Agenda Item	**9**
Report No	**RES/35/26**

The Highland Council

Committee: **Corporate Resources**

Date: **27 August 2026**

Report Title: **Annual Report on Citizens Advice Contract**

Report By: **Assistant Chief Executive of Corporate**

1. Purpose/Executive Summary

1.1 Welfare, advice and information services are recognised as essential in supporting healthier lives, helping residents manage changing life circumstances, maximising the uptake of welfare entitlements, promoting equality, and reducing financial hardship and insecurity. This report provides Members with an update on welfare-related matters and presents the 2025/26 performance monitoring information for the Council-funded advice and information services. These services are overseen by the Chief Officer Revenues and 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 make a significant contribution to improving health and wellbeing, as greater financial security is closely linked to better mental and physical health outcomes. They also support equality and social inclusion by reducing barriers to opportunity and enabling individuals to participate more fully in society and the local economy.

1.4 Advice and information services help households build financial resilience by reducing debt burdens, strengthening financial capability and maximising income. Increased disposable income also benefits the wider Highland economy by supporting local spending and economic activity. Furthermore, greater financial stability within households is linked to improved educational attainment and life outcomes, particularly for children and young people. Taken together, these impacts demonstrate the critical contribution that welfare, advice and information services make to creating a more resilient, equitable and prosperous Highland.

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 invited to consider and note that:

i. nearly **25,000** residents were supported by the Council's Welfare Support Team and Citizens Advice during 2025/26 with welfare, debt and housing advice services, resulting in more than **133,000** 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 who accessed support from the Council's Welfare Support Team and Citizens Advice exceeded **£30.3 million.** This represents a **£18.84** return for every **£1** invested by the Council in these welfare services.

iii. Value for money delivered by these services was highlighted in the Highland Poverty & Equality Commission's final report which was considered at the Highland Council meeting on 25 June 2026:

"Highland Council's Welfare Support team and Citizens Advice partnership served over 23,000 people in 2024-25. This led to £27.7M of financial gains mostly through benefit payments that had not been claimed or received, and £12.1M in debt management. Few other areas of funding generate a return on investment of 17 times. It is therefore a high priority for further funding". Highland Poverty and Equalities Commission Final Report – page 18 refers.

iv. a total of **£10.714m** of debt (including **£0.583m** relating to mortgage/other secured loans) was presented by households who were supported by skilled advisers in these welfare services to prioritise their bills, reduce and manage their debts, and wherever possible to lower the interest charges they were due to pay. Advisers also engaged with multiple creditors to establish amounts due. Where appropriate, skilled advisers put in place debt recovery moratoriums on behalf of their clients. These moratoriums provide a temporary legal six-month protection for debtors and prevent creditors from taking enforcement action, such as arresting bank accounts or wages, while formal debt solutions can be considered for clients, including bankruptcy or a Debt Arrangement Scheme for example.

v. support was provided for **2,076** clients (including social rented, private rented and homeowners) seeking housing-related advice, thus highlighting the demand for consistent accessible support on these critical issues. The advice provided supports the Council's homelessness commitments and helps to support those in need of housing. Housing-related advice supports tenants to maintain their tenancies and for all clients accessing housing advice and support to remain in their homes whether that be social rented, private rented or home ownership.

vi. As included in Highland Council's Revenue Budget 2025/26, dated 6 March 2025, there was an estimated £70 million of unclaimed benefits in the Highland area, including £6.9 million unclaimed pension credits affecting

3,000 people. Following approval by Members when setting the 2025/26 budget (INV/6), the Revenues & Commercialisation section has delivered digital transformation through the implementation of the Low-Income Family Tracker (LIFT), developed by Policy in Practice. LIFT utilises intelligent data analytics software to help maximise residents' income and reduce their costs. Data analytics analyse, identify, engage and track financially vulnerable households to help maximise income and avoid costs by preventing vulnerability and to quickly identify and obtain insights about households who may need support. This service is being delivered in partnership with Citizens Advice and aims to improve residents' financial resilience and reduce poverty gaps by using independent data-led evidence.

vii. As previously reported, and integral to the Council's commitment to reduce poverty and alleviate financial hardships, the Council has also launched a Better Off Calculator on its website at https://www.highland.gov.uk/benefits-money-help/find-benefits-mayentitled. This calculator enables residents to self-serve to check entitlements that may be available to them, and to understand the impacts of life events, changing working hours, and other circumstances which may impact their income. Since its introduction, the Better Off Calculator has been used by **191 households** across Highland. Of these, **160 households (84%)** were identified as potentially entitled to additional financial assistance, with a total of **£187,566** in potential benefit entitlement. Analysis of the results indicates that **138 households** may be missing out on benefits, with an estimated **£87,774** in unclaimed entitlement identified to date. This digital solution also provides residents with an option to be supported by skilled advisers within the Welfare Support Team.

