

Agenda Item	11
Report No	RES/28/25

The Highland Council

Committee: Corporate Resources

Date: 28 August 2025

Report Title: Annual Report on Citizens Advice Contract

Report By: Assistant Chief Executive – Corporate

1. Purpose/Executive Summary

- 1.1 Welfare, advice and information services are recognised to be essential requisites to improve healthier living, to support residents with changing life events by receiving all entitlements due, to help achieve equalities, and to lessen financial hardship and insecurities. This update report provides Members with information relating to welfare together with 2024/25 performance monitoring of the Council-funded advice and information services which are led by the Chief Officer Revenues & Commercialisation.
- 1.2 These services are provided by the Council's Welfare Support Team based within the Revenues & Commercialisation section of the Corporate Cluster and via a Highland-wide service delivery contract with Inverness, Badenoch & Strathspey Citizens Advice. Sub-contracting arrangements are in place with all Citizens Advice Bureaux operating within the Highlands.
- 1.3 The socio-economic benefits of effective welfare, advice and information services for local communities and businesses across Highland are well established. These services contribute meaningfully to enhanced health and wellbeing, as financial security has positive effects on both mental and physical health. They also promote greater equality and social inclusion by reducing barriers and supporting equal participation in society.
- 1.4 Advice and information services enable households to become more financially agile, with reduced debt burdens and more manageable finances, while increased disposable income stimulates the local economy through greater local spending. In addition, stability at home supports improved outcomes in educational attainment, especially among children and young people. Taken together, these impacts underscore the crucial role that welfare advice and information services play in fostering a more resilient, equitable, and thriving Highland population.
- 1.5 For the purposes of this report, the term welfare services is used to refer to Council-funded welfare, advice and information services led by the Chief Officer Revenues & Commercialisation.

2. Recommendations

2.1 Members are asked to consider and note the undernoted performance:

- i. over **23,000** residents were supported by the Council's Welfare Support Team and Citizens Advice during 2024/25 with welfare, debt and housing advice services, resulting in more than **121,200** contacts (on average, **5 contacts** per client). Assessing the volume of contacts offers valuable insights into workload and service throughput, providing essential context for evaluating the overall effectiveness and quality of the welfare services delivered;
- ii. financial gains for clients exceeded **£27.7 million**. This represents a **£17.48** return for every **£1** invested by the Council in these welfare services;
- iii. a total of **£12.184m** of debt (including **£1.7m** relating to mortgage/other secured loans) was presented by households seeking support to prioritise their bills, reduce and manage their debts, and wherever possible to lower the interest charges they were due to pay;
- iv. support was provided for **2,256** clients (including social rented, private rented and homeowners) seeking housing-related advice, thus highlighting the demand for consistent accessible support on these critical issues.

3. Implications

3.1 **Resource:** Resource implications are set out in this report.

3.2 **Legal:** The Council has a legal duty to provide specified advice and information services for local residents. The legislation requirements include:

- **Social Work (Scotland) Act 1968, section 12**
 - *provision of Social Welfare advice.*
- **Carers (Scotland) Act 2016, Part 6 Chapter 1, Section 34(2)(b)**
 - *requires local authorities to provide information and advice on income maximisation for carers.*
- **Child Poverty (Scotland) Act 2017**
 - *the provision and accessibility of information, advice and assistance to parents in relation to*
 - (i) social security matters;*
 - (ii) income maximisation;*
 - (iii) financial support.*

3.3 **Risk:** While it is not possible to fully mitigate associated risks, the welfare services covered by this report help to address the risks of financial hardship, negative impacts on health and wellbeing, poorer educational outcomes, homelessness, limitations to community participation, social exclusions, and inequalities.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no Health and Safety implications arising from this report.

3.5 **Gaelic:** There are no Gaelic implications arising from this report.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring and update report and therefore an impact assessment is not required.

