



Democratic Support

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#yourplymouth

YOUR PLYMOUTH 'TO FOLLOW' REPORTS

Monday 15 December 2014
4 pm
Council House (next to the Civic Centre)

Members:

Councillor Kate Taylor, Chair
Councillor Sam Leaves, Vice Chair
Councillors Damarell, Philippa Davey, Downie, Martin Leaves, Rennie, Ricketts, Riley, Sparling and Tuohy.

Co-opted Representative:

Steve Meakin, Money Advice Co-ordinator Devon and Cornwall.

PLEASE FIND ATTACHED REPORTS FOR YOUR CONSIDERATION UNDER AGENDA ITEM NOS. 6 AND 8.

Tracey Lee
Chief Executive

YOUR PLYMOUTH

6. HOMELESSNESS (Pages 1 - 4)

The Panel will receive an update on the current situation in the City regarding homelessness. The paper will highlight areas of concern that the panel could consider as part of a future co-operative review.

8. CO-OPERATIVE SCRUTINY REVIEW - PROBLEM DEBT (Pages 5 - 48)

The panel will receive for its information the report arising from the co-operative scrutiny review into Problem Deb. The report will be considered by the Co-operative Scrutiny Board on 17 December 2014.

Homelessness in Plymouth

Statutory homelessness¹:

Homelessness is a significant challenge in Plymouth. Despite having achieved year on year reductions since 2002, there was a marked turning point in 2010 when homelessness again began to rise, and it is likely to rise further in an exceptionally challenging economic and housing market environment.

- Last year (2013/14) 14,737 customers approached the Housing Options service, asking for support in relation to their housing (a 40% increase on the previous year – approximately 56 households every day).
- 1,252 of these households were case-worked by a specialist housing advisor, and 529 (42%) went on to make statutory homeless approaches.
- Plymouth City Council accepted a statutory duty to house 278 of these households.
- This year so far homelessness approaches are up 14% and homelessness acceptances up 33%

The reasons why people approach the Housing Options Team for support:

Over 2/3rds of all contacts made concern requests for support to access/achieve priority for social housing. In December the housing register (Devon Home Choice) waiting list reached 11,026, with only approximately 25 lets available every week – competition for this scarce resource is fierce, with multiple contacts resulting. In addition, high numbers of single people approach the service – either for advice

¹ 'Statutory homelessness', is where local authorities have defined a household as homeless within the terms of the homelessness legislation. Where they are found to be in priority need and not intentionally homeless then local authorities will have a duty to offer accommodation. This can include families with dependent children, pregnant women and adults who are assessed as vulnerable.

or financial support to access the private rented sector, or because they have a history of tenancy failure and are having difficulties securing alternative accommodation.

Homelessness prevention work that mitigates financial risk to Plymouth City Council:

Last year homelessness prevention work meant that 892 households were prevented from becoming homeless, with a massive contribution made by commissioned services targeting homeless households. This year a target of 1000 households has been set, with 505 achieved in the first 6 months.

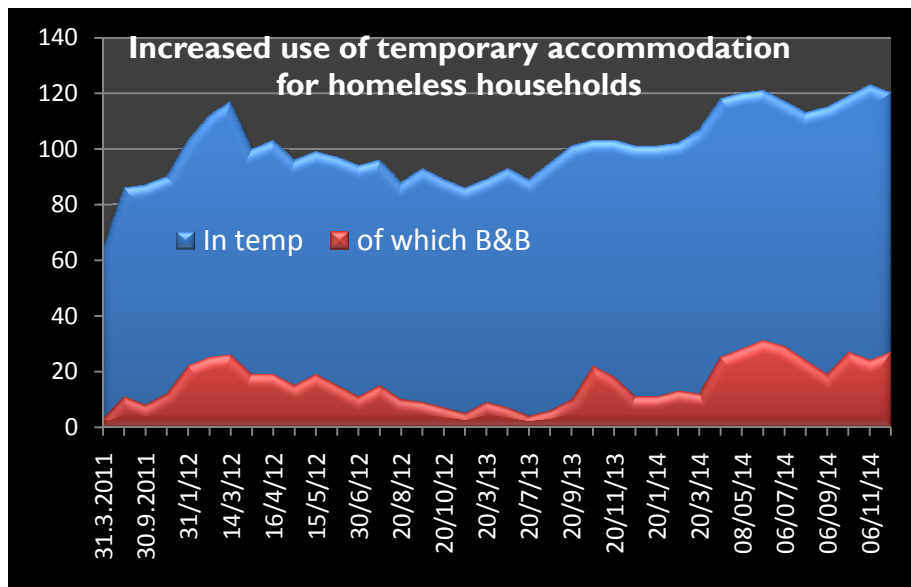
Prevention work means that an increased proportion of households are supported to stay put. Prevention activity includes providing mediation and support to 16/17 year olds and their families where relationships are at breakdown; affordability/debt work to address rent arrears and hardship; and casework to address tenant/landlord issues and support development of life skills.

Where households need alternative accommodation, approximately equal numbers are supported to access social housing (by being allocated priority band 'B') and private rented (supported by a commissioned rent deposit scheme). Relatively few preventions are achieved by supporting access to supported accommodation, reflecting intense pressure on these resources that makes them difficult to access. With budgetary pressures on the local authority increasing, capacity is unlikely to be increased to any large extent.

Temporary Accommodation:

The rising number of households in temporary accommodation (though the figure fluctuates – see the monthly 'temp tracker' below) continues to be a cause for concern, and there is significant overspend in relation to the B&B/emergency accommodation budget:-

- At the end of last year there were 109 households in temporary accommodation – at the end of the last quarter (September) there were 126.
- B&B is only used in an emergency, and the 93 families with children who were briefly accommodated in B&B at some point during 2013/14 were moved into leased houses within 3 weeks.
- In the first 6 months of this year 80 families have been accommodated in B&B at some point.
- However the most significant rise relates to single people with vulnerabilities – 28 in B&B at the end of the quarter, a 155% rise on the previous year. They tend to stay in B&B longer (a reflection on the lack of supported accommodation available).



Significantly higher levels of demand, combined with difficulties in accessing affordable settled accommodation for homeless households mean that people have to remain longer in temporary accommodation, hence the numbers are rising.

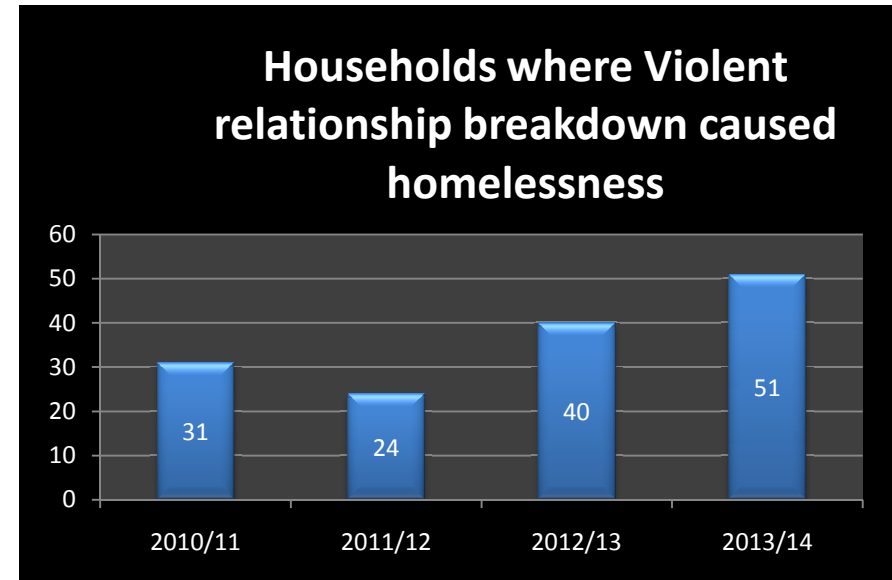
Causes of homelessness locally:

Loss of private rented tenancy is the biggest factor leading to statutory homelessness, with the most common trigger being family conflict. However this is often driven by underlying vulnerabilities and issues including drug and alcohol misuse, poor physical and mental health, behavioural problems, a lack of education and skills, and offending behaviour.

There are 3 critical environmental factors that make these common triggers more likely to result in homelessness:

1. The economic downturn leading to higher levels of unemployment and lower household income.
2. Housing supply struggling to keep pace with demand.
3. Major welfare and social policy reforms affecting accessibility and affordability of housing.

The high and rising levels of domestic violence among households who become homeless is a cause of concern:



Homeless hostels and rough sleeping in the city:

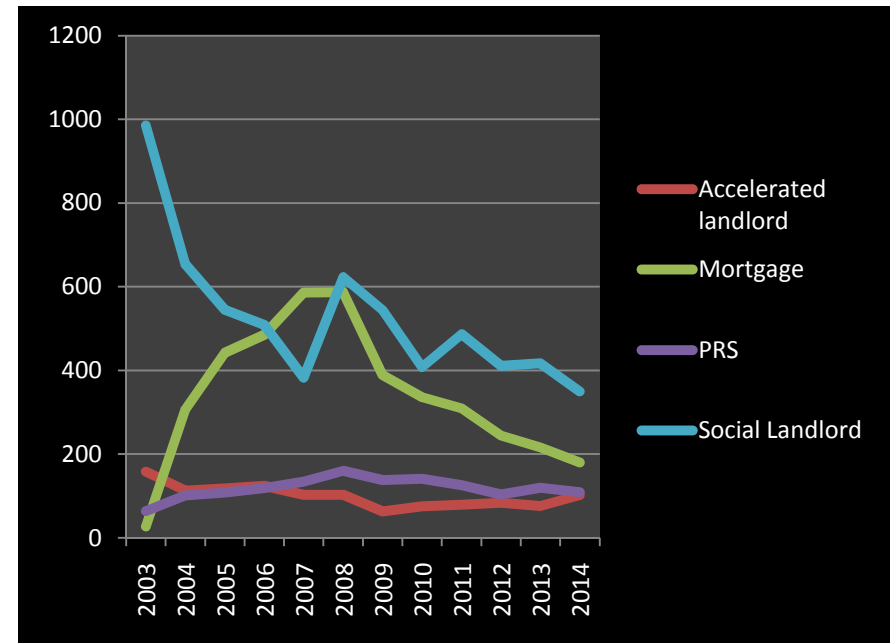
There are 346 hostel/supported accommodation units available to support non-statutory homeless² people with support needs, occupied for an average of 96.5% of the time (some void time is inevitable to allow for turnover) – therefore enabling us to estimate that there are an average of 334 homeless people occupying hostels/supported housing accommodation at any one time.

The city has a rough sleeper outreach team who contact people who are street homeless to support/encourage them to access hostels. Following impressive work to achieve reductions in rough sleeping, numbers in Plymouth are beginning to rise. This very much reflects the national picture – with much written about the squeeze on Local Authority budgets causing reductions in support for homeless people. Rises in rough sleeping are not as high in Plymouth as those seen in some local authorities where budgets have been more heavily cut.

Last year's official estimate (a robust measure based on 'hot spot' counts, reports of rough sleeping, and local knowledge of the rough sleeper team) was 9. The figure submitted last week was 13.

