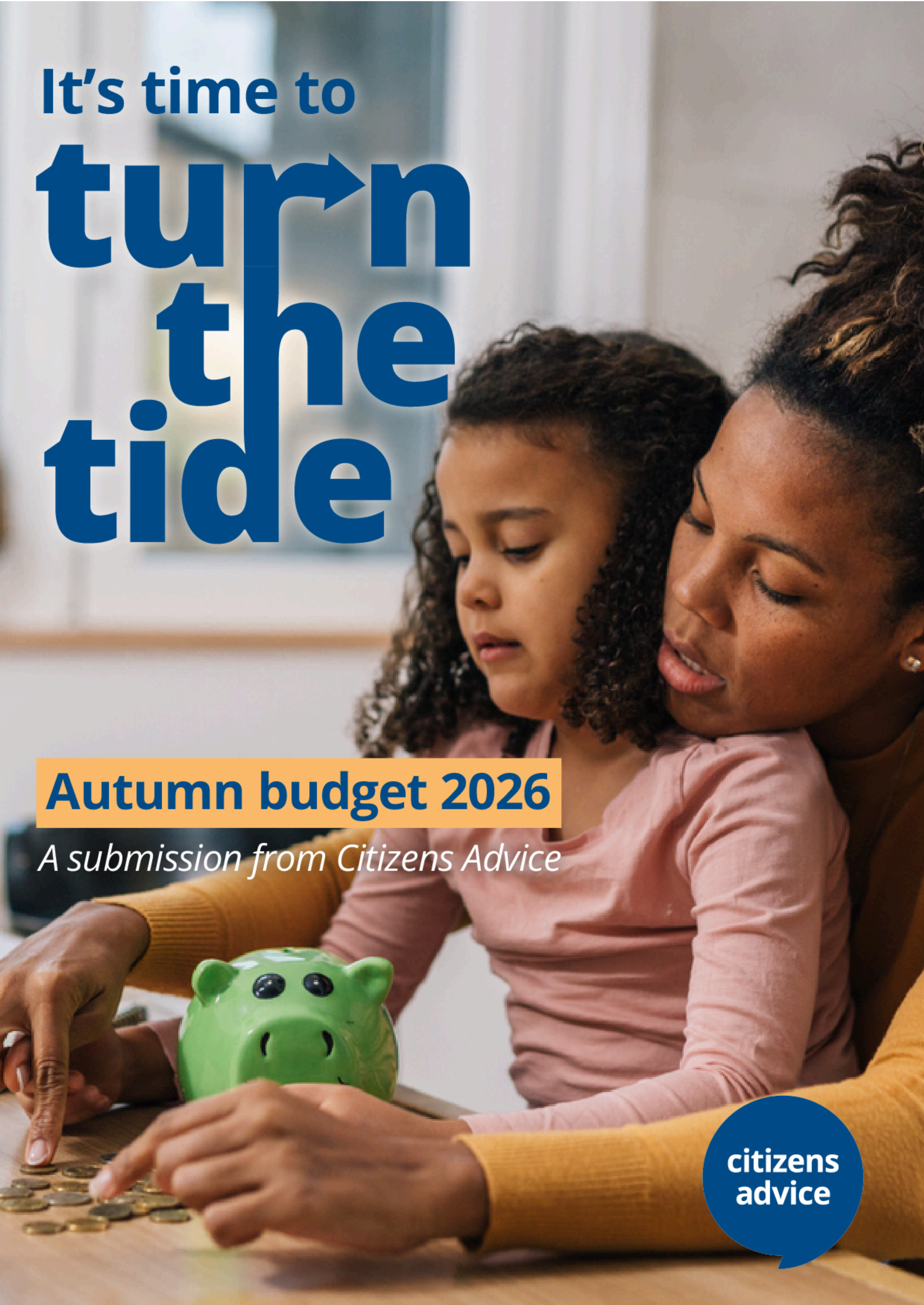

It's time to turn the tide

Autumn budget 2026

A submission from Citizens Advice

citizens advice

Contents

Energy

Foreword by Arun and Chichester Citizens Advice

Every day, we meet people who are forced to make impossible choices between heating and eating, taking on debt to cover essential bills, or living in cold, damp homes because they simply cannot afford to keep warm. Our 2025 Cost of Living Survey found that 9 in 10 respondents were worried about rising living costs, with energy bills consistently identified as one of the greatest financial pressures. Almost half (46%) said they had reduced their energy use to cope with rising costs.

Fuel poverty rarely exists in isolation. Households struggling to afford energy are often also facing low incomes, debt, poor housing conditions and worsening physical and mental health. Last year, we supported 1,695 households with payments towards their energy costs. Nearly a third (31%) were families with children and almost half (48%) included someone living with a disability. More than a quarter (28%) also needed support with food.

Behind every statistic is a person. Sam* came to us for support while living with their three children in a home affected by severe damp and mould. Unable to afford adequate heating, parts of the property became uninhabitable, forcing the family to sleep in a camper van in the garden. The cold, damp conditions led to repeated chest infections and had a profound impact on the family's wellbeing.

Stories like Sam's are not uncommon. We continue to see households living in homes with damp and mould, difficult to keep warm with unaffordable energy bills and damaging to health.

This is why tackling fuel poverty and delivering net zero must go hand in hand. The households we support stand to benefit most from warmer, more energy-efficient homes, with lower bills, improved health and greater financial security. However, the transition must be fair. Through our services, we see households taking extreme measures to keep energy costs down, wearing layers instead of heating their homes, rationing hot water and limiting electricity use wherever possible. Against this backdrop, higher electricity costs driven by policy levies make the move to cleaner technologies feel unrealistic for many vulnerable and low-income households.

Fuel poverty is not just an energy issue, it's a barrier to health, financial resilience and opportunity for thousands of households.

Natalie McFarlane, Research & Campaigns Lead, Arun & Chichester Citizens Advice

Policy recommendations for Energy

Reform the Warm Home Discount to provide better targeted support

We welcome the expansion of the Warm Home Discount (WHD) to all households receiving means tested benefits, providing them with a vital lifeline. However, the value of the discount has been £150 for over a decade, and has not kept pace with inflation or sharply rising energy prices. It currently does not provide adequate support to the households who are struggling the most with their energy bills. Furthermore, changes to the way the scheme is paid for means those on low incomes, who use the most energy, pay most towards it,[1] significantly reducing the benefit they get from the scheme.

The simplest way to deliver energy support to households is by reforming the WHD. Our recommended model, which we have published in Essential Bills Made Affordable,[2] Getting Warmer?[3] and Hitting the Rationing Wall,[4] would offer tailored support to households on means tested benefits. Valuations Office Data should be used as a proxy to assess energy needs, to provide tiered support. As this is how the previous WHD operated with the high-cost-to-heat threshold, it should be possible for the Government to implement these changes this winter.

Our modelling, which was done in partnership with IPPR and Policy in Practice, assumed 5.6 million households on means tested benefits would receive, on average, £360 towards their energy bills. This would see 600,000 households no longer spending over 10% of their income on energy, which would have a significant impact on those who are struggling most.

With energy continuing to be one of the least affordable bills, implementing this model would help millions of households at the sharp end of the cost of living crisis. By committing to funding the scheme long-term, the Government could help households to get their budgets under control, keep their homes safe and warm, and begin to reduce the debt burden in the energy market by making bills more affordable.

Implementing this model would cost an additional £2 billion a year, on top of the

---

[1] Alex Belsham-Harris via LinkedIn, Warped Home Discount?, February 2026.
[2] Citizens Advice, Essential Bills Made Affordable, 1 December 2025.
[3] Citizens Advice, Getting Warmer? Why recent progress on energy bills falls short for high-need households, 25 February 2026.
[4] Citizens Advice, Hitting the Rationing Wall, 26 August 2026.

funding already in the system. This support should be funded through taxation rather than through energy bills, which would further increase costs for households.

While data matching through the DWP is essential in immediately identifying and providing support for people on means-tested benefits, there is a need for a longer term solution, that would also identify low income households and those struggling who do not claim means-tested benefits. Further progress on data matching is essential to deliver a more efficient and cost effective system to provide support with energy bills and other essential bills like water.

Priya's story

Priya is on a low income and receives Universal Credit. She came to Citizens Advice with multiple priority and non-priority debts, including energy debt. To manage her current situation, she relies on emergency hardship support, including food bank vouchers.
Priya's combined monthly gas and electricity usage averages £136.75, but she can only afford to pay £100 a month. As a result, her account has an outstanding debt balance of £230.14. She has been unable to build up credit on her account, even in the summer months, due to the increase in energy bills. With no payment arrangement in place, she faces the risk that her energy debt will continue to grow. Priya is nervous that her energy account could be transferred to a third-party collection agency.

The financial strain and rising cost of utility bills have had a direct impact on Priya's mental health, and she has been forced to make difficult choices to manage her budget.

Deliver the long delayed Debt Relief Scheme

Our service is seeing record numbers of clients in need of energy debt support and record highs in terms of average energy debt per client. Energy debt is now the single biggest named debt we're contacted about. Since July 2025, we've helped 115,855 clients with their energy debt, including those who have self disconnected. We're also seeing an increase in the level of energy debt held by our clients, with the average amount being £1,789, an increase from £1,488 the year before. These trends are replicated across the market - Energy UK's latest figures estimate that domestic energy debt is likely to have hit a record £6 billion in the first half of this year.

Ofgem's Debt Relief Scheme (DRS) is intended to write off eligible debt which was built up in the previous energy crisis period, and help consumers re-engage to find a sustainable way forward. This will bring benefits to consumers, as well as to suppliers by reducing the overall debt in the energy market and the costs that this adds to bills. The latest delays, however, are keeping households in a vicious cycle of debt.