5. Background

- 5.1 Poverty affects households in diverse ways and to varying degrees throughout their lives. Low-income families often face significantly poorer outcomes in physical and mental health, education, and employment opportunities. The connections between deprivation, poverty, social exclusion, and social injustice are widely recognised and frequently highlighted in research and public discourse. For example, the Director of Public Health for NHS Highland 2024 annual report highlighted *"One thing that has changed little has been the importance of health inequalities. The differences in health between communities, rich and poor, advantaged and disadvantaged, have formed a constant theme over the years and some of these inequalities have been getting worse."*
- 5.2 The ongoing 'cost of living' burdens continues to place significant challenges on the welfare services referenced in this report. The Council's commitment to welfare aligns with its legal duties, as set out in Section 2 above, to provide advice and information services for the general population and for specified groups.
- 5.3 The Council strongly supports a focus on early intervention and prevention within welfare services, aiming to prevent individuals from reaching crisis points. Even when effectively managed, crises often leave lasting impacts on individuals and their families. Because crisis-driven responses are typically the most resource-intensive, there is a continued emphasis on promoting early engagement with advice and information services to address issues before they escalate.
- 5.4 Over several years, Highland welfare services have continuously improved by adopting a blended and accessible approach to service delivery, tailored to meet the diverse needs of residents. This approach combines in-person and remote channels, including community hubs, co-located services, strategic partnerships, outreach programs, mobile support (e.g., home visits), and digital platforms such as online and telephone services.
- 5.5 The Director of Public Health for NHS Highland 2024 annual report emphasised *"Improving the health of our population requires a shift towards prevention across the whole population and mitigating the underlying issues that can impact on health, such as poverty and deprivation."*

- 5.6 Therefore, the agile delivery models outlined in paragraph 5.4 remain essential for enabling welfare services to adapt swiftly and effectively. These models support the seamless implementation of new working methods for advisers and volunteers, while ensuring equitable access to vital support services throughout 2024/25.
- 5.7 The total 2024/25 budget for these services was **£1.591m**. Service delivery was and continues to be provided by the Council's Welfare Support Team within the Revenues & Commercialisation section and via a Highland-wide contract with Inverness, Badenoch and Strathspey Citizens Advice which is then sub-contracted to all Citizens Advice Bureaux operating in Highland.

6. Cost of Living in Highland

- 6.1 Those who were financially vulnerable before the inflation surge have been hit hardest, with some struggling to manage the prolonged effects of elevated prices on essential goods and services.
- 6.2 The sharp rise in the cost of goods and services has disproportionately affected low-income households, who spend a larger share of their income on essentials like food and energy. As prices increased, many struggled to keep up, facing increased financial hardship that deepened inequalities. Feedback from Welfare Support Officers and Citizens Advice Advisers revealed distress, including feelings of hopelessness and uncertainty, worsening physical and mental health, and restricted access to essential services. This feedback underscores the lasting impact of economic instability on vulnerable communities and highlights the need for targeted support measures to mitigate hardship.
- 6.3 The UK and Scottish social security systems, particularly Universal Credit, became increasingly vital during economic downturns, acting as a proportionate and essential safety net for those individuals and families facing financial hardship. Beyond providing direct financial support, social security payments strengthen local economies by encouraging spending in small businesses, promote social stability, and positively influence health outcomes by reducing stress and improving overall wellbeing.
- 6.4 Highland has a high percentage of workers on zero-hour contracts and part-time employment, reflecting the structure of its service-sector-driven economy. Additionally, the region experiences more seasonal fluctuations in unemployment compared to the national average, largely due to its reliance on the service sector. These factors underscore the continued importance of robust welfare services to provide financial stability and support for workers facing unpredictable employment conditions.
- 6.5 **Universal Credit**
- 6.5.1 Universal Credit supports those in work on low incomes and out of work households. Universal Credit includes a monthly payment to help with living costs; it can include an amount to help with the costs of looking after children and may provide an element of support for those responsible for paying rent or a mortgage.
- 6.5.2 In Highland **21,885** claimants were in receipt of Universal Credit in March 2025, of which approximately **7,919 (36.2%)** were in some form of employment. This represents a **14.1%** increase in Universal Credit claimants in Highland since March 2024. The following table details the increase/decrease in UC claimants in Highland:

