;** Recent changes to the benefit system and processes for assessing eligibility mean that many people have found that their situations have changed and requiring advice. In addition, disability or illness is frequently associated with unstable income, which lead to financial problems – for example statistics show that only 21% of people with long-term mental health conditions are in employment.⁷
- **People in debt:** indebtedness can arise because of unemployment, sudden changes in personal circumstance such as separation from a partner, or gambling or addiction. It can become a downward spiral as interest payments mount up, and lead to stress and health problems.
- **Refugees and asylum seekers:** several factors put migrants at risk in being able to obtain appropriate advice and financial services. In particular, language barriers, problems with documentation and visas, and incomplete or non-existent credit histories, makes them vulnerable.
- **Ex-prisoners:** On leaving prison, individuals face a number of challenges. They need to re-establish their relationship with their families, find a job, and ensure that they manage their finances appropriately. In 2007 the Legal Services Research Centre found that 40% of prisoners report not having no financial products at all.⁸ Without adequate support, people can find themselves with significant financial and legal problems.

Key outcomes

Financial matters

- **Improved financial literacy:** individuals are more able to understand their finances and have greater confidence managing their money. This includes attitudes to finance and knowledge of planning, budgeting and products.
- **Improved financial management:** individuals and families' financial situation improves, including better budgeting, management of debt, availability of finance, and use of appropriate financial products, leading to reduced dependence on financial support and reduced levels of poverty.
- **Improved availability and design of financial products and services:** changes to infrastructure leading to greater availability of credit or banking, for households and businesses. These outcomes are generally a result of advocacy, lobbying and campaigning.

Legal matters

- **Increased understanding of legal matters:** individuals are more informed about their legal rights and entitlements, and are able to access appropriate legal services
- **Improvements to individuals' circumstance as a result of legal advice:** changes to individual and families lives as a result of legal advice, including better financial situation, improved employment situation, and justice.
- **Changes to legislation and right to advice:** changes to legal and regulatory framework that results in greater availability, simplicity and accessibility of legal advice.

⁷ Royal College of Psychiatrists (2008) Mental Health and Work, <http://www.dwp.gov.uk/docs/hwwb-mental-health-and-work.pdf>

⁸ Pleasence, P. et al (2007) A helping hand: the impact of debt advice on people's lives. Legal Services Research Centre.

Related outcomes

- Housing and essential needs
- Employment and training
- Mental health
- Personal and social well-being

Examples of typical interventions

Most of the interventions surrounding financial and legal matters involve providing information, advice, support and guidance in their various forms. A number of charities and social enterprises provide **written and online guidance**. A number of charities and educational establishments run **financial literacy classes** or workshops for adults, often targeted at specific groups such as single parents or homeless people. These courses aim to give people the skills to manage their money, avoid future financial problems and work their way out of financial difficulty. Issues covered include how to budget, how much that they are paying for services, and how they might find them cheaper elsewhere. **School-based courses** are also available, helping young people to begin to become financially independent. **Credit unions** provide personal lending and saving facilities in poor areas. **Community Development Finance Institutions** also provide affordable credit, usually in partnership with other financial institutions (but they do not take deposits).

Individual advisory services exist for individuals in severe financial trouble with debt. There are hundreds of organisations all over the UK providing advice either **face-to-face** or **over the phone**. There are also a number of organisations that offer very **practical help and assistance to vulnerable groups**, such as accompanying individuals to open a bank account or filling in forms. Legal advice is also given through written and online guidance, and face-to-face or over the phone advisory services. By its nature, legal advice is typically very much tailored to individual situation.

Charities also seek to influence the policy, legal and regulatory environment through **lobbying** and **campaigning**.

Current approaches to measurement

There are few established methods of measuring the impact of interventions seeking to address financial matters. Written guidance is often assessed based on the number of readers or hits to a website. User satisfaction measures are also a common way to check the quality of services, but do little to establish their results, and various questionnaires seek to test financial literacy. What is defined as a 'successful outcome' differs according to the service and measure include opening a bank account, having a debt management plan, and in some cases filing for bankruptcy. As in many areas, it can be difficult to ascertain the true success of interventions without long-term follow-up or understanding 'what would have happened' – something few organisations or projects manage to achieve.