Ofgem estimated that the first phase of the scheme would cost £500 million. As we have stated in our previous report 'Getting Warmer?[5] and our response to the statutory consultation on the DRS,[6] we believe this scheme could be funded from the windfall profits made by energy networks, which they gained from high inflation during the cost of living crisis due to a mismatch between debt allowance and debt costs in the price control. There are options for utilising these profits to ensure debt relief doesn't add costs onto bills.

We continue to urge DESNZ, Ofgem and HM Treasury to work together to deliver the DRS at pace to better support households in debt, including approving the funds this Autumn to begin the scheme.

Reduce policy levies on electricity bills

Citizens Advice supports energy levy reform as a way to reduce electricity bills for everyone, by moving the cost off electricity and into general taxation, which is a more progressive way to recover these costs. We welcomed the Government's changes at the 2025 Budget to remove 75% of the Renewable Obligation Fund (RO). Along with ending the ECO scheme, which saved the average household £150 off their energy bill a year. We also support the recent announcement to temporarily remove VAT from electricity bills.

To further support all households with their energy bills, we recommend removing the cost of the remainder of the RO and all of Feed-in-Tariff (FIT) from energy bills and into general taxation. These changes should be made permanent, and continue beyond 2029. We expect the total cost of these changes to HM Treasury to be ~£1.3 billion per annum, and to reduce the average dual-fuel household's bill by around £40.

Once the permanent changes to RO and FIT have been made, further policy costs could be removed from electricity bills. For instance, the Government could fund the British

[5] Citizens Advice, Getting Warmer? Why recent progress on energy bills falls short for high-need households, 25 February 2026.
[6] Citizens Advice, Response to Ofgem's Statutory Consultation on the Debt Relief Scheme, 19 December 2025.

Industrial Supercharger as an industrial strategy, rather than fund it via increasing electricity bills for households and small businesses.

The government should also commit to stop adding policy costs to electricity bills. As a starting point, the electricity bills discount scheme for transmission infrastructure could be funded via general taxation or from the inflation windfall that Transmission Operators received on their Regulated Asset Value during RIIO-2.

Maintain the budget for the Warm Homes Fund

The Warm Homes Fund[7] is £5 billion of capital for investment via financial transactions which aims to overcome barriers to deployment and adoption of low-carbon technologies. While DESNZ faces a £2 billion reduction in its budget through 2030 (including £400m of financial transactions),[8] maintaining full funding for the Warm Homes Fund remains essential to the Government's commitment to bringing down living costs.

While the measures outlined above are necessary to bring down energy costs, enabling households to improve the energy efficiency of their homes is also critical to bring down bills over the long-term. Households in England whose homes have poor energy efficiency (rated below EPC C) have already wasted almost £5.6 billion in energy costs since the beginning of this Parliament, compared to if their homes were upgraded to meet an EPC C. A household with an inefficient home is on track to waste £420 this year alone trying to keep their home warm.[9]

The wider Warm Homes Plan includes vital support via grants for low-income households in fuel poverty and low interest loans for higher-income households to be able to improve the energy efficiency of their homes. However, support for middle-income households, who will not be eligible for fuel poverty grants, but may be unable to afford a large loan is currently lacking from details of the plan delivery. Ensuring the Warm Homes Fund remains fully funded, and focused on delivering support to this 'missing middle' could ensure the Warm Homes Plan delivers energy upgrades (and ultimately improved living standards through more comfortable, healthy homes) to households across the income distribution.

---

[7] The Warm Homes Plan, Department for Energy Security and Net Zero, 21 January, 2026
[8] The Defence Investment Plan Funding explainer, HM Treasury, 30 June 2026
[9] Internal modelling using the August 2026 price cap and EPC data is English Housing Survey 2024-5, DA7103: Energy performance - households by Citizens Advice

Extend zero-rated VAT on energy-saving materials to at least March 2028

The current VAT relief[10] on energy-saving materials such as heat pumps and solar panels installed in residential accommodation are due to expire at the end of March 2027, meaning after that time these materials will attract a VAT of 5%. Extending this VAT relief for another 12 months would complement aspects of the Warm Homes Plan meant to support the uptake of energy upgrades, such as low-interest loans for the able-to-pay market. The Government's investment of £1.7bn[11] to enable energy upgrade loans with below-market interest-rates will benefit more households if the average loan amount is reduced via VAT relief on materials.

As the statutory energy consumer advocate for small businesses, we know that many small businesses are struggling. The long-term goal of lowering bills by increasing the uptake of low carbon services is vital. While there are grants available to help small businesses transition to clean energy, very few SMEs have accessed this type of funding support (7%). This may be driven by low awareness of the options available, difficulty in locating relevant information, or understanding how to begin the application process.

National grants like the Boiler Upgrade Scheme, or the Workplace Charging Scheme/Electric Vehicle Infrastructure Grant, may be easier for businesses to find information about. These are valuable for small businesses, particularly the First Year Allowance, which offers 100% tax relief on zero-emission cars or charging points in their year of purchase, but is currently slated to end in March 2027. The government should extend this relief to at least March 2028 to enable more small businesses to benefit.

Housing

Foreword by Colchester Citizens Advice

In Colchester, the average market rent for a 3 bedroom family home sits at £1,307 per month. However, because the Local Housing Allowance (LHA) has remained frozen, the maximum financial housing support for this private rental property is £975 per month, leaving a shortfall of approximately £332 for the family to 'top up'. This represents a significant financial burden and often leads to rent arrears and then eviction, or a reliance on community support such as foodbanks and fuel vouchers for basic provisions.

[10] Energy-saving materials and heating equipment (VAT Notice 708/6), HM Revenue and Customs, last update 31 January 2024
[11] The Warm Homes Plan, Department for Energy Security and Net Zero, 21 January, 2026

There is significant crossover between welfare policy and the private rental market which is pushing thousands of low-income households into housing insecurity.

The ongoing freeze of LHA rates are at the heart of the issue, creating a widening gap between capped housing benefit support and rising private sector rents. As a result, families are being left with private rent shortfalls placing them at immediate risk of eviction and homelessness.

This is felt acutely by young, single people subject to the Shared Accommodation Rate (SAR). The SAR has failed to keep pace with living costs, meaning that even basic shared accommodation has become unattainable for those receiving benefits. Single applicants are being priced out of the communities in which they live and work leading to increased levels of sofa surfing and rough sleeping.

Due to the absence of long-term social housing, local authorities have been forced to rely on temporary accommodation. In Colchester there are approximately 472 families, including 525 children, living in temporary accommodation. These families spend months or even years in accommodation that is often overcrowded, unsuitable and detrimental to family wellbeing.

Jane* was evicted from her private rented flat in June 2023. She simply couldn't afford a further private rental home due to low LHA rates in Colchester. She and her 2 sons (12 and 3 years) and daughter (7 years) were placed in temporary accommodation in a 2 bedroom flat. Jane continued to work part time and actively searched for suitable accommodation, but the private rental prices were too high. Even though she had an income and received benefit help for housing, the rental 'top up' was unaffordable. Jane continued to live in the 2 bed flat until Citizens Advice Colchester challenged her situation in May 2025. Following this intervention, she was moved to a 3 bedroom flat, albeit still on a temporary basis. She remains there now. The prolonged uncertainty and instability associated with insecure housing have imposed a significant psychological and emotional burden on Jane and her children, affecting their wellbeing and development.

More than a quarter of all housing related enquiries to Citizens Advice Colchester last year involved homelessness. We see the harsh reality of insufficient housing support and rising homelessness - unfreezing LHA would have a real impact on the people we support every day and pull them back from the brink.

Written by Kerry Hackett, Session Supervisor, at Colchester Citizens Advice

*names changed

Policy recommendations for Housing

Uprate Local Housing Allowance

The cost of private renting is one of the key pressures on the budgets of the people we support, to which low-income households have been particularly exposed. Local Housing Allowance (LHA), which sets the amount of Universal Credit Housing Element (UC HE) or Housing Benefit for private renters, has been frozen since April 2024 and rates are still based on September 2023 rental data. This is in the context of rents which have risen much faster than at the start of the decade in all English and Welsh regions.[12]

Last year, 1 in 4 (55,000+) people we helped with Universal Credit (UC) were private renters, while over the first half of 2026, we helped 99 private renters a day with UC HE issues, on average. There are regional variations in how renters experience these impacts. For example, rents have increased on average by 18% in England and 20% in Wales since September 2023. By contrast, rents have increased by 28% in Neath Port Talbot and 34% in Oldham.[13] Moreover, 58% of all privately renting UC households receiving HE now have shortfalls between LHA and their actual rent (985,000+ households), but shortfall prevalence rises as high as 79% in Blaenau Gwent, the worst affected Broad Rental Market Area.[14]

The growing gap between housing costs and support worsens living standards as rent swallows up income that could have gone on other essential costs. In March 2026, 1 in 3 private renters receiving UC in the UK reported going without essentials in the previous 6 months.[15]

Citizens Advice is helping growing numbers of people like Lila*, who are facing the most severe consequences of cutting back. We helped 79% more private renters with UC HE issues to access foodbanks in 2025/26 compared to 2021/22.

[12] New Economics Foundation, 2026, A Modern System for Fair Rents.
[13] Oldham and Neath Port Talbot are the local authorities with the highest average rent increases between Sept. 2023 - July 2026, in England and Wales respectively. ONS Price Index of Private Rents, August 2026.
[14] DWP Statxplore data May 2026 caseload data.
[15] Citizens Advice Cost Of Living Tracker Survey, conducted by Walnut (part of Accenture Song) on behalf of Citizens Advice in March 2026. We surveyed a representative sample of 5,559 people. Figures have been weighted and are representative of all UK adults (18+). We included boosts for certain groups, including people receiving UC, and social and private renters.