Repossession claims through Plymouth Combined Court:

With one quarter remaining of 2014/15 (compared in the graph below with previous full year totals), mortgage repossessions remain low (low interest rates and proactive 'forbearance' policies by lenders); the majority of possession claims are made by social landlords – but levels overall are falling, despite the fact that there are over 2000 people subject to the bedroom tax in the city - suggesting high input to address rent arrears prior to court action; of more concern is the increase in claims by private landlords – accelerated claims are already in excess of last year's total.



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PROBLEM DEBT



PLYMOUTH
CITY COUNCIL

A report of the Your Plymouth Scrutiny Panel
following a co-operative review into Problem Debt

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APPENDICES

- A Project Initiation Document
- B Witness Evidence

BACKGROUND DOCUMENTATION

Problem Debt – A Briefing Paper by the Social Inclusion Unit
<http://tinyurl.com/m3jgudj>

Problem Debt – Presentation
<http://tinyurl.com/o6veu89>

Letter from Alison Seabeck MP
<http://tinyurl.com/pkwgslc>

Problem Debt – Local Case Studies
<http://tinyurl.com/pqoct24>

1. INTRODUCTION

- 1.1 Most people have some form of long or short-term debt in their lives, whether it's a mortgage, loan/hire purchase (HP) agreement or credit card, and many are able to pay them off without incurring any unreasonable or additional costs. However, it is when those or other bills can no longer be repaid that debt can become a real and significant problem.
- 1.2 High profile media coverage has increased awareness of the rising level of personal debt nationally and many studies have been undertaken. One such survey, undertaken by the Money Advice Service (MAS), estimated that 8.8 million people were over-indebted in the country, with over 4 million of those having been struggling to pay bills for more than a year.
- 1.3 The Welfare Reform Act 2012 has widely been reported as being a contributing factor to increased levels of problem debt due to a reduction of income for households dependent on benefits. The loss of income from benefits payments to Plymouth as a City for 2012/13 was estimated at over £20m.
- 1.4 Since those changes were introduced, Plymouth City Council has seen an increasing demand on its Emergency Welfare Fund and Housing Options Service. With the cost of living continuing to rise, and further benefit changes in the form of Universal Credits being introduced from April 2015, councillors were concerned about the impact this was having on residents and wanted to explore what was being done to address the situation. The Your Plymouth Scrutiny Panel was therefore asked to look at the issue of 'problem debt' and its effect in the City.

2. SCRUTINY APPROACH

- 2.1 The Co-operative Scrutiny Board approved the establishment of a co-operative review into Problem Debt at its meeting on 19 February 2014.
- 2.2 **Co-operative Review Aims and Objectives**
 - 2.2.1 The aims and objectives of the Problem Debt cooperative review are set out in detail in the project initiation document (PID) attached as Appendix A to this report but, in summary, were to ascertain the level and depth of personal problem debt in the city and the effectiveness of how we respond as a Council.
- 2.3 **Co-operative Review Group Membership**
 - 2.3.1 The cooperative review group had cross-party membership comprising the following –
 - Councillor Kate Taylor
 - Councillor Damarell
 - Councillor Philippa Davey
 - Councillor Riley

Unfortunately, Councillor Downie was unable to participate in the review as originally planned.

2.3.2 For the purposes of the review, the cooperative review was supported by –

- Di Charlton, Development and Partnerships Manager – Lead Officer
- Katey Johns, Democratic Support Officer

2.4 Co-operative Review Methodology

2.4.1 The co-operative review met on 15 October and 3 November 2014 to review the documentation submitted as evidence and to hear from a number of witnesses.

2.4.2 The witnesses included -

- Pete Aley, Head of Community Services, PCC
- Laura Griffiths, Financial and Social Inclusion Officer, PCC
- Paul Elliott, Low Carbon City Officer, PCC
- Jenny Endean, Area Support Services Manager, Devon and Cornwall Housing
- Eunice Halliday, Foodbank
- Sarah Mcneice, Advice Team Manager, Citizens Advice Bureau
- Paul Williams, City of Plymouth Credit Union
- Ann Thorp, Service Manager, Customer Services, PCC
- Councillor Chris Penberthy, Cabinet Member for Co-operatives, Housing and Community Safety

2.4.3 A summary of the evidence provided by each witness is attached at Appendix B to this report. The Panel was extremely grateful to all those who participated in the review and commended the invaluable work being undertaken across the city by numerous organisations and volunteers to help those in need.

3. FINDINGS

3.1 The Cause

3.1.1 Debt can quickly change from being affordable to being a problem and this can happen for many reasons, including –



All figures based on StepChange Debt Charity clients 2013 – sample size: 180,666

3.1.2 As the pressure of debt increases, it can become more difficult for people to look at sensible solutions to their situation and this has the potential to lead some into a never-ending cycle of debt. This can quickly spiral out of control, particularly if they feel they have no alternative but to borrow more money on unfavourable terms (pay-day loans or loans with extortionately high interest rates).

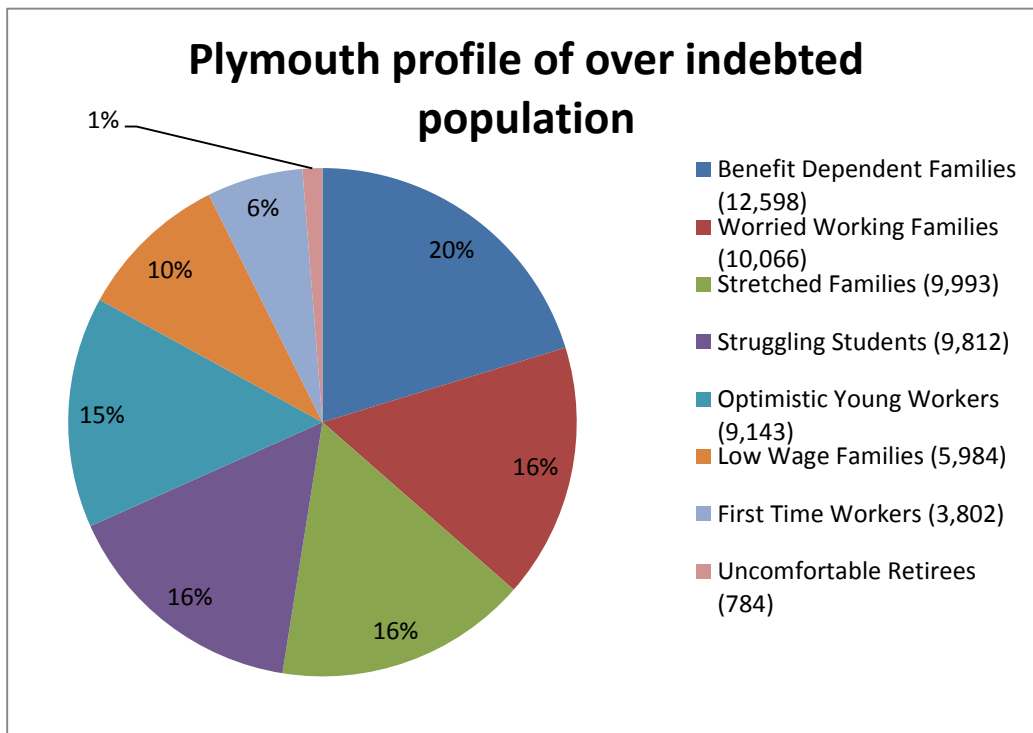
3.2 The Effect

3.2.1 The effect of debt can be felt in various ways, a few examples of which are listed below -

- Financial exclusion - it is more expensive to be poor as the cost of borrowing increases once you have a poor credit rating
- Greater risk of homelessness – cannot pay rent or mortgage or find a deposit
- Relationship breakdowns – money pressures can cause frustration/tension
- Poor health – worry and anxiety can lead to sleeplessness which ultimately can lead to possible development of mental health problems
- Poor performance at work
- Social exclusion

3.3 The Situation in Plymouth

3.3.1 A full picture of the situation in Plymouth can be seen in the profile below –



3.3.2 Plymouth has higher levels of problem debt than any other local authority area in the south west. It is the 48th most indebted out of 406 local authority areas nationally, with around 29 per cent of its 212,118 adult population being over-indebted – that is 12 per cent higher than the national average. To put this into context locally, the number of

people classed as having problem debt in Plymouth is almost equivalent to the entire combined population of the wards Devonport, Stoke, St Budeaux, Budshead and Honicknowle.

3.3.3 People who are struggling to repay their debt often delay seeking help or advice due to feeling embarrassed and ashamed. Many also have more than one debt concern and, when they eventually do seek help, they don't always want to share the complete picture of their level of debt. It is estimated that in Plymouth –

- up to 9,000 adults take out pay day loans annually
- a total of 51,000 loans are taken out each year
- approximately £8.8 million is accrued in interest and charges

3.3.4 Welfare Reforms, specifically the Bedroom Tax, Council Tax Support and Benefit Cap, have had an impact on the level of debt in the City. The table below reflects areas which have seen an increase in demand or debt a result –

Council Tax	Additional 16,000 plus residents billed in respect of Council Tax
Housing Benefit Overpayment	Over £4 million outstanding debt at as September 2014
Care provision for Adult Social Care clients	£2 million as at September 2014
Discretionary Housing Payments	40 per cent increase in demand
Emergency and Welfare Fund	66 per cent increase in payments
Housing waiting lists to downsize	70 per cent increase
Rent Arrears	Registered Social Landlords (RSLs) reporting 10 per cent increase

3.3.5 In addition to the above, the rising cost of living is having a significant impact on Plymouth, particularly energy costs, with the Fairness Commission having recently highlighted that as many as 14,000 households in the City were living in fuel poverty. This is backed up by information from the Citizens Advice Bureau who state that 25 per cent of client's debt relates to fuel. There are also many reports of people who prioritise paying their debts only to be left with no money to buy food and the Plymouth Foodbank has seen an increase in nearly 30 per cent in voucher referrals in the past 12 months.

3.3.6 It is the low wage and benefit-dependent families who need debt advice assistance the most who often don't seek it. It is thought that this is because they are resigned to their situation or feel trapped and see no way out.

3.3.7 Advice Plymouth have reported that –

- 66 per cent of all their enquiries related to debt and financial issues;
- within 12 months the total amount of debt at first contact increased from £1.9m to £2.2m
- the most common type of debt is fuel (gas, electric) and water debt

3.4 What is being done in Plymouth?

3.4.1 Advice Plymouth / Citizens Advice Bureau (CAB)

- 3.4.1.1 The Council has commissioned Advice Plymouth - a group of agencies delivering an independent, confidential advice and information service, including money and debt.
- 3.4.1.2 Where necessary, Advice Plymouth will refer people to the Citizens Advice Bureau (CAB) who, through the Advice Plymouth Drop-in service, deliver a face-to-face debt advice session. Clients can access this service by attending the drop-in or via telephone. Once clients have been assessed and their capability identified, options are agreed and an action plan implemented so that the client has a clear view of what will happen next. The CAB will also signpost clients to other support networks, such as Freshstart, where there are water arrears, as well as encourage clients to apply for an EDF Trust Fund where there are electricity and/or gas arrears.
- 3.4.1.3 The CAB also provides energy advice and currently hosts the national helpline for vulnerable customers which is funded by EDF energy. This area of work is increasing and since January 2014 it has completed 300 EDF Trust Fund applications which includes assisting clients living in Plymouth. A grant can assist clients with clearing energy debts. There has also been a significant increase in the amount of clients falling into fuel poverty and being forced to have a pre-payment meter fitted. Some of those clients will live in one room in the winter to try and keep their fuel cost to a minimum. Citizens Advice are currently running a national campaign to address this issue.
- 3.4.1.4 Information gathered by the CAB, through a number of local case studies, indicates that intensive work with customers struggling financially is an effective tool in tackling debt and demonstrates that debt advice does work. The earlier people access help and advice, the better their chances of reaching good outcomes for themselves and their creditors.
- 3.4.1.5 The CAB has an existing partnership with JBW Bailiffs and, through an on-line portal, can work with clients to set up an affordable repayment plan. It also has access to non-fee charging debt management companies and can assist the client with implementing an affordable payment plan to their creditors. Alternatively, there are six debt relief order intermediaries working with the CAB who can advise on insolvency, and administer and process debt relief order applications.