Data collection and analysis within the field of legal matters is also a difficult task. The central issues is that the outcomes of legal advice are often very specific to the individual case and depends on the problem being dealt with. In addition, legal matters must be judged on whether 'justice is done' – something which may not be the same as a positive result for the individual. Despite this, there are general approaches and techniques that can be used to measure success, many of which rely on grouping types of legal matters, for example family mediation, employment conflicts, housing issues and benefits claims. A report in September 2012 by the Legal Services Board proposes 18 measures of 'access to justice', including demand for services, perception of services, cost and access to courts.⁹

⁹ Atkinson, A. and F. Messy (2012), 'Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study', OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing

Key sources

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- Legal aid website www.gov.uk/legal-aid/overview
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- Legal Services Board, September 2012, Evaluation: How can we measure access to justice for individual consumers? A discussion paper, <https://research.legalservicesboard.org.uk/wp-content/media/Evaluation-measuring-A2J-11-09-12-Discussion-paper-FINAL-FORMATED.pdf>
- The Centre for Social Impact (2011) Measuring Financial Exclusion in Australia http://www.csi.edu.au/assets/assetdoc/3c1698bd3334ed55/NAB-Financial-Exclusion-Report_Final.pdf
- Department for Work and Pensions' annual Family Resources Survey <http://research.dwp.gov.uk/asd/frs/>

Measurement overview: Financial and legal matters

| Key outcomes | Specific outcomes | Indicators | Existing measures | Source and use | Stakeholders (tagging) | Notes |
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| Increased financial literacy | Increased knowledge of personal finance | Scores on questions relating to value of money, risk and return, interest and budgeting. | OECD measure of financial knowledge, based on eight questions. Self-authored questionnaire by organisations. | OECD Working Papers on Finance, Insurance and Private Pensions, No. 15. Measures tested in 14 countries in 2012 looking at variations in financial knowledge, behaviour and attitude. | <ul style="list-style-type: none"> Individuals | Can be used before and after an intervention. |
| | Improved attitudes to personal financial matters | Number of people agreeing or disagreeing with attitudes statements: <ul style="list-style-type: none"> I find it more satisfying to spend money than to save it for the long term; I tend to live for today and let tomorrow take care of itself; Money is there to be spent | OECD measure of attitudes to attitudes to financial matters. Self-authored questionnaires by organisations. | OECD Working Papers on Finance, Insurance and Private Pensions, No. 15. Measures tested in 14 countries in 2012 looking at variations in financial knowledge, behaviour and attitude. | <ul style="list-style-type: none"> Individuals | YouGov 2010 survey also includes questions on attitudes to finance. Including: I am someone who worries about the future; Saving money makes me feel good; I tend to live for today and let tomorrow take care of itself |
| | Increased likelihood of seeking advice on financial matters | Number of people seeking advice for debt. | Question from the 2010 YouGov survey for the Money Advice Trust. Survey of 4,020 individuals who had previously reported themselves as being 'in debt'. | 2010 YouGov survey for the Money Advice Trust looking at the trends and effectiveness of debt advice services in the UK | <ul style="list-style-type: none"> Individuals Families & children | Question on debt could be adapted to include other financial matters. |
| Improved financial management | Improved budgeting skills | Individuals' knowledge of principles of budgeting and basic mathematics | Competency tests on budgeting skills. | Budgeting skills tests available from several organisations including Osborne and National Grid for Learning | <ul style="list-style-type: none"> Individuals Families & children Low income families | Focus groups run by the FSA produced a definition of financial capability as the ability to manage money, and being able to live within |