Lila* has to move because the flat she rents is being sold. She's on the social housing register, but very long waiting lists mean that she needs to find a new flat to rent privately. Lila claimed UC after her health worsened and she became unable to work. She has a monthly shortfall of over £100 between her LHA rate and actual rent, putting huge pressure on her budget. It's very unlikely she'll be in a better situation when she moves, since she hasn't been able to find anything at her local LHA rate - even a room in a shared house. Trying to meet her housing costs has meant Lila has had to rely on foodbanks, and she's building up credit card debt to pay for fuel for her car.

Over half of the UC private renters we help with debt are in a negative budget at the end of each month- where essential ongoings outstrip income -, with monthly average deficits now £71.63, over 9 times deeper than the average for UC social renters. These deepening debts prevent families from getting back on their feet, and will dampen the benefits of other cost of living interventions. For the 28% of private renters receiving UC in the UK who've borrowed money to cover their rent in the previous 6 months, debt is being directly caused by unaffordable housing, as for Sofia*.[16]

Sofia* lives with her two teenage children and is a private renter. She is entitled to the 3 bedroom rate of LHA, which is around £1,500 a month where she lives, but she's only been able to find a one bedroom flat that costs close to this amount. Even though she's living in overcrowded conditions, she's still facing a shortfall of over £100 a month. To keep up with her rent, she's had to borrow thousands of pounds from her family.

Freezing LHA also comes with wider costs than those for individual budgets, and risks undermining action to tackle homelessness, improve health, and boost employment.

- **Housing insecurity:** Across the UK, 1 in 5 UC private renters have rent arrears, with 1 in 4 seeing their landlord take action, including eviction, as a result.[17] The number of private tenants we helped with UC housing element issues who also needed advice on homelessness grew by 58% between 2021/22 and 2025/26.
- **Health:** Analysis of our debt clients' budget data found that UC private renters receiving a disability benefit spend 24% less on health-related costs if they're facing unaffordable rents, compared to those with affordable rents.[18] Cutting back on spending which includes care, mobility support, and symptom management, risks health conditions worsening.
- **Employment:** several of the areas of the country with the highest prevalence of inadequate LHA, also have the highest proportion of LHA households not in

[16] Citizens Advice Cost Of Living Tracker Survey.
[17] Citizens Advice Cost Of Living Tracker Survey.
[18] Analysis models the difference in health-related spending for households depending on whether they have affordable / unaffordable rent (defined as 30% of household income), controlling for total income.

employment.[19] In August 2026, two thirds of surveyed advisers said that LHA was affecting where clients could live locally.[20] One adviser said this caught clients “between a rock and a hard place”, either struggling to afford to be near work or their children’s school, or facing poor public transport or high travel costs in areas where housing could be cheaper.

Unless LHA is relinked to real rents, growing shortfalls could dwarf other cost of living improvements for low-income renters, such as more affordable utilities or transport. Failing to uprate LHA in April 2026 has meant the average family entitled to the maximum rate for a 3 bedroom home has missed out on £137.50 a month in housing costs support.[21] This figure will now be even higher as rents have continued to increase over the past year.

The Government should use this year’s Autumn Budget to:

1. Uprate LHA to the 30th percentile of private rents.
2. Ensure the link between LHA and the 30th percentile is maintained permanently to prevent the unequal regional impact of freezing support.

Debt Relief and Support

Foreword by Louise Wilson, Citizens Advice Middlesbrough

Every day at Citizens Advice Middlesbrough, we help people facing debts they can no longer manage alone. Behind each debt is someone trying to keep a roof over their head, feed their family, heat their home or recover from a financial shock. Debt is rarely the result of poor choices. More often, it reflects the growing gap between household income and the cost of essentials.

Across Middlesbrough, many residents are struggling not only with debt, but with the rising cost of everyday life. In a town where many people live in some of the most deprived communities in England, debt often develops alongside ill health, insecure work, rising housing costs and low incomes. For many households, there is little financial resilience when something goes wrong.

[19] Data from FOI2026/66984, Jan. 2026 DWP data. 6 Broad Rental Market Areas (BRMAs) were in the top 20 of 191, for highest prevalence of LHA shortfalls and highest proportion of LHA households not in work.
[20] 66% of 138 advisers responding to this survey question, August 2026.
[21] Average calculated from difference between the 30th percentile of local rents (VOA data collected Oct. 2024 - Sept. 2025) and current LHA rates, excluding Central and Inner London BRMAs subject to the LHA cap. Assumes households are not subject to the benefit cap.

Our advisers are seeing more complex debt problems and growing demand for support with benefits, housing and energy costs. Debt rarely exists in isolation. Instead, it is often part of a wider pattern of financial hardship that requires coordinated support across multiple areas of a person's life.

We are increasingly seeing the impact of mis-sold Individual Voluntary Arrangements (IVAs), where people with low incomes and limited financial resilience are placed into unsuitable debt solutions. The harm to clients can be significant, leaving them trapped in unaffordable repayments and delaying access to more appropriate forms of relief. For advisers, resolving these cases adds complexity and extends the support required, diverting resources from helping people move forward. These cases reinforce the need for a debt system that recognises that many households face both high debt burdens and persistently low incomes, making effective insolvency and debt relief options an essential safeguard rather than a last resort.

Our own evidence shows the scale and complexity of the problem. During 2025/26, Citizens Advice Middlesbrough recorded 627 clients with debt issues. Council tax arrears, fuel debt and water debt featured prominently, while our advisers also supported people trying to access Breathing Space and Debt Relief Orders. These figures are not simply a record of money owed. They show how often people must navigate repayment demands, deductions, enforcement action and complicated routes to protection while already struggling to afford the essentials.

Frontline cases show how quickly difficulties can escalate. One client had council tax arrears passed to enforcement agents despite repayments already being deducted from their wages, leaving them confused about what they owed and how to repay it affordably. Another client with significant health conditions became liable for almost £1,000 a year in council tax after their support changed, despite remaining on a low income with substantial care costs. These cases show how complexity, poor communication and unaffordable recovery practices can deepen hardship rather than resolve it. Approaches based on affordability, vulnerability and early engagement are more effective for both residents and creditors.

This submission sets out three practical reforms: stronger protection for people in financial crisis, fairer council tax collection and a simpler debt relief system that offers a genuine fresh start. Together, these changes would move debt policy away from crisis management and towards recovery, giving people the time, protection and support they need to regain control of their finances. Debt should not become a life sentence.

Written by Louise Wilson, Research & Campaigns Lead, Citizens Advice Middlesbrough

Policy recommendations for Debt

Enhance Breathing Space

The Breathing Space scheme, introduced in 2021, is a valuable tool to help people out of debt and is currently being reviewed by HM Treasury. It gives people in England and Wales temporary legal protection from creditor enforcement action while they seek regulated debt advice. Breathing Space reduces the psychological pressure and stress of debt and stops debts from escalating for a period, giving people time and space to develop a long-term plan with advisers to deal with their debts.

As more households are struggling with the cost of living, unable to make ends meet, and falling behind on household bills - tools which help them break the vicious cycle and get on the path out of debt are even more crucial. Our frontline debt advisers underline the value of the scheme and our research further illustrates this: more than 8 in 10 (82%) of people in problem debt who haven't entered Breathing Space say it would have helped them, 39% of people in problem debt feel overwhelmed by creditor contact, rising to 57% among those with a mental health condition.[22] But our evidence also shows the scheme isn't fulfilling its full potential, with take up far below forecast levels.

There are four key limitations of the scheme:

- The 60-day limit can be too short to fully manage someone's debt, particularly for people facing wider challenges such as ill health. As cost of living pressures grow, more people have a negative budget and fall into arrears on more bills, people's debt situations are becoming even more complex and advisers need more time to stabilise someone's situation and find a way forward.
- The 12-month limit on repeat access is too restrictive, leaving people without protection if they experience further financial shocks or enforcement escalation.
- Universal Credit advances and third-party deductions are excluded, creating gaps in protection for people already facing severe financial pressure.
- Creditor breaches and communication failures can undermine the effectiveness of the scheme.

Earlier this year, HM Treasury started a review of Breathing Space, as required by the regulations. HMT should progress this work and take the opportunity at the Budget to announce a revision of the rules of the Breathing Space scheme so it can achieve its full potential as an effective intervention, especially as cost of living pressures on budgets is making problem debt even more complex. The Government should:

[22] Full report and methodology found here: https://images.ctfassets.net/mfz4nbgura3g/5Qx1hbgOxBA9qZKBuk0Y67/75f0ea581dac4ed48581579f8cfdd4ee/_More_room_to_breathe.pdf

1. Ensure that people who can bring their debt situation under control, but need more than 60 days to do so, can access additional time
2. Allow repeat access within 12 months where a person's circumstances change significantly
3. Close key protection gaps related to Universal Credit advances and debt deductions
4. Strengthen creditor compliance through clearer reporting requirements, consistent liaison points and more effective enforcement of existing rules

Council Tax collections reform

In 2025, around 80,000 people came to Citizens Advice for help with council tax arrears in England, making it our second most common debt issue year on year.[23] Nearly 20,000 people needed help with bailiffs, accounting for 25% of council tax problems, while 65% needed support with debt repayments and 23% with liability for debt.[24]

Council tax debt is also growing. In June 2026, the average debt among people seeking help with debt was £1,766 across England and Wales – a 38% increase (nearly £500) since June 2022.[25] Outdated collection practices are contributing to financial hardship: attachment of earnings thresholds in England have not increased since 2007, despite rising living costs, compared with Wales, where they were updated in 2022.