3.4.2 Housing Options

3.4.2.1 In addition to Advice Plymouth, the council's Housing Options Service provides income maximisation, financial capability and debt advice for customers that present with housing needs and, where appropriate, they will also signpost customers to other agencies who can help. For the period April – June 2014, this has included –

- 1:1 debt casework to 25 people
- Debt advice sessions to 30 people
- Budgeting skills sessions to 83 people

However, getting people to engage and talk about their debt problems is difficult with only 55 per cent of those referred actually attended the budgeting skills sessions and only 45 per cent of referrals attending the debt advice sessions.

3.4.3 Plymouth Energy Community (PEC)

3.4.3.1 Plymouth Energy Community (PEC) is a members' co-operative which was established in 2013 with support from Plymouth City Council. It is committed to helping transform all things energy related for the benefit of the people of Plymouth and its work is focussed around three energy goals –

- Reducing bills/fuel poverty
- Improving energy efficiency
- Generating a green energy supply in the city

3.4.3.2 With regard to reducing bills and fuel poverty, PEC help people to understand their fuel tariffs and switch to cheaper suppliers. They can also help people write off their fuel debt arrears and will signpost clients to other services which can help with this such as the Citizens Advice Bureau.

3.4.3.3 With regard to improving energy efficiency, PEC is currently assisting the City Council with delivery of the Eco and Green Deal scheme which provides insulation to properties. Insulated properties can bring fuel bills down by as much as one third. In January 2013 the Government announced the 'Energy Company Obligation' which placed an obligation on the 'big six' energy companies to reduce carbon emissions and, to some people, the costs of heating their homes. In order to fulfil its obligation in Plymouth, the City Council has entered into an agreement with British Gas to provide insulation to properties.

3.4.3.4 In Plymouth 35,000 homes, one third of the housing stock, has solid walls. The cost of a typical cavity wall insulation is £500 compared to £8,000 for solid wall. Grants of up to £5,400 are now being made available to properties towards the cost of solid wall insulation, whilst cavity wall and loft insulation is available free of charge. Take-up to-date has been very good and PEC are being proactive in promoting the scheme across the city.

3.4.3.5 One of the problems faced is that there are many privately rented properties that are not energy efficient which can often also be of a poor quality standard in general. By law, private rented properties are required to have an Energy Performance Certification (EPC). From 2016, new legislation will come into effect that will ensure landlords cannot reasonably refuse a tenant's request to make energy efficient improvements to their homes and this will be further strengthened by legislation in 2018 which will make it illegal for landlords to rent out homes which are under EPC band F.

3.4.3.6 Currently tenants face the risk of eviction if they report landlords to the Council over the poor quality standard of housing. However, this too is subject to debate in Parliament and it is possible that it will be illegal for landlord's to evict tenants for 'whistleblowing' in the near future.

3.4.4 Pay-day Lending / Adverts

3.4.4.1 Plymouth City Council is the first in the country to ban payday lending sites from being accessed from any of its computers and to ban advertising on any billboards it owns. To date 50 pay day loan websites have been blocked and there is no advertising permitted on council owned premises and facilities.

3.4.4.2 The Council has recently commissioned a feasibility study into ethical alternatives to pay day loans and its role within this. A report will be available shortly.

3.4.4.3 Advice Plymouth is launching a social media competition to raise awareness of the dangers of pay day loans and promote money advice services in Plymouth.

3.4.5 Emergency Welfare Fund

3.4.5.1 The Council's Emergency Welfare Fund is providing a package of assistance including –

- A housing options caseworker to provide debt advice
- A bedroom tax arrears clearance package and removal costs to those tenants who are unable to afford to remain in their existing homes, including eviction prevention measures
- Support to young people with advice on money matters including opening of a credit union account, access to low cost loan to pay off arrears in order to help them access supported housing, assistance with moving costs
- Young savers initiative – credit union account for Year 11 pupils
- Training teachers to deliver financial capability education for pupils (commencing September 2014)
- The CAB to support clients unable to afford the cost of DBS checks

3.4.5.2 In addition to the above, a feasibility study into how the council might be able to provide an ethical alternative to current pay-day loans is being commissioned. The Fairness Commission recommended that Plymouth City Council, housing associations and/or other agencies work together to consolidate customer's debts, offer payment plans and signpost to expert sources of help and advice and, to this end, Plymouth has been learning from other authorities such as Islington and Lambeth. Islington Borough Council has set up a multiple debt team and Lambeth Council writes off uncollectable debt.

3.4.5.2 Customers who struggle to pay their council tax and are in arrears can make an application for financial assistance from the Exceptional Hardship Fund. Currently the Council is paying an average of £3,419 a month compared to £1,428 a year ago.

3.4.5.3 The Council is working in Partnership with the CAB and JBW (debt recovery service) and has developed an on-line database which makes it easier for people to manage payment of their council tax and parking fines.

3.4.6 Credit Unions

3.4.6.1 There are two credit unions in the City – Hope Credit Union and City of Plymouth Credit Union. The Council actively promotes both as an alternative to pay-day and doorstep lending as well as being a positive way to start and keep saving.

3.4.6.2 The City of Plymouth Credit Union –

- With the support of the City Council, has opened a city centre shop
- Will only offer loans to people saving with them
- Ensures there is a level of affordability built in to every loan they offer
- For people who come for loans who have not been saving with the credit union, can provide access to a small pot of funding inherited from the Department for Work and Pensions (DWP) which, although they charge a slightly higher interest rate, is still a much better alternative to a pay day loan
- Can receive benefit payments on behalf of their clients so that money is paid direct into their credit union account. The credit union can then pay the client's rent direct to their landlord on their behalf and give them access to their money weekly or fortnightly. This helps them manage their money better by giving them better control over their money and avoids the temptation to spend it all at once
- Currently has a membership of 1,882, plus a junior membership of 571
- Believes financial education is key and currently operates schemes in 20 schools in the City which it hopes to roll out to all schools
- Needs a membership of at least 5,000 to be sustainable and at least £50,000 of liquidity in order to provide customers with interest bearing accounts
- 97 per cent of saving clients who take out loans repay them without any problem
- Sees many clients presenting who have more than one pay-day loan and a debt which is rapidly escalating
- Is seeing more and more people presenting with rent arrears
- Has concerns about whether communication companies are carrying out adequate credit reference checks as many clients have debt with more than one mobile phone network
- Supports the council in becoming an ethical lender
- Would welcome further support from Plymouth Community Homes by promoting its existence and benefits to its tenants and offering them free membership

3.4.7 Foodbank

3.4.7.1 The Plymouth Foodbank is a community project working to serve the community and fight poverty. It helps people who are in financial crisis by providing them with much needed food, as well as providing a listening ear and advice which can lead to signposting onto other agencies who might be able to help. Those who benefit from the Foodbank include –

- People whose businesses have failed
- People who are in work but have to wait for their monthly pay packet
- People who are on zero hours contracts
- Young people who are sofa surfing
- People who are ill or frightened

3.4.7.2 During the period 1 September 2013 to end of August 2014, the Foodbank received 8,024 referrals compared to the previous year, which is a 10 per cent increase. The biggest referrer is the Job Centre who, since April this year, has referred almost double the amount of customers compared to those referred through the Council's EWF scheme. The reason for this, they believe, is that there is a problem with the new benefits system, likely to be stemming from the Employment and Support Allowance (ESA).

3.4.7.3 One particular client group is single men, many of whom will have spent time in prison. This fact often reduces their chance of work and they are then left trying to get by on £42 a week. More recent clients have been commenting that they have been getting little support from probation and, in the opinion of the Foodbank, this is likely to be as a result of national changes to the probation service. For some, prison becomes a safety net as, without the necessary support or money, they feel they are better off inside.

3.4.7.4 In addition to providing food, the Foodbank can also provide other goods such as toiletries, nappies and even pet food. They also offer help to people with filling in benefit applications on-line, provide support through a job club, give maths and healthy cooking lessons, assist with school uniform purchase and provide vouchers for fuel top-ups. They are also another listening ear and by taking time out to talk with the people who visit, they are often able to signpost them on to other agencies who can help them, whether that be debt related or health related.

3.4.7.5 Being part of a network of support agencies, the Foodbank knows it is important to keep up-to-date with the current situation both locally and nationally. They attend the local Welfare Rights Forum which brings together third and statutory sector agencies dealing with welfare rights in Plymouth. It allows those groups to share information and work together to resolve difficulties in the complex area of welfare rights.

3.4.7.6 The Foodbank has found, through its assistance to customers, that the Council's EWF on-line application form can be very off-putting due to the language used. They felt that this should be changed to make it more user-friendly and encouraging.

3.4.7.7 To tackle problem debt and poverty alike, the Foodbank is of the opinion that the City Council should lead by example and pay its staff and contractors a living wage and avoid the use of zero hours contracts.

4. CONCLUSIONS

4.1 From the report provided for the purpose of this review, and by hearing from the numerous witnesses, debt is clearly an issue for the people of Plymouth. The impact of

welfare reform combined with the overall economic climate are having an effect on individuals and families.