	Employment	March 2023	March 2024	March 2025	% shift 2023 – 2025
Dingwall	Not in	887	955	1,122	26.5%
	In	603	599	641	6.3%
	Total	1,489	1,555	1,765	18.5%
Fort William	Not in	865	908	1,040	20.2%
	In	584	641	704	20.5%
	Total	1,444	1,544	1,742	20.6%
Invergordon	Not in	1,592	1,673	1,936	21.6%
	In	906	920	976	7.7%
	Total	2,496	2,597	2,912	16.7%
Inverness	Not in	5,670	6,043	6,934	22.3%
	In	3,892	3,871	4,231	8.7%
	Total	9,561	9,918	11,167	16.8%
Portree	Not in	482	475	576	19.5%
	In	276	272	308	11.6%
	Total	753	746	888	17.9%
Wick	Not in	1,780	1,885	2,354	32.2%
	In	862	946	1,053	22.2%
	Total	2,645	2,830	3,410	28.9%
Total	Not in	11,273	11,943	13,966	23.9%
	In	7,121	7,252	7,919	11.2%
	Total	18,391	19,188	21,885	19.0%

Source: DWP stats-xplore

- 6.5.3 This data shows since March 2023, overall Universal Credit claimants in employment have risen by **11.2%**. Yet towns like Wick (**22.2%**), Fort William (**20.5%**), and Portree (**11.6%**) show notably higher increases in in-work UC claims than the Highland wide increase.
- 6.5.4 Several factors may contribute to current in-work Universal Credit labour market trends in Highland. Dispersed construction activity is driving demand for skilled labour in housing and infrastructure projects. Simultaneously, expanding tourism and hospitality sectors, fuelled by rising visitor numbers, are placing additional pressure on the local labour supply. While these trends boost overall employment, constraints and skills gaps highlight the need for targeted upskilling and strategic investment to ensure the long-term resilience of Highland's circular economy.
- 6.5.5 In addition, income growth and job stability have lagged behind, resulting in a shift from unemployment to underemployment as workers take up seasonal roles that offer insufficient hours or wages. In contrast, regions such as the inner Moray Firth and Ross-shire have recorded only modest increases in in-work Universal Credit claims, likely reflecting the advantages of more diversified economies and access to higher-paying, more stable employment.
- 6.5.6 Council-funded welfare services continue to support a diverse range of clients with increasingly complex situations.

7. Financial Support Available for Families/Households

- 7.1 As previously highlighted, the continued rise in the cost of living had significant effects on low-income households throughout the period covered by this report. In response, the Revenues & Commercialisation section played a crucial role in providing financial assistance to vulnerable and marginalised residents across Highland. In 2024/25, welfare payments were approximately **£55.5m**, comprising regular welfare, housing and educational support, and targeted awards aimed at alleviating cost-of-living pressures. This financial aid contributes significantly to managing essential expenses for struggling households amid ongoing economic challenges.
- 7.2 UK Government and Scottish Government funding enabled payments to be made, these include:
- Help with Housing Costs: **£39m**
 - Education/children benefits: **£1.382m**
 - Scottish Welfare Fund: **£1.442m**
 - Council Tax Reduction: **£13.653m**
- 7.3 As the Department for Work and Pensions administer Universal Credit, and Social Security Scotland continue to roll out devolved benefits, this figure excludes the total amount of Universal Credit and social security awarded to Highland residents.
- 7.4 Expanding access to benefits and increasing households' disposable incomes can lead to significant improvements in health, wellbeing, and social equality. When individuals receive the right financial support at the right time, it can ease financial stress, promote healthier lifestyles, and enhance engagement with essential services. These outcomes are particularly impactful for vulnerable and marginalised groups, helping to reduce disparities and improve overall community resilience.
- 7.5 This demonstrates the far-reaching impact of the Council's effective welfare policies, ensuring that benefits are accessible and appropriately distributed, which do more than just improve financial stability, it directly influences mental and physical health, social equity, and overall wellbeing. The evidence supporting these outcomes reinforces the importance of well-structured Council actions that prioritise both economic and human welfare.
- 7.6 In addition, the Service Delivery Team within the Revenues and Commercialisation Section continues to deliver notable efficiencies in benefit processing, particularly for Housing Benefit and Council Tax Reduction as highlighted in the Corporate Cluster Performance Monitoring Report Q1 on today's agenda. During Q1 2025/26 changes in circumstances for housing benefit and council tax reduction were processed in 1.4 days reflecting efficiencies and quicker support for claimants. At the same time, the cost of administration per case fell from £30.76 to £28.99, indicating increased operational effectiveness. These improvements demonstrate a strong focus on service performance and value for money in the delivery of local welfare support.