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 individuals and households in different ways and at varying points throughout their lives. People experiencing poverty are more likely to face poorer outcomes in physical and mental health, educational attainment, employment opportunities and overall wellbeing. The links between deprivation, poverty, social exclusion and social injustice are well established and widely recognised in research, policy and public discourse. The Joseph Rowntree Foundation's *UK Poverty 2025* report notes that *"We know poverty can lead to negative impacts at all stages of life"*, highlighting the far-reaching consequences of financial hardship for individuals, families and communities and reinforcing the importance of accessible advice and support services in helping people maximise income, manage debt and access essential services.

5.2 Ongoing financial pressures, including rising household costs, housing affordability challenges and wider economic uncertainty, continue to place significant demand 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 is committed to an early intervention and prevention approach to welfare services, recognising that timely support can help prevent individuals and families from reaching crisis point. While crisis situations can often be resolved, they may have enduring consequences for financial resilience, health and wellbeing. Given that crisis responses are typically the most resource-intensive, promoting early access to advice and information services remains a key priority, enabling issues to be identified and addressed before they escalate.

5.4 Over several years, Highland's welfare services have continually adapted and improved, adopting a blended and accessible approach to service delivery that responds to the diverse needs of residents. This approach combines face-to-face and remote channels, including community hubs, co-located services, partnership working, outreach provision, mobile support such as home visits, and digital services including online and telephone-based assistance.

5.5 The Joseph Rowntree Foundation's *UK Poverty 2025* report emphasises that *"There are few things more foundational for national life than economic security,"* highlighting the importance of ensuring people can access timely advice, support and financial assistance to prevent hardship and improve wellbeing

5.6 Therefore, the agile delivery models outlined in paragraph 5.4 remain central to the effective delivery of welfare services, enabling them to adapt quickly to emerging challenges and evolving demand. These models support the implementation of innovative approaches to service delivery for advisers and volunteers, while ensuring equitable access to essential support services across Highland throughout 2025/26.

5.7 The 2025/26 budget of **£1.609m** 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 While inflation has eased from the peak levels experienced during the cost-of-living crisis, many Highland households continue to face significant financial pressures. For those who were already financially vulnerable, the cumulative impact of several years of higher prices, rising housing costs, energy bills and everyday living expenses continues to affect household budgets and financial resilience.

6.2 Although the rate of price increases has slowed, the overall cost of essential goods and services remains substantially higher than before the inflation surge. Low-income households continue to be disproportionately affected, as a greater proportion of their income is spent on necessities such as food, energy, housing and transport. Feedback from Welfare Support Officers and Citizens Advice Advisers indicates that many residents are still struggling to recover financially, with ongoing concerns about debt, affordability and financial security. The stress associated with managing limited household budgets continues to impact mental health, wellbeing and access to essential services, highlighting the lasting effects of economic hardship on individuals and families across Highland.

6.3 The UK and Scottish social security systems, particularly Universal Credit and devolved Scottish benefits, remain a vital source of support for many households. Social security continues to provide an essential safety net for individuals and families facing financial insecurity, helping to reduce poverty, support household incomes and improve financial stability. Beyond supporting individual recipients, these payments contribute to local economic activity, sustain spending within communities and help to improve health and wellbeing outcomes by reducing financial stress.

6.4 The Highland labour market continues to be characterised by relatively high levels of part-time, temporary and seasonal employment, reflecting the importance of sectors such as tourism, hospitality, retail and care. While employment levels remain strong overall, many workers continue to experience fluctuating incomes and limited financial resilience. Rurality, transport costs and housing pressures can further compound financial challenges for Highland residents. These factors reinforce the importance of accessible welfare advice, income maximisation services and targeted financial support to help households navigate ongoing economic pressures and build longer-term financial resilience.

6.5 **Universal Credit**

6.5.1 Universal Credit provides support to both low-income working households and those who are out of work. It consists of a monthly payment to help meet everyday living costs and can include additional elements for children, housing costs and people with limited capability for work. For many Highland residents, it remains a vital source of income, particularly for those experiencing low pay, fluctuating earnings, insecure employment or periods of unemployment.

6.5.2 According to official DWP statistics, the number of people claiming Universal Credit in Highland increased from **21,252** in January 2025 to **23,578** in January 2026, representing a **10.9%** increase. This indicates continued growth in demand for income-related support across Highland and reflects the combined effects of welfare reform and wider economic pressures affecting households.