- 4.2 Intensive work with people who are struggling financially is an effective tool in tackling debt and demonstrates that debt advice does work. The earlier people access help and advice, the better their chances of reaching good outcomes for themselves and their creditors.
- 4.3 There is clearly a lot of good work already being undertaken by the Council and many other agencies and this partnership working needs to continue to be supported. The work of credit unions in particular has proven invaluable. However, it is obvious that more has to be done to prevent people from getting into debt in the first place and encourage those that do to tackle their debt problems early on. It is, therefore essential that the sustainability of credit unions should be ensured with its existence being promoted at every opportunity.
- 4.4 Whilst pay day loans may appear to be the answer to a person's immediate debt problem, it has been clearly demonstrated and evidenced that, in most instances, this is not the case. Once one pay day loan has been taken, another can quickly follow causing a cyclical and spiralling effect. The Council's initiative to ban pay day lending advertisements on its computers and billboard is to be commended and consideration should be given to encouraging its partners to do the same.
- 4.5 The Fairness Commission has recommended that Plymouth City Council, housing associations and other agencies work together to consolidate customer's debts, offer payment plans and signpost to expert sources of help and advice. By looking at the work undertaken in other authorities such as Islington and Lambeth, Plymouth City Council could give consideration to implementing similar such schemes, including becoming an ethical lender itself and/or writing of some debt altogether.
- 4.6 Living in poor quality housing can help lead a person into debt. Tenants use their own money to try and make their home 'decent' and can face huge energy bills from trying to keep their home warm if it is poorly insulated. There is a lack of decent quality, energy efficient housing in the City. That, combined with rising energy bills and landlord's being able to charge what they like, can often result in tenant's having limited accommodation choices and struggling to make ends meet.
- 4.7 It is not just those on benefits who struggle with debt. Even those with full-time jobs are finding it hard to meet all of their financial commitments. Salaries in Plymouth are lower than the national average. In 2012 the average gross weekly wage for a full-time worker in Plymouth was £454 compared to the national figure of £506. The Council should lead by example and pay its staff and contractors a living wage and avoid the use of zero hours' contracts. It should also actively encourage other employers in the City to do the same.
- 4.8 Education is key to helping solve the problem. Informing children from an early age of the importance of saving and of the benefits that saving even a small amount can bring. The satisfaction gained from having saved for something is far greater than going and buying it on credit and that is something that seems to have been lost in today's society, possibly through peer pressure. The work of the CAB, City Council and Devon and

Cornwall Housing in supporting and encouraging children and young people to save is to be commended and should continue.

5 RECOMMENDATIONS

5.1 The Co-operative Review recommends –

1	that the Council carries out a review of the options to encourage early engagement with appropriate services by those in debt with the specific aim of preventing cyclical debt;
2	that a letter signed by the Your Plymouth Scrutiny Panel Chair, Cabinet Member for Co-operatives, Housing and Community Safety and Leader of the Council is sent to the responsible government ministers urging them to reconsider their decision to scrap provision for Emergency Welfare Hardship Funding;
3	<p>that in order to support credit unions –</p> <ul style="list-style-type: none"> • further communications are sent to all councillors and council staff encouraging them to join; • a letter signed by the Your Plymouth Scrutiny Panel Chair, Cabinet Member for Co-operatives, Housing and Community Safety and Leader of the Council is sent to the city’s housing associations asking them to encourage their tenants to join;
4	that the Council continues to ban advertising of payday lending companies on council-owned billboards and computers, and investigates what else it can do to deter predatory lending;
5	that the City Council’s investigations into becoming an ethical creditor are supported;
6	an investigation into the effect/consequences of writing off uncollectable debt as done by Lambeth Council, particularly the financial effect on the authority;
7	<p>that the Council continues to support –</p> <ul style="list-style-type: none"> • abolition of the bedroom tax, which disproportionately affects disabled people; • affordable housing and its commitment to building homes for the city’s residents;
8	<p>writing to the City’s MPs highlighting the issues and effect on residents of –</p> <ul style="list-style-type: none"> • bedroom tax;

	<ul style="list-style-type: none"> • lack of decent affordable housing; • having rent benefit capped without any limits being set on what landlords can reasonably charge; • rising energy bills; <p>and asking them what they have done to try and tackle these issues;</p>
9	that a letter signed by the Your Plymouth Scrutiny Panel Chair, Cabinet Member for Co-operatives, Housing and Community Safety and Leader of the Council is sent to members of the 1000 Club encouraging employers in the city to pay their staff a living wage;
10	that the Council continues to support and encourage local implementation of financial education into the schools' curriculum together with the 'Starter-4-Ten' initiative;
11	that the Council gives consideration to investing £50,000 to the credit union to provide the liquidity required in order for it to start offering interest saving accounts or considers other financing options with a view to providing a feasible alternative low-cost loan service;
12	that the city's University and colleges be asked to - <ul style="list-style-type: none"> • consider following the Council's example of banning the advertisement of pay-day lending on their campus sites and computers; • raise awareness of the issue of problem debt amongst their students and the existence of credit unions;
13	a leaflet advertising/promoting the benefits of credit unions is sent out with all council tax bills;
14	that officers responsible for the care of the City's looked after children are provided with the necessary information and skills regarding money management to help reinforce what children are taught at school and that this is particularly reinforced to care leavers whilst their pathway plans are being prepared;
15	that the Council investigates the possibility of establishing an alternative to Bright House to be run as a not-for-profit co-operative / social enterprise by local people / volunteers with all money raised being invested back into the scheme;
16	that the Council ascertains whether its temporary employment agency employs any of its staff on zero-hours contracts or pays the minimum living wage and considers, if not, whether it should be renewing its contract when it expires;

17		that the Council considers no longer chasing outstanding council tax debt where it is known that the debtor is waiting for payment of universal credit;
18		that the Council supports continuing development of the existing welfare rights forum;
19		that the Council looks at ways of further regulating landlords, possibly by way of an accreditation scheme, to help reinforce new legislation being debated in Parliament to prevent whistleblowing tenants being evicted.

The Co-operative Review commends –

- (a) the work of the Plymouth Energy Community (PEC) in trying to tackle the issues surrounding rising energy costs;
- (b) the Labour Party’s commitment to ending the exploitation of zero-hour contracts.

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REQUEST FOR A COOPERATIVE REVIEW



Please submit this document to Democratic Support once complete.

The request will be submitted to the Co-operative Scrutiny Board for consideration against the approval criteria and you will be notified of its success. If the Board approve the request for a Co-operative Review on the subject matter below then a project plan will be completed and you may be asked for further information.

What is the name of the review?	Personal Problem Debt
Please provide a brief outline of the subject and scope of the review?	To ascertain the level and depth of personal problem debt in the city and the effectiveness of how we respond as a Council
Please outline the reasons as to why you believe a review needs to take place?	According to the Money Advice Service's report "Indebted lives: the complexities of life in debt" Plymouth has 29.3% of its population over-indebted, and ranks 48th out of 406 Authorities in a league table of local debt levels. This makes us the most indebted local authority area in the South of England. We need the review to establish whether we are providing the services needed to meet this need.
What will the review attempt to achieve?	The review will a) establish the causes b) the local impact and c) the quality of the response in respect of personal problem debt
Who will benefit from the review?	Members of the public, Councillors, Officers, Partners
How long do you think the review might take?	It is expected that the review would take one calendar month from start to finish. There is potential for a wide range of witnesses from across all sectors. This will include 3 separate days of witnesses.
When do you think the review should commence and why?	The review should commence by March 2014 in order to be completed prior to the end of the Civic Year.
When do you think the review should be completed by and why?	The review should be completed by April 2014 as above.
Review requested by?	Requested by Councillor Tuffin

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WITNESS EVIDENCE

No.	Witnesses
B1	<p>Pete Aley, Head of Community Services, and Laura Griffiths, Financial and Social Inclusion Officer</p> <p>The information presented by these officers was used to set the scene for the this co-operative review. The full detail of the information presented is set out in the briefing paper contained within the agenda pack and in the presentation which was tabled at the meeting –</p> <ul style="list-style-type: none"> • http://tinyurl.com/m3jgudj • http://tinyurl.com/o6veu89 <p>Much of the detail is replicated in the body of the main report to which this appendix is attached.</p>
B2	<p>Paul Elliott, Low Carbon City Officer, Plymouth Energy Community (PEC)</p> <p>Plymouth Energy Community (PEC) is a members' co-operative which was established in 2013 with support from Plymouth City Council. It is committed to helping transform all things energy-related for the benefit of the people of Plymouth and its work was focused around three energy goals –</p> <ul style="list-style-type: none"> • Reducing energy bills / fuel poverty • Improving energy efficiency • Generating a green energy supply in the city <p>There have been two definitions of fuel poerty –</p> <ul style="list-style-type: none"> • the old definition was where a household spent more that 10 per cent of its income on fuel - using that definition Plymouth had 14 per cent of its households in fuel poverty; • the new definition, which has been formally accepted and is the one we are now working to, uses a households income and energy bill to determine whether or not it is in fuel poverty. If a household has an income which is below the poverty line (approx. 60 per cent of the median income for households) and higher than typical energy costs (for that type of property) then it is deemed to be in fuel poverty. Using this new definition Plymouth has 10.3 per cent of households in fuel poverty. <p>Unfortunately there is a two year lag on this data from Government so these figures are from 2012 and may not be an accurate reflection of the current picture.</p> <p>There are three main causes –</p>

No.	Witnesses
B2	<p>Paul Elliott (PEC) Cont'd/ ...</p> <ul style="list-style-type: none"> • dwelling characteristics – insulation, double glazing etc. • people living in the household – number, income, age • price paid for energy <p>My role is a delivery focussed and I work to deliver a number of programmes to help address energy efficiency in the City. PEC has a service level agreement with the City Council to buy back staff time so a lot of the Low Carbon Team's work is actually helping PEC to deliver its activities. There are four key areas that PEC undertake to help tackle fuel poverty –</p> <ol style="list-style-type: none"> (i) help people understand their tariff and switch to cheaper suppliers; (ii) help people write off fuel debt arrears, part of that process will involve signposting clients to other services which can help provide assistance such as CAB, Advice Plymouth etc.; (iii) Eco and Green Deal scheme which provides insulation to properties. In January 2013 the Government announced the 'Energy Company Obligation' which placed an obligation on the 'big six' energy companies to reduce carbon emissions and, to some people, the costs of heating their homes. In order to fulfil its obligation in Plymouth, the City Council entered into an agreement with British Gas. The key difference between this and previous schemes was that this was targeting hard to treat homes (those with solid walls) whereas previously the energy companies had focussed on homes with cavity walls in order to reach their targets as cheaply as possible. Nationally, that left six million homes untreated and in Plymouth the figure was 35,000 as one third of the housing stock has solid walls. The energy companies didn't like this as the cost of a typical cavity wall insulation was £500 compared to £8,000 for solid wall. They therefore rallied together and successfully lobbied the Government for change so that solid wall properties were no longer the focus. This then left the Council part way through a programme of insulation works which it was no longer able to complete, having only done 20 properties. Fortunately, £3m of funding became available in April following a successful bid to the Green Deal for Communities Scheme which means that we were able to refocus on offering solid wall insulation and grants of up to £5,400 are now being made available to properties towards the cost of insulation. Insulated properties can bring fuel bills down by as much as one third; (iv) Volunteer and Apprentice Scheme – not currently live. Have a Volunteer Co-ordinator starting at the end of this month whose role will be to develop the role of the volunteer, ensuring they have the right skills and qualifications (and arrange appropriate training if necessary). We then have two apprentices starting soon after that. <p>By law, private rented properties are required to have an Energy Performance Certificate (EPC). From 2016 new legislation will come into effect that will ensure landlords cannot reasonably refuse tenant requests to make energy efficient</p>