The current approach to collection is not working. We welcome the Government's commitment to extending the timeframe for engagement, but this will only work if councils use it to proactively engage people and provide tailored support. Voluntary guidance is not enough to end the postcode lottery.

Council tax collection must shift from enforcement-first to early, proactive and supportive collection, with minimum standards made statutory rather than voluntary. The government should also update the outdated attachment of earnings framework.

We welcome the changes announced in August that all bailiffs will need to be accredited by the Enforcement Conduct Board.

---

[23] Data taken from Casebook (Citizens Advice's case management system for its advice services across England and Wales) reflecting client cases between 1st January 2025 and 31st December 2025.

[24] The proportions of council tax debt issues are calculated from the number of people who came to Citizens Advice for problems relating to bailiffs (19,661), dealing with debt repayment (51,970) and liability for debt (18,572) in 2025 in England.

[25] This data on Citizens Advice clients average debt levels comes from budget assessments. This data can be accessed on slide 9 of the Citizens Advice cost of living dashboard: https://public.flourish.studio/story/2586672/

The Government should use the opportunity at the Autumn Budget to:

1. **Introduce a statutory pre-action protocol** requiring councils to take supportive steps before enforcement. This includes early engagement, accessible communications, affordable repayment plans and identification of vulnerability. They should also help people access Council Tax Support and debt advice, and consider debt write-off where repayment is unaffordable or unrealistic.

   A statutory pre-action protocol is needed to ensure people receive early support to engage and can agree to affordable repayments before enforcement, preventing debts and hardship from escalating. Our research has highlighted that voluntary guidance results in inconsistent practices across local authorities and therefore a postcode lottery. Statutory guidance will establish a minimum national standard, ensuring everyone receives the same protections before enforcement.

2. **Urgently uprate attachment of earnings thresholds and introduce regular uprating**, ideally linked to the National Minimum Wage, so deductions do not leave people unable to afford essentials. Thresholds in England have not increased since 2007, while Wales last updated them in 2022.

   In 2007, a full-time worker earning the minimum wage would have earned around £897 a month gross income. Through attachments of earnings they would have seen 7% of their take home income deducted.[26] Whereas, in 2026, a full-time worker earning the minimum wage would earn around £2,065.38 a month gross income.[27] They would see 17% of their take home income deducted.

   Outdated thresholds mean attachment of earnings can take an unaffordable share of low and modest incomes, forcing people to fall behind on other essential bills and pushing already struggling households further into financial hardship.

Niamh* lives with her husband and two young children. Their financial difficulties began after her husband lost his job, resulting in them struggling to meet their essential costs on a reduced income. The sudden fall in household income left them in a substantial deficit budget

---

[26] The 2007 monthly income figure is calculated using the National Minimum Wage for workers aged 22 or over working 37.5 hours a week.
[27] The 2026 monthly income figure is calculated using the UK National Living Wage for workers aged 21 or over working 37.5 hours a week.

of almost £900 a month. In this time whilst Niamh's husband was searching for work, one of the bills they had fallen behind on was council tax. They were issued with a liability order, and the council put in place an attachment of earnings to recover the debt. This was based on Niamh's earnings, which were around £2,100 a month. This saw almost £400 a month being deducted. But with their income made up only from Niamh's salary and a small amount of Universal Credit, the family were left unable to cover all of their essential costs. The high level of deductions was putting them at risk of defaulting on their mortgage.

Personal Insolvency Review

Average debt levels recently went over £10,000 for our debt clients for the first time, and - after the cost of essentials - people routinely have little to no money left at the end of the month to make repayments. This means that debts continue to grow, with little prospect of being able to ever pay them off.

Debt relief, including the Energy Debt Relief Scheme, is an important approach to reducing this unsustainably high level of debt. But at an individual level, personal insolvency is a vital tool. However, too often people who are trying to find a way out of problem debt are let down and in some cases harmed by the insolvency system.

In particular, the Individual Voluntary Arrangements (IVAs) market exposes some of the key problems in the insolvency landscape. Individual Voluntary Arrangements (IVAs) are one of a range of debt solutions available in England and Wales. IVAs are fee-charging debt solutions, widely marketed to people with unmanageable debts. Whilst in some circumstances an IVA will be the most appropriate debt solution for someone's situation, commercial incentives and poor advice can funnel people into costly, unsuitable and long-term IVAs rather than the debt option best suited to their circumstances. In too many cases this leaves people worse off than when they started. Our research[28] into the IVA market in England and Wales highlights worrying trends:

- **Unaffordable payments:** 15% entered an IVA with a negative budget, while 56% had £75 or less left each month after essentials.
- **Poor advice and limited choice:** 14% were not offered alternatives, and 21% may have qualified for a cheaper, shorter DRO.
- **Financial hardship:** Nearly one in four went without essentials because of their IVA, while 31% said their IVA has had a negative impact on their debt levels.

[28] Full report and methodology found here: https://assets.ctfassets.net/mfz4nbgura3g/5uWZo0ihfYLNfJ5oILq5KJ/81b9a1778052beced9d51f0f88f99d11/Back_to_Square_One__How_poor_advice_is_pulling_people_into_inappropriate_IVAs_-_2025.pdf

- **High failure and costs:** Over 70,000 IVAs ended early in five years, costing at least £48.8m in fees, while people could be left with their debts.

The Government can reform this system by:

1. Ensuring people are given independent and impartial advice before entering an IVA. This can be achieved by ending the IVA exclusion, which exempts Insolvency Practitioners from Financial Conduct Authority (FCA) rules on debt advice in certain circumstances.

2. Supporting plans to bring IVA firms into direct regulation, so that the Insolvency Service has more power to set standards and take action against bad practice. Ministers should make passing the required legislation a priority. In the meantime, the Insolvency Service and Financial Conduct Authority should step up supervision efforts – driving increased compliance in the immediate term with all the powers they currently hold.

3. Use the Personal Insolvency Review as an opportunity to reform the suite of debt solutions to deliver better consumer outcomes. It's important this work continues at pace, but it must not be used as an excuse to delay changes that will help to prevent people from being drawn into inappropriate IVAs whilst longer term changes are being developed. A reformed insolvency framework would resolve issues of fragmentation with a single point of entry through advice. This would ensure people enter the most appropriate solution for them.

Welfare, Skills and Employment

Foreword by Bedworth, Rugby and Nuneaton Citizens Advice

Our Citizens Advice service area covers Bedworth, Nuneaton and Rugby, the northern end of Warwickshire, offering full face-to-face and telephone advice.

In our area, food bank support has increased by 25% from August 25 to August 26. We have supported 1172 clients: 823 individuals aged 18-72 and 349 families and their 768 children. Child Poverty records show 21% of children are in poverty in the area.

In-work poverty remains a major challenge across northern Warwickshire. While 79% of the local population is employed (Nomis, 2025/26), ONS data shows an average weekly wage of £637.85, leaving many working households reliant on benefits to cover basic essentials.

An adviser, when advising a client with a new Universal Credit claim, wrote: “The Client advised that he has no income and he has no food at all. He would also like to shower, get shampoo, toothbrush and toothpaste if possible.”

This level of destitution severely impairs a person's ability to stabilise their life. At the same time, Personal Independence Payment (PIP) claims are rising. House of Commons Library data places our region 16th highest in the West Midlands for PIP claims, with roughly 1 in 10 working-age adults receiving support.

Written by Georgina Palmer - Advocacy, Research and Campaigns lead at BRANCAB

Foreword by South Warwickshire Citizens Advice

In south Warwickshire, a leafy idyll in the eyes of some, real poverty continues; dispersed and sometimes hidden, leaving households unable to put food on the table, money ‘in the meter’, or clothes on the backs of their children. This should not be acceptable in this country.

Comparing 2025-26 with 2022-23, our office found the number of clients coming to us for support on benefits issues (non-UC) has risen by 36%, with PIP clients rising by 40% and Pension Credit clients increasing by 87%. Similarly, clients coming to us for support on Universal Credit issues have risen by 39%, with ‘initial claims’ queries rising by 26%.

On employment issues, we have seen an increase in clients seeking support of 117%. Clients needing support on pay and entitlements rose by 73%, and those with issues around dismissal, redundancy, resignation, dispute resolution and Employment Tribunals rose by 142%.

We believe that ending the minimum 5-week wait is vital to the welfare system. The evidence is clear that this arbitrary delay builds household debt into the lives of claimants from day one, whether in the form of an immediate lack of essential income, or the delayed impact of being required to repay a benefit advance. Capping benefit deductions must sit alongside this to prevent clients from being pushed into negative budgets.

We believe that increased funding for Pathways to Work advisers is essential for accessing education, training and employment opportunities,with a corresponding increase in support for those with disabilities trying their hardest to enter the world of work.

Finally, we believe vital to sustaining 'good' employment for disabled and non-disabled workers alike, requires a firm commitment to the meaningful protection and enforcement of basic statutory employment rights, including sick pay, holiday pay, fair hiring and firing policies, and clear redress of grievances. Without meaningful enforcement, employment rights will remain illusory for those on low incomes and achieving sustained employment will continue to be a hard fought battle.

The Labour government has already taken several major steps to relieve cost-of-living pressures, but the journey is not over. As the 2026 budget approaches, ministers must follow up and follow through, with low income households across rural and urban communities alike depending on them.