8. Council-funded Welfare, Advice and Information Support Services

- 8.1 More than **23,000** residents within Highland sought support from Council-funded welfare services during financial year 2024/25. This generated in excess of **121,200** client contacts seeking advice on a broad range of complex issues including welfare, money and housing.

- 8.2 The collaboration between the Council's Welfare Support Team and Council-funded advice services provided by Citizens Advice enables service delivery to provide effective and proportionate responses to the changing and increasingly complex needs of the client base. Clients continue to seek considerable and ongoing support with Universal Credit, this includes giving advice on the appropriate benefits to claim, completing clients' application processes on their behalf, drafting and submitting appeals to challenge adverse decisions and representing clients at appeal tribunals.
- 8.3 The Council actively promotes benefits, entitlements and the availability of advice and support in order to maximise take-up and households' incomes.
- 8.4 Between 2023/24 and 2024/25, the total number of client contacts rose from over 111,300 to more than 121,200, accompanied by an increase in average interactions per client from four to five. This upward trend suggests heightened client engagement, potentially reflecting more complex service needs or greater case management intensity. The increased volume of contact provides valuable context for assessing operational workload and throughput, and may indicate improvements in the depth, responsiveness, and overall quality of support.

9. Welfare Financial Gains

- 9.1 In Highland, financial gains derived for clients during 2024/25, by these Council-funded welfare services, exceeded **£27.7m**. In addition to providing direct support for individual clients, there are much broader socio-economic benefits for businesses and communities alike from this **£27.7m** through local spend, improved health, etc.
- 9.2 Welfare advisers automatically identify all entitlements due and support clients to take up their full entitlements. Clients accessing support regularly cite the complexity of the welfare system as a key barrier to being able to self-serve. The repercussions of the effects of increased living costs continues to cause a significant number of households with no previous experience of UK or Scottish welfare and social security systems struggling to self-identify the financial and other support available, based on their individual circumstances.
- 9.3 These substantial benefit gains in Highland during 2024/25 represents a **£17.48** return for every **£1** the Council has allocated to these services. The multiplier effect of the wider economic and social impacts of these gains enables increased local spend, supporting local businesses, strengthening local communities and the Highland economy.
- 9.4 In 2023/24, client financial gains totalled £26.8m, with a return of £17.32 per £1 allocated which increased in 2024/25 to £27.7m and £17.48 per £1 invested. These consistently high returns underscore the exceptional value and effectiveness of the services provided, demonstrating a strong impact on household finances and reinforcing the case for sustained investment in targeted welfare support.

10. Debt Presented

- 10.1 During December 2024, the Joseph Rowntree Foundation (JRF) published *No end in sight for living standards crisis: JRF's cost of living tracker, winter 2024*. The full report can be accessed at [No end in sight for living standards crisis: JRF's cost of living tracker, winter 2024 | Joseph Rowntree Foundation](#)

10.2 JRF reported:

- 7 million low-income households (60%) were going without the essentials in the previous 6 months, including 5.4 million experiencing food insecurity in the previous 30 days.
- 4.3 million low-income households (37%) were in arrears on at least one household bill or credit commitment.
- around a 3rd of households (34% or 4 million households) held a loan they originally took out to pay for food, housing or essential bills worth around £9.6 billion in October 2024.

10.3 In Highland during the financial year 2024/25, Council-funded welfare services report the total debt presented amounted to **£12,184,313** involving **3,785** clients seeking help to stabilise and where possible, to resolve their financial affairs. (An average debt of **£3,219.11**) Mortgage/other secured loans totalling **£1,699,940** are included in this total debt figure.

10.4 The key reasons clients access debt advice in Highland are:

- a reduction in income or benefits
- employment changes, unemployment or redundancy
- ill-health or injury.

10.5 Debt varies widely depending on individual household circumstances, and financial struggles rarely stem from a single cause. Instead, debt tends to accumulate over time as multiple pressures, for example unemployment, changes in income, illness, bereavement, relationship breakdowns, rising living costs, spending choices, and limited financial management skills. As debts spiral, their impact extends beyond financial strain, affecting mental and physical health, relationships with family and friends, lifestyle stability, employment prospects, and educational opportunities.