No.	Witnesses
B2	<p>Paul Elliott (PEC) Cont'd/ ...</p> <p>improvements to their homes and this will be further strengthened in 2018 by legislation which will make it illegal for landlords to rent out homes which are under EPC band F.</p>
B3	<p>Jenny Endean, Area Support Service Manager, Devon and Cornwall Housing</p> <p>My role and area of responsibility is looking after all the supported accommodation in Plymouth for older people, mental health services and young people. This role has enabled us to gain a clear picture of the level of debt that many of our clients have, particularly young people. We operate the HUB which is a single referral point of assessment for anyone who is homeless or in need of housing under the age of 25. We assess them with our partners and meet fortnightly to prioritise those young people and their needs against what supported accommodation we have available at the time. Part of that assessment process involves scoring people on how they manage money. We look at whether they have had any experience of managing money, whether they have lived independently before, if they have had arrears, if they have any debts and, if they do, what those debts are and what they are doing to try and address those. We also look at whether there are any gambling issues. We will then look at what level of support we think they might need and identify what project they could go to in order to help them deal with that debt. We are finding that 91 per cent of young people coming through the HUB are scoring quite high and do need support around managing money.</p> <p>Because vacancies are presently quite low in the city (though this does tend to fluctuate), we do carry a waiting list and there are currently 40 young people on that list, all with varying degrees of needs. Eleven of those (approximately 28 per cent) have arrears with other housing associations and this blocks them from moving on as they are obviously a higher risk to the landlord. In order to help those people move on, the HUB agreed that they would need to make six payments in order to demonstrate their commitment to resolving their situation. The referrer will look at each individual case and agree what will be an affordable amount (could be as little as £1). The average owed by those 11 young people is about £200.</p> <p>Another part of what we do is a project called 'Wis£r Wonga'. This is a partnership with the CAB, The Zone, Plymouth Community Homes, Barclays Bank, The Credit Union and Affinity Sutton providing support to young tenants and residents in social housing (16-25yrs) to help empower them in the effective use of their budget. Currently in its second year, this five-year project, funded by the Lottery, works especially with those who are having difficulties with their finances and who want to develop their confidence with money.</p> <p>There are two parts to this project, the first involves a financial confidence case worker officer and two apprentices, as well as youth development workers who work in targeted areas. The four areas being focussed on are Devonport, Stonehouse, Whitleigh and Barne Barton. These community based projects have an allocation of money and the youth development workers will work with the community and young people to see if there is a particular project that they can get involved in (such as football teams or job</p>

No.	Witnesses
B3	<p data-bbox="284 237 1299 309">Jenny Endean, Area Support Service Manager, Devon and Cornwall Housing Cont'd/ ...</p> <p data-bbox="284 349 1449 902">search) and then, through informal learning, help them to understand the budget for that project so they can see the importance of budgeting and managing money and start to build confidence in doing so. The second part of the project is a one-to-one service involving young people working with a financial caseworker, talking about what debt issues they have and how confident they are to deal with it etc. They identify priority and non-priority debt but one problem that comes up repeatedly is pay-day loans. During the first year of the project we saw 50 per cent of the young people we dealt with present with high-cost credit. One example was where the caseworker had worked with one young man who had taken out a Wonga loan and, whilst this loan was addressed and dealt with, Wonga must have passed on his details as he subsequently received 14 texts from other companies asking did he want more money. Very difficult for young people to get themselves out of this situation when they are bombarded like this. We try to get them to understand that anyone can have a financial crisis in their lives no matter what their circumstances but its how you deal with that crisis that will determine how you manage your money and make more confident choices in the future.</p> <p data-bbox="284 943 1449 1384">One of the areas that the caseworkers are working on is how to get young people safe bank accounts - to start thinking about where their accounts are, to be confident about speaking to their banks and to try and encourage them not to have overdrafts. Once you get into a cycle of using your overdraft it is difficult to break it. We have been working with them and a number of banks in the City to encourage them to get to know their bank and not see the people there as just a suit but as someone they can engage with. One example quoted was where a young woman who was on an apprenticeship had realised she had overspent but didn't want to get into arrears with her rent. We were able to encourage her to go to her bank and arrange a £50 overdraft for one month only so she could address the situation without spiralling out of control. This gave her confidence to deal with her other non-priority debts by putting in payment plans etc. to budget her money.</p> <p data-bbox="284 1424 1449 1641">Other problems we come across are related to fuel (gas and electric) and water payments. Many of the tenants we are seeing are on meters and what we are finding is that, if they have a prior debt, when they next top-up the supplier is taking part of that top-up payment as payment toward the debt, sometimes as much as 70 per cent of the payment. Many young people aren't even bothering and are living in darkness and without heat. The case worker will work with them and help them try to deal with that.</p> <p data-bbox="284 1682 1449 1977">TV licence is another area where people fall behind as they often don't realise the implications of not paying. A small debt of a few pounds can quickly mount up to a few hundred by the time it gets to court. We are finding that there is a generation of young people out there who have no foundation on which to manage money or to save to pay bills. Common theme throughout is communication and the importance of communicating with the person with whom you have your debt and to try to come to an arrangement at the earliest opportunity. We encourage everyone who comes to us to manage their arrears and we also recommend the use of credit unions.</p> <p data-bbox="284 2018 1430 2051">Final element of work we do is helping young people in supported housing to move on.</p>

No.	Witnesses
B3	<p>Jenny Endean, Area Support Service Manager, Devon and Cornwall Housing Cont'd/ ...</p> <p>For most the only option is private rented accommodation but that requires a deposit and regular payments. We work with RSLs to get them to take the young people and we work with the young people to encourage them to save and budget plan.</p>
B4	<p>Eunice Halliday, Foodbank</p> <p>I am no expert on problem debt but I can tell you that we have had 8,024 referrals to the Foodbank in the last year, which is a 10 per cent increase on the previous year (those figures are for the period 1 September 2013 to end of August 2014). Whilst there has been a slight decline in the visits since April this year, we are now getting into the busier period of the year for the Foodbank (October through to December). In terms of the reasons people come to us, the highest percentage is due to benefit delay, usually because people are moving from one benefit to another or just signing on (one third of our figures relate to benefit delay). Our highest referrer is the Job Centre in Exeter Street (technically they don't actually refer they just suggest to people on their forms that they go down to the Foodbank). A total of 201 voucher holders have been sent to us since April from the Job Centre compared to 101 from the Emergency Welfare Scheme that you operate here in the Council. To us this demonstrates that there is clearly a problem with the benefits which I appreciate isn't a Council problem but more a DWP problem, likely to be stemming from the change in Employment and Support Allowance (ESA). Often people think they have the right sick notes and they haven't been received, often as result of administrative error, or there has been a lapse and they haven't realised they had to be renewed.</p> <p>A lot of people who have been coming to us have been on short-term work and, although there is something called 'rapid reclaim', if you've not got a lot of money its not rapid in the sense that you need it and that is how we get a lot of families coming into the Foodbank as one of the partners is working and they are waiting for the rapid reclaim to take effect.</p> <p>We do get a lot of single men, many of whom will have spent time in prison, which doesn't aid their chances of finding work. One of the big issues this group has is that when they come out of prison they get their £42 and then what do they do? We get a number of people who just recently are coming out and don't seem to be getting any help from Probation (I know there are issues with the management of probation following the recent changes bought about by government). This is a big issue for the City as this is a group of single young men who come out of prison, have no money, no real resources to keep them going and its easy to see therefore what they will do in order to have those resources. They are just on a cycle and some of them have got to the stage where prison is their safety net where they are cared for and it takes a lot to break out of it. In terms of problem debt, those young people have no resources available to them in order to deal with their finances. A lot of people who come in have borrowed money from everyone they can think of and when they do get their first benefit payment they know its all going to go on paying people back and so they</p>

No.	Witnesses
B4	<p data-bbox="284 241 847 275">Eunice Halliday, Foodbank Cont'd/ ...</p> <p data-bbox="284 322 1206 356">don't feel they'll be any better off once they've got their first payment.</p> <p data-bbox="284 403 1430 1088">In terms of asking how many of them are going to pay-day loans, Wonga or those sorts of places, we are not so good at asking and some people are quite reluctant to admit they use them due to there being a lot of negativity around them. It is also so well publicised that they charge such high interest rates and therefore why would anyone be foolish enough to do that? People are less happy to admit that that is how they are getting their money. We do have tee-shirts with 'stop loan sharks' on the back which we sometimes wear at the Foodbank but we are divided on whether it is the right thing to be wearing them. I think not because we don't want people coming into the Foodbank thinking that they are coming into some kind of institution which is going to preach to them. On the other hand, however, it has been known to start conversations about who they owe money to and we will always encourage people to have a credit union account but we don't have any statistics about how many actually take action following that conversation and go on to open an account. We can also signpost to other agencies and promote initiatives such as the energy co-op because we know that giving food is only the tip of an iceberg really. We also give toiletries, pet food, nappies and other bits and pieces that families are often needing and offer help with online applications, job club, maths lessons and healthy cooking courses and all sorts of other things that we try and feed people into.</p> <p data-bbox="284 1135 1406 1480">Whilst nobody comes to us particularly to present with problem debt it is an obvious underlying factor and clearly those who are sanctioned are going to get into debt if they are not getting their benefits. Most people come to us because they have been referred or heard through word of mouth not because of radio or tv advertisements. All of the agencies who give out the vouchers do so with care. The four voucher scheme allows us to help people up to four times and if they present again we can refer them elsewhere. What we do offer is the opportunity for a chat where we can sit down and listen to people's problems. We have people from all walks of life coming in to us, examples include –</p> <ul data-bbox="352 1527 1430 1921" style="list-style-type: none"> <li data-bbox="352 1527 1430 1641">• Lady with two young children and another on the way. Her husband was working but had started a new job and wouldn't be paid for four weeks so they were struggling to buy food and basic supplies; <li data-bbox="352 1653 1430 1722">• One man just out of prison who had tried to kill himself and was clearly vulnerable and needing assistance; <li data-bbox="352 1733 1430 1921">• One man who was a carer for his son came in as he had been away dealing with his father's funeral and whilst away his sick note had expired. When he presented to the Department for Work and Pensions (DWP) for his benefits he was told they could not give him anything until his sick note had been renewed by his GP <p data-bbox="284 1968 1430 2080">Do find that the Emergency Welfare Fund (EWF) online application form is very off-putting to people and feel that the wording used could be a bit more encouraging. We also attend the local Welfare Rights Forum to keep informed of the current situation</p>

No.	Witnesses
B4	<p>Eunice Halliday, Foodbank Cont'd/ ...</p> <p>nationally and locally and always actively engage with the council. Though not advertised the Foodbank can provide vouchers for fuel top-ups and help with school uniform purchases.</p> <p>Think that the Council should be setting an example and pay its staff and contractors a living wage.</p>
B5	<p>Sarah Mcneice, Advice Team Manager, Citizens Advice Bureau</p> <p>Please refer to separate attachment at Appendix B5a.</p> <p>One of the issues drawn out through questions not already covered in the submission included that the CAB did not operate any zero hours contracts and all staff, including apprentices, were paid a living wage.</p>
B6	<p>Paul Williams, Credit Union</p> <p>Unlike many people you have spoken to today, as a credit union we are not actually debt advisors. We are able to offer an alternative and do try to actually engage with people beforehand or they engage with the credit union after and we can help them budget their money. What we find is that many people do manage to get by on a week-to-week basis but where they come into difficulty is when they need a new washing machine or cooker and this then throws their budgeting off track. This applies equally to anyone whether in receipt of benefits or in receipt of an earned income – it doesn't matter. What we try to do is encourage everyone to save with a credit union, even if you don't need to at the time, as there may be some point in the future where you will need that money and we can offer a much better value alternative to pay-day and door-step lenders and even many high-street lenders. You can then borrow against those savings at a much lower rate of interest and pay it back weekly or monthly without getting into any further financial difficulty.</p> <p>What we guarantee is that once people have been saving with us for some time, the premium against that loan will never exceed the amount that has been saved with us for the first 13 weeks. That shows we have a level of affordability built in for people. Not everyone can afford to save with the credit union but I do believe that everyone can save a couple of pounds, regardless of where they are. For those that can't, we do have a small pot of money inherited from the DWP which we can access (emergency fund based on income and expenditure) and whilst we do charge a little more for this money, it is still a much better value alternative to a pay-day loan.</p> <p>We are finding that people, particularly on benefits who get their money at various times of the month, eg tax credits one day, child support tax another and then income support once a fortnight, find it difficult to budget. We can help them with this as they can arrange for this money to be paid into us and then we can pay them out regularly whether its once a week or once a fortnight and, if they are really struggling and they wish it, we can pay their bills for them too.</p>