6.5.3 Between January 2025 and January 2026, the number of claimants recorded as not being in employment increased by **22.8%** from **12,083** to **14,842**. In contrast, the number of employed claimants receiving Universal Credit fell from **9,171** to **8,739**, a decrease of **4.7%**.

6.5.4 As a result, the composition of the Universal Credit caseload changed evidently over the year. In January 2025, approximately **57%** of claimants were not in employment, compared with **43%** who were in employment. By January 2026, the proportion not in employment had increased to **63%**, while the proportion in employment had fallen to **37%**.

6.5.5 The increase in claimant numbers reflects not only growing demand for financial support but also the completion of the UK Government's Managed Migration Programme, which transferred remaining recipients of legacy benefits including Employment and Support Allowance (ESA), Income Support and Tax Credits to Universal Credit ahead of the planned closure of legacy benefits in March 2026.

6.5.6 Consequently, part of the increase in Universal Credit claimants may be explained by the transfer of existing benefit recipients onto Universal Credit rather than solely by changes in local labour market conditions. The significant growth in the number of claimants not in employment is consistent with the profile of individuals migrating from legacy benefits, many of whom have long-term health conditions, caring responsibilities, or other circumstances that limit their ability to work. The increase in the Universal Credit caseload during 2025/26 therefore reflects both the impact of welfare reform and wider economic and cost-of-living pressures affecting Highland households.

6.5.7 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, ongoing economic pressures and rising household living costs continued to have a significant impact on low-income households throughout the period covered by this report. In response, the Revenues & Commercialisation service played a crucial role in delivering financial support to vulnerable and disadvantaged residents across Highland. In 2025/26, welfare payments were approximately **£48.9m**, 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: **£30.978m**
- Education/children benefits: **£1.559m**
- Scottish Welfare Fund: **£1.927m**
- Council Tax Reduction: **£14.449m**

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 Improving access to welfare benefits and increasing household income can have a positive and lasting impact on health, wellbeing, and equality outcomes. By ensuring residents receive the financial support available to them, financial pressures can be reduced, enabling households to maintain stability and engage more effectively with services and opportunities. These outcomes are especially significant for vulnerable and marginalised residents, contributing to the reduction of inequalities and the development of more resilient and sustainable communities.

7.5 This demonstrates the wide-ranging benefits of the Council's welfare policies. Ensuring that residents can access the financial support to which they are entitled not only improves household financial resilience but also contributes to better health outcomes, reduced inequalities, and enhanced overall wellbeing. The evidence underpinning these outcomes highlights the importance of targeted Council interventions that support both economic prosperity and social inclusion.

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

8.1 Almost **25,000** Highland residents sought support from Council-funded welfare services during 2025/26. This resulted in more than **133,000** client contacts, with individuals seeking advice and assistance on a wide range of complex issues, including welfare benefits, debt and money advice, housing, and financial hardship. The volume of contacts demonstrates the continued demand for welfare support services and highlights the important role these services play in helping residents maximise income, address financial challenges and access appropriate support.

8.2 The collaboration between the Council's Welfare Support Team and Council-funded Citizens Advice services enables the delivery of effective and responsive support to meet the increasingly complex needs of Highland residents. Demand for assistance with Universal Credit remains high, with advisers providing support on benefit entitlement, claim applications, ongoing claim management, mandatory reconsiderations and appeals, including representation at tribunals where appropriate. This partnership plays a vital role in helping clients maximise their income, access their full benefit entitlement and improve their financial resilience.

8.3 The Council actively promotes awareness of benefits, financial entitlements and available advice services to maximise benefit take-up, increase household incomes and ensure that residents receive the support to which they are entitled.

8.4 Between 2024/25 and 2025/26, total client contacts increased from over 121,000 to more than 133,000, reflecting both a rise in the number of residents seeking assistance and a consistently high level of engagement, with clients requiring an average of five interactions each. This increase suggests that many individuals continue to require ongoing support to address complex and often interrelated issues. The growth in client contacts highlights the sustained demand on welfare services and demonstrates the importance of providing responsive, high-quality support to help residents maximise their income and improve their financial wellbeing.