Written by Ed Hodson, Research & Campaigns Lead, Citizens Advice South Warwickshire

Policy recommendations for Welfare, Skills and Employment

Replace the Universal Credit 5 Week Wait with upfront grants

The inbuilt 5 week wait for new Universal Credit claimants causes many low income households to take out loans from the Department for Work and Pensions (DWP) to meet their essential costs. According to the latest available data, 840,000 UC households have a deduction for these new claim advances - that's 13% of all UC households.[29] Although many would face considerable hardship without these loans, they come at the cost of claimants starting their UC journey in debt. Monthly loan repayment deductions then drag down claimants' living standards over the first two years of their claim. We see the 5 week wait damaging households' financial resilience, as it did for Maya*.

Maya* lost her job so suddenly that she couldn't financially prepare. When she claimed UC, she had no savings to help get through the 5 week wait. She's afraid of getting into debt, and so didn't want to take out an advance from the DWP. She's already struggling to pay off pre-existing fuel debts. Without any savings or UC income, Maya is cutting back on essentials, using blankets rather than her heating, and relying on foodbanks. Despite this, she's having to use her overdraft to keep up with her bills until she receives her UC.

The 15% deductions cap, the Fair Repayment Rate (FRR), introduced in April 2025, improved the affordability of deductions. Our frontline data reflects the FRR's initial positive impact, but also suggests its impact is ultimately limited by the continued prevalence of deductions. In the months after the FRR was introduced, the average number of people we helped with UC deductions fell by almost 20%. However, a quarter

[29] FOI2025/72869, submitted to DWP by Citizens Advice in July 2025. Data captures Feb. 2025 UC caseload.

of this drop has now been eroded.[30] Demand for advice about advance loan deductions also fell after the FRR was introduced, but has now plateaued.

So far in 2026, we've helped an average of 500 people a month with advance payment deductions. These deductions bring UC income below the level households are assessed as needing, damaging living standards for people like Bea*.

Bea's* local Citizens Advice are supporting her with possible unfair dismissal related to her ill health. After her employment ended, Bea claimed UC. Bea is a private renter, and wouldn't have been able to pay her rent during the 5 week wait without an advance. But now she's having advance deductions from her UC, she's struggling to afford food and travel to her hospital appointments.

64% of those we helped with advance payment deductions also needed a food bank referral, and 1 in 3 also needed advice on local crisis support.[31] Many also need advice on other debts, including 24% on fuel debts and 20% on council tax arrears (non-payment of which can lead to bailiff enforcement). Since advance loans are recovered first, introducing the FRR without reforming the 5 week wait has meant that more households are only repaying deductions for DWP advances, and are unable to make progress clearing other debts through deductions.[32]

The UC households we currently help with debt have average negative budgets of £32 each month. Keeping more UC income each month, by eliminating or reducing advance loan deductions, would bring these households closer to making ends meet. Measures that even halve the demand for new claim advance loans could benefit over 400,000 households.[33] For a household only repaying a new claim advance, entirely eliminating the 5 week wait and the need for an advance loan could immediately put almost £65 more a month in the pockets of single claimants, and over £100 a month in those of joint claimants over 25, typically for around 2 years.[34]

One approach for the Government this Autumn is to introduce an interim payment model, which could reduce the demand for advance loans by paying part of a claimant's UC award 1-3 weeks after claiming and the remainder after 5. However, the benefits of receiving some UC income sooner need to be weighed against the complexity this adds to the start of a claim. Claimants would need advice and clear information about their payment calculations to navigate this model.

---

[30] Comparing average monthly client numbers from May-July 2025, to Aug.-Oct 2025 and May - July 2026.
[31] This includes those advised on both or either of the Household Support Fund or CRF Crisis payments.
[32] DWP deductions statistics, May 2026 release.
[33] Assumes the rate of new UC claims stays similar to that suggested by FOI2025/72869, which showed 840,000 households in Feb. 2025 had deductions for new claim advances. Since these households have new claims, rather than benefit transfer advances, this figure should not be affected by managed migration.
[34] Assumes new claim advance deductions are recovered at the max. rate of 15% of the standard allowance.

We recommend that they instead introduce upfront grants as a simpler, more effective way of addressing issues caused by the 5 week wait. Grants would provide vital support to new claimants and boost take-home UC income by eliminating new claim advances and deductions. Costs could be reduced by targeting groups facing the starkest living standards pressures or by only paying a portion of entitlement as a grant.

Uprate the basic rate of Statutory Sick Pay (SSP)

Our research shows that, for workers in the lowest three income deciles, relying on the current rate of SSP (£118.17/week) for just four weeks pushes nearly 80% into a negative budget where they can no longer afford daily essentials.

Statutory Sick Pay is the most common employment-related issue that we help people with and analysis of who we help shows that demand for SSP advice is concentrated in the most areas that face the most deprivation. Low-paid workers lacking occupational sick pay face difficult choices between working through severe illness or facing significant financial stress, often exacerbating long-term health conditions and driving health-related economic inactivity.

While removing the lower earnings limit and three-day waiting period have been positive steps, modeling proves these changes alone will not prevent workers from falling into negative budgets.

By increasing the basic rate of SSP the Government would help to prevent short-term illness from spiraling into long-term health decline, keep people attached to the labour market, and reduce downstream pressure on public services like the NHS.

Increase funding for Pathways to Work advisers

We support the Government's ambitions to help more disabled people move into work. The Pathways to Work programme, introduced in March 2025, has supported 100,000 people assessed as having Limited Capability for Work and Work-Related Activity (LCWRA) to move closer to work. This has been achieved by identifying claimants' barriers, providing skills training and signposting people to work-based training schemes through the support conversation.

The support conversation represents an important step forward in supporting disabled claimants. However, our research shows that many claimants have negative perceptions of the DWP and fear engaging with employment support. While the Government has committed to introducing this free, voluntary and personalised help for disabled claimants, which follows many of the principles we laid out in our paper A fresh start, we recommend that they go further by implementing the following reforms.

The Government should further personalise support by splitting the Pathways to Work adviser role into two separate positions:

- The case worker acts as LCWRA claimants' first and ongoing point of contact and is responsible for identifying support needs and making appropriate referrals for specialist support. Case workers provide light-touch careers advice, as well as ongoing pastoral support. We welcome efforts to reflect this role by creating a distinct Pathways to Work adviser role, separating support conversation case management from the work coach role.
- The careers adviser would offer more specialist employment support to disabled service users when they need in-depth job coaching. They would help to identify jobs, discuss training needs, provide support and feedback on CVs, and discuss career goals. They could also offer mock interviews and one-to-one application support. They would have detailed knowledge of the local employment market and a specialist understanding of both the needs of and support available to disabled workers. This role would benefit from the merging of Jobcentre Plus with the National Careers Service (NCS), as they can use the information, training and tools from the NCS to provide advice and support.

We recommend the Government commit to applying this case worker model in full and, by extension, supplement the Pathways to Work programme by introducing dedicated careers advisers who would provide specialist employment support,

By separating the careers adviser from the Pathways to Work adviser role, the government would target support more efficiently - meaning that service users only see the staff members who can help with their specific needs. Jobcentre staff training would also be more targeted, allowing staff to specialise and offering more opportunities for career development within the Jobcentre.

The separate careers adviser role would mean that LCWRA claimants would have access to more in depth employment support if that is appropriate for them. Where pastoral support, advice and health referrals are more suitable, they would only see a Pathways to Work adviser (akin to the case worker) which reinforces the principle of voluntary engagement and is more likely to retain engagement.

Advice as Social Infrastructure

Foreword by Citizens Advice Liverpool

In recent years, Citizens Advice Liverpool has seen the impact of rising costs affect an increasingly broad range of people. Alongside those experiencing severe financial hardship, we are supporting many people who are in work and who may previously have felt financially secure, but are now struggling to balance rising rents or mortgages, childcare costs and other essential household expenses. For many households, there is little room left to absorb unexpected costs or changes in circumstances.

Advice services are often seen as a response to crisis, but much of our work is preventative. Early intervention can help people address workplace issues before they jeopardise their employment, resolve debt problems before they become unmanageable, and access support before financial pressures begin to affect their health and wellbeing. We regularly see how timely advice can help people stay in work, maintain stable housing, improve their financial position and prevent problems from escalating.

The outcomes we achieve are rarely delivered by advice services acting alone. Effective partnership working between advice providers, local authorities, health services, housing organisations, community groups and other agencies is essential in helping people navigate increasingly complex systems. By working together, we provide more joined-up support, reduce duplication and ensure people receive the right help at the right time.

As a coordinator, I also see the power of volunteering as an essential part of the advice ecosystem. Volunteers play a vital role in supporting our clients while developing skills, confidence and experience that can support progression into employment and further opportunities. This creates benefits that extend far beyond the advice session itself, strengthening communities and building capacity for the future.

As advisers, we see first hand the value that accessible, independent advice brings to individuals, families and communities. We also see growing demand and increasingly complex needs. Ensuring that advice services remain accessible, resilient and able to respond to changing circumstances is therefore more important than ever.

Advice is a vital part of our social infrastructure. It helps people understand their rights, overcome challenges and build confidence for the future. It also delivers wider benefits by supporting healthier communities, reducing pressure on public services and helping people participate fully in society. The experiences of the people we support demonstrate why strong advice services, working alongside effective public services and community partners, are such an important part of tackling the challenges facing households today.

We hope the Prime Minister and Chancellor take the opportunity this Autumn to act on the following recommendations that help strengthen communities, improve living standards and ensure that everyone can access the support they need when they need it.