No.	Witnesses
B6	<p data-bbox="284 237 874 271">Paul Williams, Credit Union Cont'd/ ...</p> <p data-bbox="284 315 1430 568">We can issue our customers with a pre-paid card with the residue of their money put on it for them to go and spend on shopping or bills and this means that they don't have to carry cash around with them. We have had occasions where they have been in and drawn out cash only to come back 30 minutes later and say they have lost it. Unfortunately, we are not in a position to say here's another lot of money for you – away you go! By having it on the card, if they lose the card there is no monetary value lost and we can simply replace it.</p> <p data-bbox="284 613 1430 936">We have lots of people coming into the credit union with debt problems; one of the more recent forms of which is communication debt. More and more people are building up defaults on their phone contract agreements and often it's not just with one communication company its two, three and sometimes even four. The question then is what are those companies doing in terms of carrying out credit checks on those people? If there is a default registered against one company, why are they then selling phones on to the same people? It appears their focus is sales and reaching their sales targets whilst being happy to write off a percentage – this is something I personally find really frightening.</p> <p data-bbox="284 981 1430 1675">Five years ago when I joined the credit union, pay-day loans were not really heard of. I think recently they have hit the headlines and we are beginning to find now that three out of five people that come in to request a loan from us have had some dealings with a pay-day loan and not just one but multiple pay-day loans. One example involved a lady that was getting married and borrowed some money through a pay-day loan (her husband didn't know anything about it). She then took out a second pay-day loan to help pay for the first and it subsequently transpired that she had seven different pay-day loans going at once on an income of about £250 per week which was unmanageable. They came into the credit union for a loan when they had only been married seven days and when her husband found out he threatened to divorce her after 10! The credit union was able to pay all of the pay-day lenders off for them and now they pay back the credit union a regular amount. What we can't afford to do is this for every citizen of Plymouth – we don't have the capital to do that. We have worked with Plymouth Community Homes (PCH) when they were in a programme of renewing kitchens and condemned a number of cookers and their tenants had no money to replace that appliance. The credit union actually bought the appliance(s) and the tenant then repaid in a small but regular amount. If we hadn't provided that service those tenants would more than likely gone and visited a pay-day or door-step lender instead.</p> <p data-bbox="284 1720 1430 1832">We also have housing benefit paid into the credit union and as it hits the credit union, with agreement of the tenant and the landlord, the credit union then pays that money direct to the landlord on the tenant's behalf. This has a two-way benefit –</p> <ul data-bbox="335 1877 1430 1989" style="list-style-type: none"> • It gives the tenant long term security of having their rent paid and avoids temptation to spend that money elsewhere • It gives the landlord the security of tenant who pays rent regularly and on time <p data-bbox="284 2022 1430 2056">We don't charge the tenant for this service but we do charge the landlord £5 a month.</p>

No.	Witnesses
B6	<p data-bbox="284 237 874 271">Paul Williams, Credit Union Cont'd/ ...</p> <p data-bbox="284 315 1422 607">We also currently do not charge customers for the paying in and out service mentioned earlier (where we receive their benefits and tax credits etc). However, in the future we are considering the possibility of charging £0.99 a month in order to cover our running costs for this service. When you compare what we charge, for example to borrow £1,000 from us a lender would pay back £1,100 compared to around £1,800 from a door-step lender, we offer much better value. We will only lend to those that have been saving with us so we need to get people to plan and start saving before these events arise rather than coming to us after the event.</p> <p data-bbox="284 647 1426 1014">We are finding that more and more people are going into rent arrears. I don't know if that is because money is tight and the temptation is that once they have their housing benefit they then spend it on something else – I think Christmas will be a crucial time as, if income is tight, people will spend their housing benefit on Christmas rather than their rent. The impact of that will be that private landlords won't get their rent and they won't be happy as they can't then access that until the tenant is more than eight weeks in arrears. We can't afford to lend everyone who saves with us a loan because they are in rent arrears. What we can do is sit down with them and try and work out a budget plan to try and resolve the situation to the point where they are paying their rent again and moving forward paying some in back-rent too.</p> <p data-bbox="284 1055 1422 1272">Education has been mentioned here today already. I can remember leaving school not knowing what tax and national insurance was and we need to this back into schools. We have just started a project in partnership with the Council where we go into schools and give the children that education and financial awareness so when they go home hopefully some of that will rub off on the parents and so when they leave school hopefully they do so with a different mindset to that of their parents.</p> <p data-bbox="284 1312 1402 1346">Issues drawn out through questions not already covered in the submission included –</p> <p data-bbox="284 1386 1426 1680">I think it would also be good if PCH could offer their tenants a free membership to the credit union and put out a letter to its tenants explaining what the credit union was about. It wouldn't cost the housing associations a lot of money because we could come to some sort of agreement on this. Is perhaps a misconception about the credit union and this could help. We have our shop at Frankfort Gate thanks to the Council and PCH funding and we are finding that different groups of people are coming in with money and they are looking to give that money to the credit union to actually help other people that need it.</p> <p data-bbox="284 1720 1406 1904">Downside is that we are at the moment unable to offer interest bearing accounts but we are in discussion with a housing association about the possibility of changing that but we need to have liquidity of £50,000 for that to happen. We would then offer interest accounts and be able to attract a different kind of person meaning we would have more money to lend out to the type of people that need it most.</p> <p data-bbox="284 1944 1417 2051">Credit unions need to be profitable to be sustainable and the only way we can do this is by having a lot more people as members which will lead to a lot more people saving and borrowing.</p>

No.	Witnesses
B6	<p data-bbox="284 237 874 271">Paul Williams, Credit Union Cont'd/ ...</p> <p data-bbox="284 315 1430 898">The problem with pay-day loans is that, because of the interest, if you borrow say £300 one month you have to pay £350 back the next, and unless you can pay all of it back you will be short and need to borrow again so you borrow £400 the next month and then £450 the month after that and it becomes perpetual. Like an overdraft – once you are in it, it is very difficult to get out of it. Log-book loans is another form of credit recently materialised. One such case was a chap in St Judes who borrowed £1,500 against his car which was worth £6,000. He missed one payment and they repossessed his car. People on benefits are taking out pay-day loans and in Plymouth we have seen people who have gone into the pay-day shops in town and borrowed money. One chap borrowed £200, he was on £70 per week and they wanted repayment within 10 days at £70 per day over 3 days and they got him to write advance cheques. If he was on £70 per week, how was he going to pay back over £200 in ten days? There is no affordability check. We build in an affordability check to everything we do and this is what needs to happen elsewhere. Needs to be better regulation in place but unfortunately it is now a case of shutting the stable door after the horse has bolted!</p> <p data-bbox="284 943 1318 1088">Current membership of the credit union stands at 1,882 and we have a junior membership on top of that of 571. To make us sustainable I believe we need a membership of at least 5,000. Work within our budget and if our membership expands so will our staffing levels proportionately.</p> <p data-bbox="284 1133 1409 1603">Out of all the people saving with us, 97 per cent who take out loans with us pay their loans back so 3 per cent is written off. Because they have a vested interest they continue to save and can borrow again at cheap rates. In 2006 DWP were looking to help the financially excluded and were looking for an outlet and chose credit unions. They identified Plymouth as an amber city and at that time they gave us a tranche of money to help the financially excluded so regardless of income they could apply for a loan, still based on income and expenditure, but those people could then benefit by coming into the credit union. That contract finished two years ago but we still have money and consistency return on that is about 85 per cent so we lose about 15 per cent. It is a real shame because for every £1 someone doesn't pay back we have to write it off and because DWP is not topping that money up any more that pot is shrinking all the time so eventually people from Plymouth wouldn't be able to access the credit union for an instant loan.</p> <p data-bbox="284 1648 1426 1939">Peer pressure has a lot to do with people borrowing money to buy stuff they don't really need. They see people they know with the latest gear and think they should have it too even when there is nothing wrong with what they have. We always ask what a person's financial commitments are, we look at their income and if their expenditure is more than 20 per cent of their existing financial commitments we will turn them down. That's good but it then means that if we don't lend it that person may well go elsewhere. We are doing the right thing but if all lenders had the same ethos we wouldn't have this problem.</p> <p data-bbox="284 1984 1426 2051">We currently operate schemes in 20 schools in the City and hope to roll this out to all schools. Is a wonderful system as it is teaching children from a young age that if you</p>

No.	Witnesses
B6	<p>Paul Williams, Credit Union Cont'd/ ...</p> <p>get into the habit of saving no matter how small or large the amount you can buy what you like and sometimes they are even frightened to spend it. Looking at a scheme in partnership with the Council where every year 11 and 7 child is given £10 voucher to open a credit union account. Need to change the mindset and culture to save for something rather than borrow for something,</p> <p>Another concern we have is that people don't really understand APR. They can go into a shop in the city and buy goods and they talk about £7 a week or £10 a week but they don't realise that that payment goes on and on. A lot of people who buy from Bright House don't have house content insurance and they are then encouraged to not only buy the goods but also take out an extra £3 per month to insure the goods. Its false economics but they don't understand they could get it cheaper elsewhere so go with it.</p> <p>Would be good if the council could look to become an ethical lender itself.</p>
B7	<p>Ann Thorp, Service Manager (Customer Services)</p> <p>Will talk you through work we do around council tax and emergency welfare, giving you just a flavour of what we do. Firstly council tax – this is legislative and is classed as a priority debt. Most people expect to pay it but we do realise that there are differet categories of customers who are unable to pay it and those are the ones that we primarily work with. We also have the regular payers who pay by direct debit without any problem.</p> <p>Council tax support plays an important role for us around council tax because pre 2013 if people were on passported benefit they didn't have to pay anything. The Welfore Reform Act changed that and as a result we now have 16,000 people that suddenly had to start paying council tax that never had to pay before. That's quite a culture shock for those people around managing their money and being able to afford to pay that. Plymouth is part of a Devon-wide scheme which looked at how that local scheme would be administered and a decision was made that pensioners would be protected, as per government guidelines, but working aided claimants would be paying 25 per cent of their council tax and the rest would be covered by benefits.</p> <p>It was a real culture shock and that first year we went through quite a lot of pain with our customers to try and help them work through actually paying this. Our arrears actually increased in that year and we made a choice to do some proactive work with our customers over that period to actually phone them when they were getting into arrears and send them reminders, asking what was going on and how could we support them? We found this year that we have much less of an arrears sitation and we are taking recovery action with less people than we did last year, which seems to buck the national trend so its quite interesting that Plymouth is different. Part of the reason for that will be that we changed the council tax support scheme last year when we reviewed it and reduced it to 20 per cent rather than 25 per cent. However, I also think its because we have worked with customers, signposting them on to other</p>