10.6 When liabilities and bills become unmanageable for a household, it is only at this point that some individuals will ask for help. However, by that stage the issues are complicated and extensive, and are often worsened by mounting interest charges, penalties and other charges. In these circumstances, intensive support from welfare services is therefore essential to stabilise the situation for individual clients.

10.7 Many individuals only seek help when liabilities and bills become unmanageable, often by which time their financial difficulties have become highly complex. Mounting interest charges, penalties, and additional fees further exacerbate the situation, making payment even more challenging. In these circumstances, intensive support from welfare services plays a crucial role in alleviating financial conditions, helping individuals regain control and access necessary resources to support them to prioritise and pay their bills.

10.8 Highland Council continues to promote early intervention and preventative measures aimed at breaking the cycle of household debt. By enhancing individuals' financial capabilities and resilience, these initiatives help people better manage monetary shocks while improving overall wellbeing. Prioritising proactive support ensures that financial difficulties are addressed before they escalate, fostering long-term stability for affected households.

11. Housing Advice

- 11.1 For many households, housing costs are their largest, single expenditure. Good quality housing advice is vital to support those who are vulnerable and at risk of losing their home, whether that be social or private renting, or homeownership.
- 11.2 Rent arrears for mainstream Highland Council tenants have reduced since the end of 2024 and there remains a firm but fair approach to arrears management. The housing service works closely with the welfare services to achieve this and takes a supportive approach to tenancy management concerns. The housing team focus on homeless prevention and housing options work and there is ongoing effective partnership working in place with many agencies to ensure this is as effective as possible.
- 11.3 For financial year 2024/25, **2,256** clients (including social rented, private rented and homeowners) in Highland approached Citizens Advice requesting support for a range of housing-related advice, including arrears, housing options, repairs, capital works and anti-social behaviour. This provides an indicator of demand in Highland for consistent and accessible housing advice, albeit it is not wholly reflective of demand needs in a typical year because many households seeking assistance will require support with a range of issues, i.e. while welfare or debt may typically be the primary presenting issue, a broad range of other advice is also often provided.

12. Forward Look

- 12.1 Households in financial hardship continue to access the Council-funded welfare services set out in this report, to seek support with applying for benefits, to challenge adverse decisions, to manage debt and respond appropriately to creditors, and to be supported with housing-related matters.
- 12.2 Both the reserved and devolved welfare systems play a key role in supporting vulnerable groups including low-income families with young children, disabled people, unpaid carers, and marginalised groups such as care-experienced individuals.
- 12.3 The Council reaffirmed its commitment to improving outcomes for Highland residents with the approval of a £250,000 annual recurring investment when agreeing the Council's 2025/26 Revenue Budget at the full Council meeting in March 2025. In line with this decision, proactive measures have been taken to deploy the funding, prioritising increased capacity and service enhancement.
- 12.4 This annual recurring funding is welcomed and has been equally distributed resulting in £125,000 per annum being allocated to the Council's Welfare team and £125,000 to Citizens Advice. For the Welfare team, the Council's redeployment process is now complete and has enabled the appointment of 1 FTE. Short-listing is finalised and interviews are planned to fill the remaining 2 FTE posts within the Welfare team. All of the 8 Citizens Advice Bureau in Highland have benefited from this investment resulting in the equivalent of 4 FTEs being employed across the Highlands. This total investment is enabling more clients to receive advice and for advisers to continue to deal with the increasing complexities of casework.
- 12.5 The Council and Citizens Advice partnership working arrangements will continue to ensure communities receive the support they need throughout 2025/26. A strong emphasis remains on early intervention and preventative support, helping individuals navigate these changes confidently and at the earliest opportunity.

Designation: Assistant Chief Executive – Corporate

Date: 13 August 2025

Author: Sheila Armstrong, Chief Officer Revenues & Commercialisation
Gavin Munro, Revenues Manager
Jenni Anderson, Policy and Revenues Officer

Background Papers:

<https://www.nhshighland.scot.nhs.uk/about/publications-and-public-records/director-of-public-health-annual-reports/>

[No end in sight for living standards crisis: JRF's cost of living tracker, winter 2024 | Joseph Rowntree Foundation](#)