Written by an Advice Service Lead from Citizens Advice Liverpool

Policy recommendations for Advice

The power of advice and anchor institutions in communities

As a network of federated charities, we are rooted in the communities we serve. Our advisers support people every day across communities to unravel complex, interconnected issues in their lives and help them to navigate the next steps to resolve them.

Access to good quality, independent advice is vital so people know their rights and can get the support they need. If you've lost your job and have no idea what support may be available, you've received an eviction notice from your landlord due to rent arrears, or you're struggling to keep up with mounting debt repayments, our services can offer a lifeline. We're providing more crisis support than ever to people facing a financial cliff edge.

Citizens Advice is at the heart of the communities we serve, and the Government's current ambition to widen and deepen devolution presents an opportunity to tap into these local networks and build on existing projects going on in the regions and nations. Our local offices have excellent relationships with their local authorities and regional mayors and work collectively to advocate for communities. Evidence from the UK and elsewhere shows that when trusted, place-based "anchor" organisations - like Citizens Advice - use their relationships and data to bring communities, services and decision-makers together, they achieve better health, stronger local economies and more effective action on the structural causes of poverty than isolated services can achieve on their own

Advice services help bridge gaps and build strong community foundations, by bringing services and community organisations into better contact with one another, building local capacity, and embedding advice in the settings people already use. In doing so, they help repair bonds that have been weakened not only by poor coordination but by wider pressures on the system itself, such as funding cuts and service closures.

We encourage the government to work with us and the rest of the advice sector to maximise the impact they can have delivering greater devolution. By ensuring the sustainability of advice funding, better coordination of quality-assured advice services, and joining this up effectively across public services we can offer people more integrated support and ensure advice reaches them earlier. Early intervention is vital to stop issues escalating.

Holistic advice can increase a household's financial stability and lead to better outcomes for the whole community, boosting community resilience and contributing to local growth. It also reduces pressure on local authorities and other public services by tackling some of the drivers of homelessness, poor health outcomes and barriers to employment.

For every £1 invested in our services we deliver £20.80 in economic and social benefits. We save government and public services £900 million by preventing problems occurring or escalating and add a further £3.8 billion in value to those we help in terms of financial outcomes following our advice.

Our network is a hub of innovation and delivery at a local level to tackle cross-cutting issues. For example, many of our local offices deliver advice in GP surgeries or mental health inpatient wards, as well as in other outreach settings such as in community hubs, libraries, schools, foodbanks and in prisons. These creative approaches offer regional mayors an invaluable source of knowledge and access to local partnerships on their patch to deliver on their ambitions. We'd encourage the government to look at how best to share best practice across regions and suggest mandating mayors to collaborate with organisations like us to harness our expertise.

How our offices work effectively with mayors
Citizens Advice Newcastle has been working closely with Mayor Kim McGuinness since her election, in particular with the development of the North East Child Poverty Strategy. Their work included providing data and insight, bringing together other local stakeholders' perspectives, and ensuring the strategy recognised the powerful role of advice across the region.

Citizens Advice Newcastle are now taking this further forward with the Combined Authority team and are delivering a project with other local offices in the region as part of the strategy to expand their advice provision into school and other community settings to support families who need it.

Sustaining advice through a national advice strategy

While there are many opportunities through devolution, we're also alive to the risk that it could further complicate what is already a complex commissioning landscape for advice providers.

Various government departments, arms-length bodies, health authorities and local councils currently commission advice services independently, with little coordination or understanding about how these services intersect with each other. In short, while the public sector as a whole invests in advice right now, it is very far from spending that money most efficiently and in a way that will make the biggest difference to people's lives.

We recommend the Government appoint one body or individual within government with formal responsibility for social welfare advice provision and task them with developing a national advice strategy, alongside an advice needs assessment (as the Welsh government have) in collaboration with the advice sector. The strategy should look to secure sustainable funding, ensure quality-assured advice provision, and define the regional role of advice. This would be a much more cost effective and impactful way of coordinating advice and ensuring people get the right support at the right time.

Crisis and Resilience Fund

The Crisis and Resilience Fund (CRF) holds an important role in helping people in and approaching crises in England. We continue to advocate for movement beyond emergency response and towards prevention, resilience and earlier intervention for people in hunger and hardship.

People should be able to expect earlier access to advice and support- reducing the incidence, depth and duration of crisis. Success will be reflected in fewer repeat crises, reduced need for emergency food provision, fewer applications for crisis assistance and lower demand for costly reactive public services over time.

Holistic advice is best able to meet that need.

Independent, quality assured advice is at the heart of this response. People facing crises rarely experience a single problem. We know income shocks, benefit disruptions, debt, housing instability and poor health interact to drive hardship. Advice can mitigate against all of these, being best designed around people, with income maximisation, debt, welfare benefits, energy and housing advice being available. The government should continue to fund this support and ensure greater advice provision within the Crisis and Resilience Fund offer.

Unlocking the power of consumer advice and advocacy

Essential markets are not ordinary markets - they are the foundational infrastructure of everyday life. People cannot meaningfully opt out of heating their homes; paying for water; securing safe and affordable housing; accessing digital connectivity; or using banking and payments systems. So when these markets malfunction, citizens are unable to participate comfortably and effectively in modern life.

As governments and regulators pursue wholesale structural changes to the way markets work and are governed, and the pace of new technologies ever increases, there's a risk that people get left behind. Without a champion in their corner, their voice cannot effectively be heard in often complex technical discussions that could impact them every day.

Since 2014, Citizens Advice has delivered statutory advocacy and rights based advice in the energy and postal services markets. We help domestic consumers and small businesses resolve the sort of problems - big or small - that would otherwise wear them down, while improving how the markets work. Our work offers huge savings to consumers, as well as wider benefits to government, regulators and industry.

Independent analysis by London Economics, using the Green Book framework, found that over the last 5 years our statutory energy advice delivered well in excess of £100 million of direct financial gains to the people and small businesses it supported. Additionally, just 3 of our advocacy interventions they analysed delivered an estimated £400 million in benefits to energy consumers and the government.[35]

Yet commensurate support for consumers does not exist across all essential markets - and it shows. In the last two years, 30% of people polled on behalf of Citizens Advice have contacted an essential service provider with a problem, in an attempt to solve it. Half (51%) said their problem was only resolved after too much time and effort, or they accepted an outcome they thought was unfair. 1 in 10 gave up before a resolution was reached. Nearly 8 in 10 (77%) said their experience left them either frustrated, stressed, angry or powerless.

---

[35] London Economics, Quantifying the Value of Citizens Advice's Statutory Energy Advice and Advocacy: Final Report, May 2026. In 2026, Citizens Advice commissioned London Economics to calculate and quantify the value of Citizens Advice's statutory energy advice and advocacy services.

Meanwhile peoples' experiences with essential service providers have led to low levels of trust in these sectors, with an impact on government too, as 86% of those polled agreed that when big companies treat people badly, and politicians do not step in, it makes people lose faith in politics.[36]

For trust to grow and for people's everyday experiences of essential services to improve, consumers need to know that support is available when problems arise, and that their needs and experiences are at the heart of policy making.

Statutory advocacy and advice is currently missing in key essential markets including financial services, housing and telecommunications. In the water sector, the role is performed by NDPB the Consumer Council for Water, but consumers do not benefit from the level of holistic advice and access to wider policy debates that a larger and trusted household name is able to provide.

Citizens Advice has already delivered a blueprint for what works. In the energy sector, we've proven that an independent consumer voice—backed by real-time data and a single point of access—transforms the market for both people and providers.

Real time data from our front line advice services about consumer outcomes is extremely valuable for helping the advocacy function, governments, regulators and industry to identify problems in markets and quickly develop effective and proportionate solutions.

There is a strong case that applying the same model across a range of essential markets could drive similar results. By doing so, we can replace reactive, heavy-handed regulation with proactive improvement, restoring the public trust necessary to turn empowered consumers into a powerful engine for economic growth.

Moreover, the issues people face are often complex and rarely compartmentalised by sector. Statutory roles within a broader range of markets would allow us to treat the whole person - helping them find a way forward more effectively and efficiently. The data from these services would allow us to more effectively spot patterns across markets and work with government and regulators as they reform their rules to support new technologies, tackle emerging risks and protect consumers in vulnerable circumstances.

This is a model which can be rolled out across all four nations of the United Kingdom by extending the statutory remits of the existing statutory consumer advocacy bodies.

Statutory advice and advocacy is typically funded through industry levies, which add pennies to bills while delivering impact way beyond the cost. Establishing this crucial

[36] Polling was conducted online by Yonder on behalf of Citizens Advice between 1 and 2 June 2026 among a representative sample of 2,014 adults in Great Britain. Results were weighted to be nationally representative.

service in markets where it is currently absent will require primary legislation to create the legal basis for new levies.

The legal basis for our existing statutory functions is set out in the Consumer, Estate Agents and Redress Act 2007 (CEAR Act). In order to expand our remit into new markets, this Act would need to be amended to expand the definition of a 'designated consumer' to include consumers of other markets. Provision already exists within the CEAR Act to transfer the water role to Citizens Advice without the need for primary legislation.

The Government could consider using one piece of legislation to establish these arrangements across all of these markets. Alternatively, the Government can utilise existing bills or those announced in the King's Speech to establish new levy funded statutory advocacy and advice roles across key essential services sectors.

The Autumn Budget offers an opportunity to commit to:

- Implementing the recommendations of the Independent Water Commission with regards to statutory advice and advocacy. This change could be delivered through secondary legislation or via the new Clean Water Bill.
- Amend the Financial Services and Markets Bill to enable levy-funded statutory advice and advocacy to be established under delegated powers.
- Consider the role of statutory advice and advocacy across all essential markets. This includes telecommunications (where the government could build on the 2018 Modernising Consumer Markets green paper, which led to a consultation on options to improve the provision of consumer advocacy in the telecoms sector), and housing (where the bill that creates the Single Construction Regulator could be utilised).