No.	Witnesses
B7	<p data-bbox="284 241 1204 280">Ann Thorp, Service Manager (Customer Services) Cont'd/ ...</p> <p data-bbox="284 324 1125 362">agencies and and giving them advice on how to use their money.</p> <p data-bbox="284 407 1428 862">Some of the recovery principles changed as well last year which had an impact. We reduced our court fees, which came down from £83 to £60, and we work with our customers around that to see if it's affordable for them or whether they need to come up with different arrangements. This year in April, legislation changed again around use of bailiffs and the fees we charge our customers changed. The fees we charge are now set down and this was designed to bring consistency around the country. We have made some quite innovative decisions around following those guidelines that say if you pass something out to our bailiff the bailiff will charge a £75 standard fee. After 7 days they can go out and visit and we have made a decision that actually for our clients they won't visit until 28 days. We have also built into that process lots of contact with our customers so those additional fees are not passed on. We have tried to help whilst still working within the legislation by which we are governed.</p> <p data-bbox="284 907 1428 1326">Another area we cover within Revenues and Benefits is housing benefit overpayment. A different sort of debt which is driven by government because it's benefits and, if people are entitled to benefits, they have to repay them and so we have to do some calculations around that. That's again reducing this year but is still quite significant with £5.8m currently outstanding in overpayment debt. The reason it's reducing month by month is that we feel we are getting better at getting information from our customers which means they are not getting into a situation where they've got that debt in the first place. We are also doing some joint work with central government where revenues and customs and the tax office are providing us with data which means we can deal with a change in a customer's circumstances very early on rather than having to wait for the customer to tell us.</p> <p data-bbox="284 1332 1428 1444">We have recovery powers which allow us to make reductions straight from benefits which helps us and, although it's about £10 a week, our customers do actually prefer it because they are getting that support around how to manage their money.</p> <p data-bbox="284 1489 1428 1646">Also within our area we have the Emergency Welfare Fund which is a slightly different scenario from council tax and housing benefit overpayments. This is not statutory, it is something we have chosen to do as an authority in order to support our customers and it has two different elements –</p> <ul data-bbox="335 1691 1428 2049" style="list-style-type: none"> • Crisis payments – much more around somebody being in a crisis situation at a specific point in time. We don't know what's happened before and we are there to help them deal with that crisis. However, actually looking at the trends and analysis, it is much more around customers who are experiencing debt problems, • Community care grants – still for somebody needing support at a certain point in time but more likely to be required because they are on benefits and managing their other commitments but need a lump sum for one reason or another, possibly to help with a property move.

No.	Witnesses
B7	<p data-bbox="284 237 1203 275">Ann Thorp, Service Manager (Customer Services) Cont'd/ ...</p> <p data-bbox="284 322 1422 969">Different types of customers with different needs and the role for that team is about supporting those needs. They do a lot of work with partners to try and help signpost our customers so they get the most support they can both financially and in terms of managing money (debt advice etc). We also work closely within the authority (Housing Options team etc) and partners PCH and registered landlords. The emergency welfare fund is dealt with and administered centrally within revenues and benefits by the same team that deals with discretionary housing payments and the council tax exceptional hardship pot. By having that holistic overview of the customer and having three different areas from which we can financially draw support from, it means we can provide a better service. So, if we've got someone who's in debt, we know we have various different areas within the authority where we can provide financial support for them. That demand is increasing, both for emergency welfare and for discretionary housing payments, less so for council tax exceptional hardship fund but we are working much closer with our customers around how we can support them to not keep needing this, to move away from the old DWP system of it's a loan and you can have another bite at it later. This is more around saying what is it you need now and how can we support you to not need this in future?</p> <p data-bbox="284 1016 1422 1440">If you look at the figures alone for demand this year compared to demand last year you will see something along the lines of a 66 per cent increase. However, part of that was around people not knowing where to go following the changes. We did a lot of work in the first six months to change that, saying we are here to support you but we are not what the DWP used to be. We are not a social fund where you can just take and keep taking and repay it out of your benefits. This is different, however, we still recognise that people still need that support. There has been a take up and it has increased but only up until around December last year and since then it has stabilised and that's why we are now in a position where we can say that, going forward, we can spend this two year's worth of money over a longer period. At the moment we are projecting until November next year.</p> <p data-bbox="284 1487 1422 1933">Work is currently ongoing looking to see if we can make it go further and there are some tough decisions to be made around how we support the most vulnerable. For me the biggest success is, not so much that we have given these people finances and money and support at a time of crisis, it is the bigger picture of working with partners and agencies, signposting etc., and being able to identify those that are really in need rather than those that sometimes just don't make very good decisions. We can tailor the support to the client. We are a very small team and don't have a lot of resource so the time we can spend with these customers is really small but we do offer budgeting advice and we are working with our partners to offer that side of things. We are also working with PEC as there are fuel poverty issues where we can help clients get into a better position and that's what I think is really valuable about that team and that particular piece of work.</p> <p data-bbox="284 1980 1422 2056">It is all around prevention - a lot of the work done last year focussed on prevention and involved working with credit unions. One of the schemes Paul mentioned to you</p>

No.	Witnesses
B7	<p data-bbox="284 241 1203 275">Ann Thorp, Service Manager (Customer Services) Cont'd/ ...</p> <p data-bbox="284 324 1398 472">earlier in the PEC was funded by the EWF because we recognised that actually trying to get people into a good financial and stable position was really really important and we will play whatever role we can in that. Moving forward, we want to continue to build those bridges and support customers in that way.</p> <p data-bbox="284 517 1398 551">Issues drawn out through questions not already covered in the submission included –</p> <p data-bbox="284 600 1425 1055">With regard to the process for reclaiming council tax, there are various stages which can be interrupted depending on the client's need and the level of engagement with that customer. If we send our bill out at the beginning of the year and the customer chooses never to speak to us they will get a reminder, a final notice and then a summons. If they still choose to ignore us once they have received their summons, we will take them to court and that will incur costs and at that point we will try to engage with them once again. One of the things we do as a department is to put a lot of manual intervention in at that stage, rather than the automated process which we could do. Our system will allow us to send for the bailiffs just by clicking a button but we don't do that. At that point there's more manual intervention where we send out another letter and we try and make contact with the customer. If we then have no contact or engagement then it will go off to our bailiffs.</p> <p data-bbox="284 1104 1422 1675">There is a six stage process. What we need is engagement from our customers at the first stage and we do get a lot of that. At the moment we've had about 9,000 people set upon an arrangement for their council tax this year, 4,000 of those are pre-liability order (those we have sent out reminders to) and they are then coming to us and saying we can't manage it that way, is there something else we can do? We send out a bill with 10 monthly payments – we know that doesn't suit everybody so we will work with our customers and offer weekly instalments, fortnightly ones, higher ones here, lower ones there, whatever we can to accommodate. Our primary remit is to get those bills paid within that financial year. It is a priority debt and if its not paid one year it just builds and builds. Will work out a means enquiry form and this then gives us the opportunity to offer other advice and signpost to other services as if they are struggling with this it is likely they are struggling elsewhere. Link in to benefits, are they getting the right benefits etc. If we can find out what else is going on in their life we can offer that support and let them know what else is available to them. Do change what we do depending on our customer need.</p> <p data-bbox="284 1724 1425 1910">With regard to overpayments, it is really important for people to tell us if there is a change in their circumstances at the earliest opportunity and we do put this message out on all our correspondence and literature. If people do tell us promptly, it is less of an issue as the amount is smaller and is easier to recover. We can deduct direct from their benefits if we have to and a lot of people do actually like us to do this.</p> <p data-bbox="284 1960 1390 2072">The Council is not currently looking to write off any of its council tax debt. Any amount written off is money that is then not available to fund services. We would rather work with people to try and recover the money. There are clients out there</p>

No.	Witnesses
B7	<p>Ann Thorp, Service Manager (Customer Services) Cont'd/ ...</p> <p>that can pay and we shouldn't penalise others by not attempting to recover this debt. Can write off on a case-by-case basis and do but don't currently look at blanket write-off.</p>
B8	<p>Councillor Penberthy, Cabinet Member for Co-operatives, Housing and Community Safety</p> <p>There is nothing wrong with debt so long as it is well managed and affordable. Unfortunately, I wasn't able to attend the previous witness session but I did review the webcast and believe it is well evidenced by all of the witnesses that attended that the scale and complexity of what exists in Plymouth is beyond it being well managed and affordable. The impact of debt can be really severe so, at a time when budgets are under pressure, we need to be thinking about how we can limit demands on services not increasing them. Debt can trigger –</p> <ul style="list-style-type: none"> • increase in housing referrals (41 per cent) • increase in mental health problems • increase in lost working hours • increase in child poverty • increase in domestic abuse • an effect childhood education <p>You have heard about existing interventions and we have worked hard over the last two years to address this but it has been dealt with via short term funding through the EWF. The cutting of social fund money resulted in the Council having to make choices and a pragmatic decision to keep crisis and community help was made but to the detriment of preventative work. Where do we get this money from?</p> <p>I don't have the answers but this is one of benefits of scrutiny. It is a troublesome area and perhaps the only way we can come to a solutions is by asking scrutiny to look at it from the outside. I praise the officers for their presentation to you and our partners for the work they do which is over and above. However, at the end of the day Advice Plymouth can turn around and say we have already done what we said we would within the terms of our contract, give us the rest of the money now (to which we are entitled) and need not do anything else.</p> <p>There is currently only one person in city on Universal Credit (UC). This is as a result of them having moved in from elsewhere in the Country and, if you are on UC, it moves with you. I have been told that national roll out for UC will be from February 2015 and</p>

No.	Witnesses
B8	<p>Councillor Penberthy, Cabinet Member for Co-operatives, Housing and Community Safety Cont'd/ ...</p> <p>will be introduced fully without it being phased. This could have a huge impact on people who are not used to budgeting on their own and, come next summer, there will be another major pressure wave on the Council. There will be vulnerable people suffering in the most deprived communities where there is already little resilience.</p> <p>The Fairness Commission raised a number of issues in its report, including -</p> <ul style="list-style-type: none"> • Living wage employers for Plymouth – adopted by many already but need to buck this up • Zero hours contracts – managing money (one third of people in work were also in receipt of benefits) • Payday lenders – need to hold the tide (£8m in interest leaving city annually) – what else can we do? Set up alternative? Affordable credit – need to get messages out there <p>In their presentations to you Ann Thop and Laura Griffiths identified ways that we can make a difference without breaking the law and which work better for people. We need to tackle betting shops and pawn shops where people take irrational and desperate steps to get hold of money.</p> <p>Government needs to take people to court in order to make attachments to income – we have to do this for benefits. Lots of people would welcome attachment. Why do we need to go through criminalisation process? Would welcome your support on lobbying the Government on that point.</p> <p>Problem debt is not just about people on welfare. In preparation for today and this review, I have thought about four things for you to consider when forming your conclusions and recommendations –</p> <ol style="list-style-type: none"> (i) what should we continue to do or stop/curtail in order to continue providing the much needed support through the EWF? (ii) have you heard of new ways of working which we could learn from? (iii) Early intervention is the key – how do we release cash for early intervention? (iv) If we set up a low-cost, short term credit facility in the city – how much priority should be put into getting that started and what priority in terms of capital of the council? Where should that sit? <p>In response to questions the following information was also provided.</p>