Measurement overview: Financial and legal matters

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| | | | | | | one's means. It includes the following elements: Planning ahead; Making choices; Getting help. |
| | Improved ability to save. | Number of people who self-report the ability to save, and the use of savings products. | Questions on whether individuals are 'actively saving' (excluding putting money in current accounts) and if individuals have a 'long-term financial goal'. | OECD measure of financial behaviour. OECD Working Papers on Finance, Insurance and Private Pensions, No. 15. See above. Data from the Department for Work and Pensions' Family Resources Survey on 'Saving and Investments'. | <ul style="list-style-type: none"> • Individuals • Families & children • Low income families | |
| | Increasing use of appropriate financial products. | Self-reported rate of use and ownership of financial products. | YouGov questions developed for the Money Advice Service, 2012. Rates of product ownership. | Used in YouGov research for the Money Advice Service 'The effectiveness of debt advice in the UK', October 2012. The Centre for Social Impact in Australia has developed a measure of financial exclusion based on product ownership – comprising basic transaction accounts, availability of credit, and insurance. | <ul style="list-style-type: none"> • Individuals • Families & children • Low income families | Financial products including: Banking services Insurance Affordable credit |
| | More people move from 'unmanageable' to 'manageable' debt. | Number of people who describe themselves as having personal or household debt. | YouGov questions developed for the Money Advice Service, 2012. | Used in YouGov research for the Money Advice Service <i>The effectiveness of debt</i> | <ul style="list-style-type: none"> • Individuals • Households in debt/in financial | |

Measurement overview: Financial and legal matters

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| | | Current levels of household and personal debt. | Count of individuals with reduced debt, repayments rescheduled, or debt written off. | <i>advice in the UK</i> , October 2012. Measures used by Citizens Advice in its outcomes of service reports. | crisis | |
| | | Count of debt repayments rescheduled or written off. | | | | |
| | Increase in households seeking financial advice, particularly if in crisis. | Number of people who agree with self-reported statement: I know who to trust to help me with my finances. | OECD measure of attitudes to financial matters. | OECD measure of financial behaviour. See above. | <ul style="list-style-type: none"> • Individuals • Families & children | |
| | | Number of counselling and advice services provided, including face-to-face, telephone and online. | Management information on demand for services; telephone and website statistics. | | | |
| | Reduction of dependence on financial support. | Number and amount of benefit claims by households. | Unemployment, housing benefit statistics available from the Department for Work and Pensions' website. | | <ul style="list-style-type: none"> • Individuals • Families & children • Low income families on state benefit | |
| | | Reported reduction in demand for crisis services by local services. | Management information on demand for services. | | | |
| Improved availability and design of financial products and services. | Reduction in door step lending activity. | Number of families relying on door step lenders. | Reported use of door-step lenders by individuals. | There is no regular survey of this part of the market. Data relies on self-reported behaviour. | <ul style="list-style-type: none"> • Individuals • Families & children • Community • Families in less affluent areas | In addition, observations the size of the market of high interest lenders and legitimate payday loans companies may also be a useful proxy. |
| | | Size of debts owed to | Reported use of door- | | | |

Measurement overview: Financial and legal matters

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| | | door step lenders. | step lenders by individuals. | | | |
| | Increased access to appropriate financial products by low income households from mainstream lenders, eg, high street banks. | Number and cost of products accessible to low income households or households with a poor credit history. | There is no regular survey of this part of the market. Measurement must rely on anecdotal examples. | | <ul style="list-style-type: none"> • Individuals • Families & children • Community | |
| | Improved access for small businesses to financial services. | Number of small businesses accessing financial support. | Count of small business using services, for example HM Government's Small Business Loan Guarantee Service. Self-reported use of loans or other products from surveys. | Statistics from the Department for Business, Innovation and Skills | <ul style="list-style-type: none"> • Community | |
| Increased understanding of legal matters. | Increased knowledge of legal matters and rights. | Number of people who self-report that they know their rights and entitlements. | Questionnaire developed and piloted by the Advice Service Alliance, focused on employment benefits. | Responses can be divided by topic. | <ul style="list-style-type: none"> • Individuals | Specific to the topic – eg, employment, benefits claiming or housing. |
| | Increased likelihood of seeking advice on legal matters. | Number of individuals that report that they know where to go to for help. | One of 18 measures proposed by the Legal Services Board (LSB) in 2012. Using data from LSB Benchmarking and annual Legal Services survey. | | <ul style="list-style-type: none"> • Individuals • Families & children | The Legal Service Survey also includes perceptions of affordability of legal services, and understanding by service providers of what customers require. |
| Improvements to individuals' circumstances as a result of legal advice. | Improved access to legal products and services. | Number of individuals and households accessing legal services. | Reports from individual service providers. | | <ul style="list-style-type: none"> • Individuals • Families & children | Measuring the outcomes of legal advice is a thorny issue. Legal outcomes must be judged on whether 'justice is done' – something which may not be the same as a positive |