Investing in a single front door for all consumer matters

An expanded and modernised Consumer Service offers a significant opportunity to deliver a single, intuitive front door for consumer advice that will empower people to safely engage with markets and support them to resolve problems.

Citizens Advice is already building the foundations for this transformation :

- A revised coding system for the consumer protection landscape to ensure that the intelligence provided to our partners meets their needs and maximises impact for consumers, both now and in the future.

- Exploration of an AI driven self-service portal with tailored content to help people to resolve their problems more quickly, alongside new education resources that help consumers to shop safely and make the right choices for them. This will enable us to reach more people as well as collecting more anonymised data to share with partners about the issues people are experiencing. We're aiming to roll out the first phase of this portal in 2026/27.

With funding previously agreed in principle with the Department for Business, Innovation, Science and Trade, Citizens Advice could deliver a modernised and flexible operating model to transform consumer advice, enabling our advisers to help more consumers. Our advisers would be able to work more efficiently, assisted by a new adviser co-pilot tool which supports them to complete tasks like drafting case notes and identifying onward referral pathways.

A cohesive consumer advice landscape, building on the transformation of the Consumer Service delivery model, will allow us to more effectively help clients, both online and when engaging an adviser. Investing to enhance online advice would ensure a large increase in the quantity of data and insights we share with partners, to help inform their threat analysis and consumer protection activity. These changes would also allow us to reduce our running costs, allowing us to deliver even greater returns on investment than we already achieve.

As the government looks to improve the consumer protection framework, the Consumer Service offers a strong foundation to be built on, in a way that is responsive to emerging markets and technologies and evolving consumer needs. For instance, we see growing demand for strengthened advice services around energy home upgrades, where building on the Consumer Service would avoid any duplication in advice infrastructure and take advantage of our strong brand recognition and trust in the market.

Health

Foreword by Citizens Advice Winchester District

We deliver a holistic social welfare advice service in partnership with the Hampshire and Isle of Wight Healthcare NHS Foundation Trust, whereby CA caseworkers are embedded within staff teams in acute mental health units across Hampshire.

We work in a flexible, person-centred way with each person to address the issues that matter to them. When I first meet patients, I take time to explore their situation with them so I really understand their issues and what their priorities are. For every person this is different. Most people I support in this service need help with their finances (understanding benefits entitlement, addressing or preventing debt, or building confidence and skills with budgeting). We also help people with a range of other inter-connected issues, like homelessness, housing, returning to work, sustaining their current employment, or dealing with relationship breakdown – the whole range of issues that Citizens Advice's holistic services can address.

Building a relationship with the patient is really important and for many people I spend time initially doing this as part of my regular presence on the ward. It is important that we understand a patient's capabilities – as, ultimately, we want to empower them to have the knowledge, skills and confidence to manage their situation in the future.

A good example is Alex*, a 19-year-old, who we first met when he was an inpatient in the acute mental health unit in Winchester. Prior to admission, Alex was street homeless, following the breakdown of a relationship. Alex and I developed a trusted relationship over time, and he told me he had two key aims in life: to have a full-time permanent job and to live in his own, private rented accommodation. At the time, both of these seemed unattainable to him, so my main focus has been on helping Alex to find a pathway to those. I worked through his housing options and the support available to him whilst he was on the ward (e.g. planning for short-term accommodation on discharge, and checking a tenancy agreement so he understood his rights and felt confident in taking this on). We also helped him find ways to cover the cost of essentials when he moved in, and to help him get back on his feet, including ensuring he had income to cover his basic costs, and sources of clothes for interviews. We continue to support him with social welfare advice needs, alongside introducing him to other sources of help, such as a local mentoring project for young people. Alex has recently told us he's been offered his first full-time job and is in the process of moving into his own private rented accommodation – we're thrilled for him.

Alex told us: *"Having your guys' support with a lot of things that were bringing a lot more strain and stress to my mental health was definitely a very beneficial thing that you did. It's given me confidence to battle life all on my own at nineteen. I'd definitely say it's been rehabilitating. I went from breaking down - to feeling like I actually have a chance at securing myself a private flat, and starting this job and managing all of this, and like surviving."*

My relationship with the staff team at the hospital is also really important- they value the service that I provide as I am helping patients with issues that previously they have had to deal with, saving them time so they can focus on their clinical duties.

Ultimately, we want patients to leave our service in a position of strength, where they have resolved any financial worries, are moving into safe and secure housing that meets their needs, and are able to move on with their lives. Our intention is to ensure that their life post-discharge runs as smoothly as possible so that they can focus on remaining well and avoid the need for further inpatient treatment. We continue to work with patients after their discharge or we support them to build a relationship with their local CA service. This means that they can quickly access support if they need it, to ensure that they remain well in future.

Holistic social welfare advice services like ours, delivered alongside treatment pathways, help people address underlying triggers of poor health, speed up recovery time, and help people stay well in future. It improves health and quality of life for patients, and it reduces strain on the health system.

Written by Sue H, Caseworker, Mental Health Advice Service

Policy recommendations for Health

Funding holistic advice investment within the Neighbourhood Health Framework

The NHS 10-Year Plan sets out three fundamental shifts for the health service over the coming decade: moving from analogue to digital, from hospital to community, and from sickness treatment to prevention. These transformations represent a major opportunity to tackle the social determinants of ill health by helping people overcome the environmental and economic pressures that make them unwell.

Citizens Advice is uniquely placed to make these shifts a success. Our holistic, person-centred approach provides people with the stability and security needed to manage their health in the long term, directly addressing the social and economic roots of poor health.

Our recent research highlights what happens when households face unbearable pressure on living standards. Among those unable to cover their essentials, 67% report a direct negative impact on their mental health, and 47% report a decline in their physical health. When individuals already live with long-term health conditions, this cost of living pressure creates a major barrier to recovery. By providing targeted benefit checks, income maximisation, debt management, housing and employment advice, Citizens Advice reduces financial strain while resolving the non-clinical issues that drive worsening health.

The Neighbourhood Health Framework (NHF) offers a profound opportunity to embed this vital advice directly into the fabric of local healthcare delivery. By bringing voluntary sector expertise alongside medical care, the government can allow medical staff to focus their time on patient care and realise the preventative shifts needed to make the NHS sustainable for the future.

Advice on Prescription - Liverpool Citizens Advice

The **Advice on Prescription** project run by Liverpool Citizens Advice highlights the benefits of providing funded, quality assured advice in health care settings. The project significantly improved patient outcomes, reducing prescription rates and lowering A&E admissions. It gives GPs a direct pathway to tackle the wider socio-economic drivers of patient distress rather than simply treating symptoms. The effect per quarter of the service was estimated to be:

- 15.7 fewer Average Daily Quantities (ADQs) of anti-depressants per person

- 190 fewer mental health GP consultations per 1000 people
- 23 fewer mental health A&E attendances per 1000 people
- 10.5 fewer mental health emergency admissions per 1000 people

As social prescribing schemes grow across the health service, the value of our advice work is becoming better understood. But current models often signpost patients to local Citizens Advice offices without funding following the client. This places severe strain on local advice capacity. Effective social prescribing requires direct grant funding for local quality-assured advice delivery partners to provide the support and case management which delivers measurable financial and health outcomes.

While local flexibility over NHF design is essential, the government should ensure the national framework explicitly recognises and supports quality-assured holistic advice as a core part of preventative health infrastructure.

The Government should use the Autumn Budget to invest in embedding independent, holistic advice provision within new neighbourhood health hubs, securing the far-reaching, life-changing support needed to reverse entrenched and growing health inequalities.

Embedding holistic advice within in-patient and community mental health facilities

The benefits of advice to patients accessing mental health services can be life-changing. Resolving debt or benefit issues, helping people find secure housing or arranging reasonable adjustments with employers can all be crucial to ensuring that patients can be discharged on a sustainable basis. Dedicated advice provision can also provide invaluable support for clinical staff, freeing up time that would otherwise have been spent on attempting to resolve these issues without the necessary training or expertise. Schemes run by Citizens Advice across England and Wales highlight the success of this model, and the benefit that expanding it across the country could bring.

Powys Teaching Health Board acute mental health pilot scheme

"This service is an integral part of holistic care for people with mental health difficulties. This group often struggles to engage with services in the community, such as GPs, housing and finances." - Consultant Psychiatrist

A pilot scheme run by Citizens Advice Powys has been providing advice to patients in acute mental health settings, helping over 100 patients since 2023. To build trust and continuity, the service is delivered by a dedicated, named specialist caseworker who has undertaken additional mental health training. This work was funded by Powys Teaching Hospital Board, in line with the commitment in Wales to become a Marmot nation and tackle the social determinants of health. Evaluation of this project highlighted its role in reducing readmission risks, and reducing the time spent by staff addressing social, rather than clinical, problems.

"The service has relieved my workload, with Citizens Advice taking a lead on supporting with many social issues patients were experiencing" - Ward Occupational Therapist

A recent report from the Centre for Mental Health highlights the role that high quality advice can play in supporting people with mental health conditions, allowing them to receive the entitlements and protections they need to recover.

The report highlights the support provided by Winchester Citizens Advice to patients at Melbury Lodge, an inpatient mental health unit. Dedicated advisers are attached to an acute inpatient setting, helping patients to address a wide range of issues that can impede their ability to leave hospital safely and sustainably. This can help to improve patients' financial security through debt and welfare support, but can also address wider issues such as tackling unsafe or inappropriate housing, or providing them with support to arrange reasonable adjustments at work, or manage periods of ill-health with their employer.

