

Active Inclusion Newcastle (AIN)

Spectrum of advice: Money management (budgeting and debt)

AIN seeks to make the best use of the limited face to face specialist advice services in Newcastle by helping other non-specialist services to prevent and respond to financial exclusion and the risk of homelessness. This means moving from signposting to proportionate responses in which all partners can play a role. To aid us in this process we have developed spectrums of advice for advice areas related to financial inclusion and prevention of homelessness. This spectrum covers both debt and budgeting advice. It describes three broad tiers or levels of money management advice and acts as a tool to help us to better understand where organisations fit into our provision in Newcastle and what support they need to do this. The information about the tiers on the following pages:

- describes the expected knowledge and roles in each tier
- states what training and support is available to each tier
- provides examples of services that may fit under each tier

We think that the money management information and advice provision in Newcastle can be divided into the following tiers:

- Tier 1: Money management information
- Tier 2: Budgeting advice
- Tier 3: (Specialist) debt advice

Warnings and definitions

- Debt advice is a regulated activity when it involves giving advice on options to deal with consumer credit debts. Consumer credit debts are debts that are regulated by the Consumer Credit Act, e.g. personal loans, credit cards, catalogues, hire purchase agreements, payday loans and bank overdrafts.
- On 1 April 2014 the **Financial Conduct Authority (FCA)** became responsible for the regulation of consumer credit in the UK. From that date any firm or individual that provides 'debt counselling' to consumers must be authorised by the FCA unless they are exempt. Local authorities are exempt from the requirement to obtain FCA authorisation to provide debt advice.
- 'Debt counselling' involves provision of debt advice about liquidation of consumer credit debts. The advice must relate to a particular debt and debtor.
- An example of advising on 'liquidation of debts' is recommending that the client stops making contractual payments on a credit card and instead negotiates token repayments. For further information about the scope of the 'regulated activities' relating to consumer credit debt counselling refer to the FCA's Perimeter Guidance Manual: www.handbook.fca.org.uk/handbook/PERG/17/1.html
- Organisations should seek their own legal advice to establish whether they need to obtain FCA authorisation for 'debt counselling'.

This guide does not replace but complements organisations' internal arrangements. There may also be some movement between tiers and services.

Tier 1: Money management information

Who provides this:

Frontline staff and volunteers who come into contact with people who have money problems but do not provide budgeting or debt advice.

Examples: customer service staff, librarians, community champions and volunteers, faith groups, trainee support workers, trainee social workers and local authority housing benefit and local taxation officers.

Expected knowledge:

- Know how to respond to or start conversations about money problems
- Know that unmanageable debt can have a detrimental impact on someone's life
- Are aware of the causes and consequences of unmanageable debt
- Know that early intervention and budgeting can help prevent debt crises
- Know that debts can be divided into priority and non-priority debts
- Know that non-payment of priority debts can lead to severe consequences, such as homelessness, loss of essential services and imprisonment
- Know where to refer and signpost residents for debt advice and information
- Know that debt advice can be provided online, by phone, or face to face
- Know who to contact for support, guidance and advice (consultancy contacts)
- Know that they cannot give 'debt advice' on consumer credit debts unless they have knowledge, skills and FCA authorisation/exemption to provide it

Expected role:

- Be prepared to talk to residents about money to identify any financial problems
- Signpost and/or refer residents for budgeting and debt advice
- Explain to residents that priority bills have to be paid and repayment arrangements made for any arrears incurred
- Contact consultancy advice lines for professionals to prevent imminent crisis
- Some workers in this tier (e.g. trainee support workers) can also:
 - Help residents gather the information needed for tier 2 and 3 appointments
 - Accompany residents to their tier 2 and 3 appointments

Training, information and support:

- Internal arrangements (internal training, supervision, attending relevant meetings)
- AIN offer, e.g. consultancy lines, tier 1 training, leaflets, website and other information resources.
- Other organisations' offers
- Public resources, e.g. online self-help resources provided by National Debtline website and similar

Tier 2: Budgeting advice

Who provides this:

Frontline staff and volunteers whose job is to provide budgeting advice and help people negotiate repayments for priority debts and some non-priority debts.