9. Welfare Financial Gains

9.1 In Highland, financial gains derived for clients during 2025/26, by these Council-funded welfare services, exceeded **£30.3m**. In addition to providing direct support for individual clients, there are much broader socio-economic benefits for businesses and communities alike from this **£30.3m** 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 2025/26 represents a **£18.84** 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 2024/25, client financial gains totalled £27.7m, with a return of £17.48 per £1 allocated which increased in 2025/26 to £30.3m and £18.84 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 2025, the Joseph Rowntree Foundation (JRF) published *No let-up for millions of families in hardship: JRF's cost of living tracker, winter 2025.* The full report can be accessed at No let-up for millions of families in hardship: JRF's cost of living tracker, winter 2025 | Joseph Rowntree Foundation

10.2 JRF reported:

- more than half of low-income households have had to go without heating to reduce their energy bills
- over 5 million households have cut back on or skipped meals because they cannot afford food
- almost 4 million households have borrowed to pay for life's essentials, and the large majority of these (70%) are currently arrears.

10.3 In Highland during the financial year 2025/26, Council-funded welfare services report the total debt presented amounted to **£10,713,741** involving **3,790** clients seeking help to stabilise and where possible, to resolve their financial affairs. (An average debt of **£2,826.84)** Mortgage/other secured loans totalling **£582,793** 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 can arise from a wide range of circumstances, and financial difficulties are rarely attributable to a single factor. More commonly, debt develops over time as a result of a combination of pressures, including unemployment, reduced income, ill health, bereavement, relationship breakdown, rising living costs and limited financial resilience. As debt becomes more difficult to manage, its effects can extend well beyond financial hardship, impacting mental and physical health, family and personal relationships, housing stability, employment opportunities and overall wellbeing. This highlights the importance of early intervention and access to advice and support services to help prevent financial difficulties from escalating.

10.6 When debts and household liabilities become unmanageable, many individuals do not seek help until they have reached a crisis point. By this stage, financial difficulties are often complex and entrenched, having been exacerbated by accumulating interest, penalties and additional charges. As a result, resolving these issues can require significant intervention and sustained engagement. In such circumstances, intensive support from welfare and money advice services is essential to help stabilise financial situations, maximise incomes, address debt problems and support clients towards longer-term financial wellbeing.

10.7 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 in recent years 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. A review of the Rent Arrears Management Policy is currently underway and will be reported to the November 2026 Housing & Property Committee.

11.3 For financial year 2025/26, **2,076** 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 Revenues and Commercialisation Team has introduced the Low-Income Family Tracker (LIFT), developed by Policy in Practice, to support targeted income maximisation and early intervention activity across Highland. The platform combines Council-held data with advanced analytics to identify residents who are in, or at risk of, poverty, enabling proactive and targeted engagement.

12.4 The LIFT platform supports a preventative and targeted approach to service delivery. It enables the collation and analysis of data to generate local-level insights, supporting earlier identification of households at risk and helping to prevent escalation into crisis. The platform also supports income maximisation activity, improved affordability, and more holistic engagement, alongside identifying opportunities to enhance access to employment and skills support.

12.5 In addition, the Council is strengthening its support for residents by promoting the use of a new Better Off Calculator (BOC) on its website at Better Off Calculator and Apply Once - Find out what benefits you may be entitled to - Highland Council.

12.6 The Better Off Calculator provides residents with an accessible means of assessing their financial circumstances, including the impact of changes such as entering employment, varying working hours or changes in benefit entitlement. The tool provides personalised information on potential benefit entitlement and available financial assistance, enabling residents to make informed decisions and maximise household income. Available online free of charge, it offers a convenient self-service option that can be accessed at any time.

12.7 Since its introduction, the Better Off Calculator has been used by **191 households** across Highland. Of these, **160 households (84%)** were identified as potentially entitled to additional financial assistance. This digital solution identified a total of **£187,566** in potential benefit entitlement, demonstrating the value of income maximisation activity and the importance of ensuring residents are aware of the financial support available to them.

12.8 Analysis of the results indicates that **138 households** may be missing out on benefits, with an estimated **£87,774** in unclaimed entitlement identified. This highlights the continued importance of accessible welfare rights information and benefit entitlement checks in helping residents maximise their income and strengthen their financial resilience.

12.9 The Council continues to prioritise early intervention and prevention within welfare services, recognising that crisis situations can have lasting impacts on individuals and families and are typically the most resource intensive to address. Encouraging early engagement with advice and information services, including the Council's Welfare Support Team and Citizens Advice Bureaux in Highland, remains a key objective. The implementation of the BOC and LIFT supports this approach and contributes to more proactive, efficient, and outcome-focused service delivery across Highland.

Designation: Assistant Chief Executive of Corporate

Date: 20 July 2026

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

Background Papers:

UK Poverty 2025: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation

No let-up for millions of families in hardship: JRF's cost of living tracker, winter 2025 | Joseph Rowntree Foundation