By providing this support directly, staff time has been freed up to focus on clinical work. An independent evaluation found this service generated **over £14 in savings for every £1 spent**.

The report also highlights the work done by Citizens Advice Sheffield embedding advice within community mental health settings. This provides long term, person centred support alongside clinical care to address social issues that can drive ill health and act as barriers to recovery.

We recommend the Government use the Autumn Budget to implement the following:

- Dedicated funding to ensure that integrated care boards can invest in specialist, VCSE-delivered independent advice to cover secondary mental health services.

- Integrated neighbourhood teams should include an independent advice function as a way to embed advice into everyday community mental health care.

The importance of quality advice in health

Our advice services are quality-assured, FCA regulated and externally accredited to the Advice Quality Standard (AQS). Quality-assurance is vital to avoid financial or other detriment to clients, particularly clients in vulnerable circumstances due to their socio-economic status or health needs. Our network member standards require us to design services in line with community demographics and needs and to develop strong referral and partner networks. Therefore an investment in advice services brings the added value of our network of partnerships with other VCSE and public services.

More than any other organisation we see that people do not live their lives in silos. On average the people we advise come to us with 6 inter-related issues - these could include debt, housing, employment, welfare benefits or consumer, as problems rarely arise in isolation. Our trained advisers unpack and prioritise these issues, working alongside the client.

Often we're helping people to navigate complex or unclear handoff points between, for example, health services, local authorities and social care. In addition to helping people to navigate between different public services on an individual basis, our aggregated data and evidence informs our advocacy work. We are uniquely placed to inform future public service design to focus more on prevention, early intervention and ease of access, based on the lived experience of the people we help.

Digital inclusion and fairer telco markets

Foreword by South Yorkshire Digital Inclusion Project

Something often overlooked by public services and authorities is digital inclusion.

We can often take for granted our ability to go online, having Wi-Fi at home and a device that works - to pay our bills and not be disconnected. A quick online search and we can find what we are looking for.

However, for many clients this is not a reality.

Across the South Yorkshire Digital Inclusion Programme run by Doncaster Citizens Advice, we've delivered 1,500 digital advice appointments, supporting clients with over 4,000 individual issues between April 2024 and March 2026. This tells us that clients who are not able to access online services are not just coming for digital support; rather, being unable to participate online has affected many other areas of their life.

In particular, we see the impact across benefits, housing, employment and debt - areas which are already difficult to navigate, particularly for people experiencing financial hardship. The programme evaluation found that digital exclusion is deeply connected to poverty and inequality, with unaffordable connectivity costs, inaccessible digital services and a lack of confidence creating further barriers.

One impactful story which shows the value of digital support is Shauna*

Shauna presented to our service in need of financial support for her and her children. She had just run out of mobile data and could not afford to top it up.

She did not have enough income to buy food for herself, and didn't feel confident to complete online forms. She had just taken a granddaughter into her care, and this was a big change.

She wanted to get back into work, but found that to do this she would need a laptop, and the skills to apply for jobs online.

We helped Shauna* with a SIM card and a laptop donation for her and her granddaughter. We also did a benefit check, and found that she was eligible for Carer's Allowance, Child Benefit, the child element of Universal Credit and the Crisis and Resilience Fund. We helped her to apply, and she received food and energy vouchers, as well as a new bed for her granddaughter.

We had follow-up training sessions, and Shauna felt more confident with digital skills to complete forms and apply for jobs.

She also secured a social tariff deal for broadband.

This tells us digital inclusion is not just about whether someone can use a device, it is about affordability, connection and having someone there to help.

For clients like Shauna, affordable broadband can be just as important as having a device. Social tariffs and broadband discount vouchers can help people stay connected, but continued investment in digital inclusion support is also needed to help people build the confidence and skills to use that connection.

We also need to consider the wider cost of staying connected. When someone is already struggling to afford food, energy and housing, an increase in their broadband bill can mean that connectivity becomes something they can no longer afford. Protecting consumers from mid-contract price rises would help prevent people from being pushed further into digital exclusion.

Ensuring that Citizens Advice can provide this support enables people to feel that they can trust us, and to come to us no matter their ability - knowing that we can help them to build confidence, assist with forms and empower them is important.

Doing this helps to break down barriers of disadvantage. And what matters more in this current financial climate?

Written by Martha Capaldi, Advice Session Supervisor, Citizens Advice Doncaster

Policy recommendations for Digital Inclusion

Improve support for people struggling with broadband costs

Getting online is now essential for work, education and accessing essential services, so it's important that everyone has access to reliable internet. But affordability is a key barrier, with many households struggling to meet the cost of this essential service. Recent survey data shows that 8% of people are behind on their broadband bill, whilst 7% of people are not confident they'll be able to pay their broadband bill in the next 3 months - rising to 12% of those whose household income is less than £20,000 per year.[37]

Where people are struggling with the costs of essential services, targeted bill support can be essential. But the current model for delivering support with costs in the broadband market - delivered through voluntary social tariffs - is not working. Take-up levels have stayed stuck at very low levels, with just 9% of eligible households claiming them. This is despite households facing growing cost of living pressures, and efforts to improve awareness.

There are a number of reasons why this model is broken. There is a lack of standardisation in the social tariffs offered between different providers, with different eligibility criteria, sign up methods and products offered. This makes it harder to effectively signpost people to support. Perception issues also put people off claiming broadband social tariffs, as they don't expect the products will meet their needs, in contrast to those available on the commercial market.

[37] Source: Cost of Living survey of over 5,000 UK adults, undertaken by Walnut on behalf of Citizens Advice. Fieldwork took place between: xx

To address these issues, the Government should use the Autumn Budget to commit to introducing a new approach to bill support in the broadband market. This could be delivered through the introduction of a voucher scheme, that would give eligible households a discount on their broadband package, enabling them to access any broadband package on the market.

We propose setting this as a discount of £10 a month, saving struggling families £120 a year on their broadband costs. In previous modelling we calculated that this would cost between £120 million - £380 million to deliver, helping between 1 million and 3.2 million households. The costs depend on whether eligibility is restricted to just households in the lowest income decile (those with income of £300 per week or less), or if access was widened to capture all households in the lowest third of income (those with income of £540 per week or less).[38]

Put funding for digital inclusion support on a sustainable footing

In recent years, government and essential services have fundamentally changed, with more services going digital. This has resulted in growing numbers of people needing digital support.

We see this first hand as an advice organisation. Digital support needs have transformed the support that people need to resolve their problems. This has a substantial knock on impact on advice services. When surveyed about digital exclusion 32% of our advisers said that they spend more time with clients, but often with digital tasks and not advice.

Where we offer services helping people with digital skills these services can be transformative, helping give people the confidence to navigate unfamiliar processes.

Dash is a single father experiencing financial hardship. When his child's school asked him to register for Free School Meals online, it came as a surprise and he didn't feel confident he could do it. Worried he couldn't afford his child's meals, Dash came to the community hub for support. The adviser explained the process and sat with him while he navigated the online form, which he was able to submit on the day.*

But despite increased demand for digital support, the services providing this essential help are struggling. Much of the funding dedicated to providing digital support is

[38] More information on our modelling is available here: https://assets.ctfassets.net/mfz4nbgura3g/1Ig4LGPnVeyX36DdEsrFTI/437b2b89616aa7bf1d3d1560128db1ae/Broadband_bills_made_affordable_FV.pdf

provided through short term programmes, leaving uncertainty about the longer term future of services.

The scale of need is substantial: between 14 and 22 million people in the UK face one or more barriers to using digital services. This could be skills, confidence, or being able to afford being online.

Schemes like the UK Government's Digital Inclusion Innovation Fund have been welcome, and have supported many local services to grow, expand and trial new approaches to delivery. But, sustainable funding for digital services is needed to support local organisations to continue to help people.

We recommend the Government put in place long term sustainable funding options to secure the future of local digital inclusion services.

Ban mid-contract price rises to end April price shocks

The use of Mid-contract Price Rises (MCPRs) in the telecoms sector, means that each April millions of broadband and mobile customers see their bills rise. This piles further pressure on households at a time when other bills, like council tax typically surge. MCPRs are particularly troublesome, as they can often go unnoticed by consumers, who expect their contract price to remain fixed for the full length of their agreement. This leaves people exposed to bill shocks when April comes around.

Ofcom already recognised issues with MCPRs, and in January 2025 the regulator intervened by banning inflation-linked MCPRs. Inflation linked formulas meant that people could not possibly anticipate how much their price would increase by. But Ofcom went short of banning the practice, instead asking providers to set out their MCPRs in "pounds and pence" at the point of sale. A year since this intervention was brought in, it's clear this well-intentioned change has backfired, with many customers facing price increases that far exceed inflation. The result is customers facing even sharper price shocks in this market than before Ofcom intervened.

The Government has recently committed to clamping down on rip off practices to tackle the cost of living crisis. With customers facing inflation-busting price shocks in broadband and mobile, this would be an excellent place to start.

This change wouldn't require any funding to implement. As Ofcom already requires providers to set out how much their MCPRs will be in pounds and pence, providers already price the full contract at the point of sale. This means they know how much the customer will pay over the lifetime of their contract, but MCPRs enable them to hook customers in with low headline costs that obscure the true price they'll pay month to month. By ending MCPRs, consumers would have much greater transparency over the cost of their contract, making it easier for them to identify the best value packages. This measure would also give people certainty that their costs won't change for the lifetime of their contract, and put an end to those nasty April price hikes.