Measurement overview: Financial and legal matters

| | | | | | | result for the individual. |
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| More people receive the benefits they are entitled to. | Number of people receiving advice on benefits and entitlements. | Recorded by advice and guidance service providers. | Housing Benefit and Council Tax Benefit caseload data, Department for Work and Pensions. Measures used by Citizens Advice in its outcomes of service reports. | <ul style="list-style-type: none"> • Individuals • Families & children | | |
| | Number of people receiving benefits they are entitled to. | Counts of individuals who maximise income, including receipt of correct benefits. | | | | |
| | | Records of housing benefit claims. | | | | |
| Improvement to housing situation. | Number of households reporting 'improvement in housing quality'. | English Housing Survey, Department for Communities and Local Government. | 'Decent' home standard, defined as meeting the statutory minimum standard, provides a reasonable degree of thermal comfort, is in a reasonable state of repair and has reasonably modern facilities. | <ul style="list-style-type: none"> • Individuals • Families & children | | Important in legal matters involving housing advice. See overview on 'Housing' for more information. |
| | Number of 'non-decent homes. | Statutory homelessness statistical release, Department for Communities and Local Government. | | | | |
| | Number of people housed in temporary accommodation. | Records of decisions taken by local authorities: households in temporary accommodation. Measures used by Citizens Advice in its outcomes of service reports. | | | | |

Measurement overview: Financial and legal matters

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| | Reduction in the number of people evicted from their homes. | Number of possession claims issued (by mortgage lenders and landlords). | Statistics produced by the Ministry of Justice, based on County Court records. | Indicates the number of people at risk of eviction. | <ul style="list-style-type: none"> • Individuals • Families | Possession claims are the first stage of a legal process which can result in a person or family being evicted. |
| | | Possession claims leading to an order (by mortgage lenders and landlords). | | Indicates actual number of evictions Shelter collates this data for its annual eviction risk monitor research. | | |
| | More people establish appropriate and stable family relationships. | Number of people satisfied with family life. | Validated psychological scales, including: Family Assessment Measure (FAM III), which measures family functioning. Huebner Student Life Satisfaction Scale, for young people. There is also a single question on satisfaction with family life in Office for National Statistics' Annual Population Survey. | | <ul style="list-style-type: none"> • Families & children | Particularly important in establishing outcomes of legal cases involving family disputes, for example following a separation or conflict. Qualitative information may also be gained from reports from social workers and other professionals. |
| Increased satisfaction with advice or with the justice system. | Proportion of people reporting satisfaction with their experience. | User satisfaction questions, consistently asked over a period of time. | Measures used by Citizens Advice in its outcomes of service reports – for satisfaction with advice given. HMCTS Court user survey – for satisfaction with the legal system. | <ul style="list-style-type: none"> • Individuals • Society | | |

Measurement overview: Financial and legal matters

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| Changes to legislation and right to advice. | Increased engagement of policy makers and opinion formers in campaigns. | Rate of key-word use by politicians/opinion formers in articles/speeches. | Computer Assisted Qualitative Data Analysis (CAQDAS) software can be used to analyse use of keywords. | | <ul style="list-style-type: none"> • Society | See section 'Politics and influence' for more information on this. |
| | | Number of pledges of support by members of parliament for policy change. | Demonstrable support for policy change. Recorded via Hansard or media articles. | | | |
| | | Number of MPs reporting awareness of issue or campaign. | Ipsos MORI undertakes regular surveys of House of Commons MPs, journalists, and business leaders. | | | |
| | Change in policy. | Observed change in policy, as determined by what is written in organisation rules, white paper or statute. | Self-evaluation of policy change based on expectations of change and estimation of 'what would have happened anyway'. | Self-evaluation method including 'External agencies dial' developed by NCVO's Valuing infrastructure programme, based on a scoring system of estimated influence. | <ul style="list-style-type: none"> • Society | See section 'Politics and influence' |

TRANSFORMING THE CHARITY SECTOR



NPC occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: Our mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact

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