Examples: Newcastle Council Housing (formerly YHN) Support and Progression Workers, Financial Inclusion Team and Young People's Service Project Workers, housing associations' Money Advisers, Citizens Advice Newcastle volunteers, supported housing support workers and floating support workers.

Expected knowledge:

- All knowledge and skills identified in Tier 1
- Know how to complete an accurate budget plan (income and expenditure sheet)
- Able to provide advice on income maximisation and reducing costs
- Able to help people set up suitable payment methods
- Know what recovery and enforcement options are available to priority and non-priority creditors
- Able to negotiate affordable repayment plans for priority debts that aren't regulated by the FCA (e.g. rent arrears, Council Tax arrears and gas and electric)
- Able to negotiate affordable repayment plans for non-priority debts that aren't regulated by the FCA, (e.g. water rates, mobile phones and former tenancy arrears)
- Know in what circumstances they should not provide debt advice, e.g. where there is a conflict of interest, if they lack knowledge and if they lack the necessary FCA authorisation
- Know when to refer people for specialist debt advice
- Know what information people need to gather for a debt advice appointment

Expected role:

- As in Tier 1 plus:
- Complete a budget plan
- Maximise income, e.g. through benefits
- Reduce costs, e.g. by comparing deals, identifying savings and discounts
- Help people set up suitable payment methods for household bills
- Negotiate repayment plans for priority debts
- Negotiate repayment plans for non-priority debts that are not regulated by the FCA (e.g. water rates, mobile phones and former tenancy arrears)
- Refer people for specialist debt advice and prepare them for their debt advice appointment

Training, information and support:

- Internal arrangements (internal training, supervision, attending relevant meetings)
- AIN offer, e.g. consultancy lines, tier 2 training, leaflets, website and other information resources
- Other organisations' offers
- Public resources, e.g. online self-help resources provided by National Debtline website and similar

Tier 3: (Specialist) debt advice

Who provides this:

Debt advisers who work in organisations that are either authorised by the FCA to provide 'debt counselling' or are exempt from the requirement to obtain authorisation (e.g. local authorities).

Examples:

- Face-to-face advice: Citizens Advice Newcastle and Money Matters in Newcastle
- National organisations: National Debtline, Payplan, StepChange

Expected knowledge:

- All knowledge and skills identified in Tiers 1 and 2
- Able to complete financial statements
- Able to advise on all types of personal debts
- Able to identify and give advice on all available debt management options
- Able to help people apply for Breathing Space and to apply for insolvency options such as bankruptcy and Debt Relief Orders (DRO)
- Able to dispute debts and challenge bad practice from creditors by using the relevant legislation, guidance and codes of practice (social policy work)
- Able to provide legal advice to the appropriate level
- Able to manage complex debt cases, and prioritise and manage a caseload
- Able to help other professionals develop budgeting and money advice skills
- Able to refer clients to other sources of advice

Expected role to:

- As in tiers 1 and 2 plus:
- Complete financial statements
- Identify all available options for clients to deal with their debts
- Advise on implications of different debt management strategies
- Negotiate repayment offers with all creditors and dispute liability where there are grounds
- Negotiate informal debt write-offs and help people access Breathing Space and insolvency options (DRO, Administration Order, bankruptcy). Refer people to Individual Voluntary Arrangement (IVA) providers
- Complete court forms and provide legal advice, e.g. on eviction warrants

Training, information and support:

- Internal arrangements (internal training, supervision, attending relevant meetings)
- Certificate in Money Advice Practice (CMAP) training provided by Staffordshire University that leads to CMAP accreditation
- Training provided by Institute of Money Advisers (IMA), Money Advice Trust (Wiseradviser) and other organisations
- Shelter's Specialist Debt Advice Service
- Local money advice group: NEMAG
- Professional magazines, e.g. Quarterly Account, Debt update from Shelter's Specialist Debt Advice Service, Child Poverty Action Group (CPAG) publications
- Web resources, e.g. IMA, Wiseradviser, Insolvency Service

This document was produced by Newcastle City Council's Active Inclusion Newcastle Unit and it was accurate at the time of publishing (June 2025).