No.	Witnesses
B8	<p data-bbox="284 241 1362 309">Councillor Penberthy, Cabinet Member for Co-operatives, Housing and Community Safety Cont'd/ ...</p> <p data-bbox="284 385 1453 674">With regard to the possibility of providing an alternative low cost loan service, London Mutual Credit Unions have come up with one affordable on-line payday lending solution which could be possible for us to ship in within three months. Potentially, we could have something in place by the first quarter of next year. If we were to look at providing something bigger then we could talking about an 18-month lead in. York City Council is one local authority looking at providing a Bright House equivalent and I will be watching that closely too.</p> <p data-bbox="284 707 1430 826">Realistically we need both immediate and long-term solutions. One possible solution is establishment of a community finance initiative and I have been contacted by Suzi Leather who suggests holding a summit with the key stakeholders of the City.</p> <p data-bbox="284 860 1398 978">When sending out council tax bills and staff payslips, it would definitely be worth considering including information relating to the existence and benefits of saving with credit unions.</p>

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Problem Debt Scrutiny Review

During the period of 1st April and 30th September 2014 under the Money Advice Service funded contract, Plymouth CAB saw via the Advice Plymouth Drop-in Service and via the telephone; **590** clients who presented with debt issues including: rent and mortgage arrears, Council Tax, gas and electricity arrears, water arrears, personal loans, credit cards, payday loans, door to door lenders.

Of those clients, the amount of debt that was dealt with was **£4.4 million**. This is an average personal debt of **£7457.62**.

Of those clients accessing the service, the **top 5 areas of indebtedness** in Plymouth for that period was:

1. St Budeaux - £519,042.99
2. St Peter and the Waterfront - £440,064.56
3. Moorview - £355,477.25
4. Stoke - £342,564.69
5. Honicknowle - £299,065.61

The area with the least amount of indebtedness in Plymouth for that period was:

- Plympton Erle - £42,204

Personal Insolvency

As part of the debt strategies that are offered to clients, insolvency can be a solution to a client's situation. During the same period (1st April – 30th September) Plymouth CAB assisted **15** clients with petitioning for bankruptcy and **39** clients with submitting Debt Relief Order applications.

The Cause

There are many reasons why people fall in to debt e.g. loss of employment, illness, separation, bereavement, managing on a fixed income.

Here are some examples of people who have accessed the service in the last 6 months and why they have fallen into debt:

Stephanie

Stephanie lives in St Budeaux with her husband and two adult children in a property rented from a housing association. She has recently suffered from a stroke which has left several impairments. Her husband has had a heart attack in the past and is now on continuous medication to monitor this.

Stephanie's income is based on her husband's claim for income support which is £159.10 p/w and the contributions from her adult daughter which is £400 p/q.

Assets & Savings:

Neither Stephanie, nor anyone in her family has any assets or savings.

Clients Debts:

- Energy debts - £ 3,587.85

How the debt occurred:

The debt occurred because Stephanie has had such a low household income. This has made it a struggle to maintain household bills as well as essential items such as food and toiletries etc. Stephanie's health has been deteriorating over the past couple of years which has made it impractical to work, and difficult to manage finances.

Rachel

Rachel lives in Stoke. She is divorced and all her children have now grown up and left home. She lives on her own in a privately rented property. She doesn't currently have any health conditions. Rachel works full time but is only receiving £700 per month from her wages. She also receives Working Tax Credits at £45 per week and partial Housing Benefit.

Assets & Savings:

Rachel doesn't have any assets or savings.

Clients Debts:

Rachel has £8,500.00 worth of debt. She owes the council £800 of Council Tax arrears. This is made up of credit cards and a bank loan. £800 of this debt is made up of Council Tax Arrears.

How the debt occurred:

The debts started accumulating shortly after Rachel got divorced. The divorce caused major upheaval to her life and she had to live off of her bank overdraft for a while. When she finally got settled, her inadequate income meant that it was impossible to keep up with ongoing household bills, essential items and the high demands that her creditors were making.

Julie

Julie lives with her partner in his mortgaged property in Devonport. She doesn't currently have any children. She has secondary cancer which she is receiving treatment for. She is in receipt of Employment Support Allowance at £77.00 p/w.

Savings & Assets:

Julie stated that she currently lives with her partner who owns the mortgaged property that they live in. She has said that this property is not in her name but

that she has contributed over time to the general household income when working.

Clients Debts:

- Credit Card - £3000.00
- Credit Card - £2250.00
- Catalogue - £1190.00
- Store Card - £500.00

How the debts occurred:

Julie stated the debts occurred because she had to give up her job due to her ill health. She said that this meant that she had a severe reduction in her income and as such struggled financially. Julie stated that as her health has deteriorated her partner has had to reduce his hours to care for her.

Jess

Jess lives with her husband and her two children in her own mortgaged property in Peverall. She suffers from depression. They are currently in receipt of Working Tax Credits (£320.00 p/m), Child Tax Credits (£445.00 p/m) and Child benefit (£136.00 p/m).

Savings & Assets:

Jess owns her own home; she believes that she has £50,000 of equity in his property. She has said that she owns a car, and her husband has a taxi on finance.

Clients Debts:

- Council Tax Arrears - £300.00
- Energy Debt - £1000.00
- Car Finance - £5837.57
- Debt Collection Agency- £1495.00
- Store Card - £3056.00
- Credit card - £1375.00
- Catalogue - £3582.00

How the debt occurred:

Jess stated the debts occurred because her household income has reduced significantly due to her husband's taxi breaking down and as such he has been unable to work. Jess stated that she has tried to find a job but struggled.

The Impact

Based on the evidence presented to us by our client's, debt can impact on individual's and their families in different ways. We see client's where they are experiencing difficulties with managing their debts and this impacts on their mental health, client's not sleeping as they are worrying and also client's who are not eating properly either due to the worry or due to the lack of money to buy healthy food. These factors ultimately impact on an individual's well-being and the ability to function properly.

Here are some examples of how living with debt is impacting on individuals:

Susie

in Monichawle.
Susie currently lives on her own in a property rented from her local housing association. She was physically assaulted in her home which left her with several long term health conditions including brain injury, learning difficulties and mental health issues. She is receipt of Employment Support Allowance, (£97.70 p/w). Susie stated that deductions are being made for her Council Tax Arrears. She is also in receipt of Housing benefit and Council Tax Support.

Assets & Savings:

Susie has no assets or savings.

Clients Debts:

Council Tax Arrears - £200.00 approximately

How the debt occurred:

Susie stated that the debts occurred because she was subjected to a violent attack that left her with brain damage and mental health issues. She stated due to this she has memory issues and struggles to complete day to day tasks. Susie stated that before welfare reform, she managed as her Council Tax was cover by benefit but now struggles to maintain these payments.

What help was required:

Susie was scared to deal with authority figures as she did not wish to "make matters worse". She stated that she was extremely distressed about the situation and could not bear the thought of bailiffs coming to the door due to her ordeal or the thought of losing her home, the only place she stated she feels safe. Susie needed help to deal with these issues.

What help was given:

We called the Housing Association and were informed that she now receives full housing benefit as she is in a new property. We then applied for the Severe Mental Impairment Exemption to remove current liability and clear arrears.

GA

How did our intervention help:

Susie stated that she was so pleased with the help that we had offered her and that she would now be able to move forward with her life and be able to not hide away. She stated that she was so grateful for the help we provided.

Jacob

Jacob who lives in the Efford and Lipson area owns his own mortgaged property with his partner and two children. He suffers with depression, sleep apnoea and is recovering from an operation.

He receives £174.00 p/m from tax credits, £34.00 p/w from child benefits, and £500.00 p/m from his wages and £580.00 p/m from his partner's income.

Savings & Assets:

Jacob says that he owns a property with about £60,000 equity in it.

Clients Debts:

- Mortgage Arrears - £8194.00
- Council Tax Arrears - £300.00

How the debt occurred:

Jacob stated the debts occurred because he has suffered ill health and could not work, he has said that this caused him financial instability. He stated that he has tried to catch up but has not been able to and is now concerned about his home.

What help was required:

Jacob came to the bureau at a point in which the lender had an eviction date. He convinced he was going to lose his home. Jacob was extremely worried about the impact it would have on his family, he stated that he has not slept worrying about this and that he believes his recovery period has been longer due to the stress of the mounting debts. He needed immediate help and support regarding the imminent eviction.

What help was given:

We completed a financial statement with him and assisted with lender negotiations. We were able to hold any action and refer his case as one of only a few to Shelter mortgage specialist team who were able to stop eviction. We were able to negotiate with the local council to stop action and an affordable payment plan.

How did our intervention help:

Jacob stated that his health has greatly improved and he has been able to return to work. He strongly believes that without our intervention he would have lost his home. He is extremely thankful for our help.

Access to help – Debt Provision

Plymouth CAB delivers a face to face via the Advice Plymouth Drop-in service for debt advice Monday – Friday, 9am – 5pm. Client's can access this service by attending the Drop-in. Client's can also access the service via the telephone Monday – Friday 9am – 8pm and Saturday's 8am – 1pm.

When a client access's the service they are assessed and the client's capability is identified where they are provided with advice by utilising the appropriate channel e.g. face to face, telephone.

Once the client has been assessed and advised, options are agreed and an action plan is implemented so that the client has a clear view of what will happen next.

At Plymouth CAB we will also look at our other contracts and refer across where necessary to assist the client e.g. water arrears are referred to Freshstart, Electricity and Gas arrears referred to apply for a Trust Fund.

We have existing partnerships with JBW bailiff's where we have access to an online portal and we can access this with the client present to help set up an affordable repayment plan. We have web access to non-fee charging Debt Management companies e.g. Payplan to assist the client with implementing a affordable repayment plan to their creditors.

We have 6 Debt Relief Order Intermediaries who can fully advise on insolvency and administer and process Debt Relief Order applications.

The Advice Plymouth partnership ensures that we can refer across smoothly to our partner agencies e.g. Routeways, Plymouth Guild, Shelter.

Multi channel advice: Plymouth CAB is part of a national pilot to deliver advice via webchat and hopes to develop this further. Client's can already access the service via email enquiry, telephone and Drop-in.

Energy Advice: We currently host the national helpline for vulnerable customers funded by EDF energy. We provide energy efficiency advice as well as debt advice.

This area of our work is increasing and since January 2014, we have completed 300 EDF Energy Trust Fund applications which includes assisting client's living in Plymouth. A grant can assist client's with clearing energy debts. We are seeing a significant increase in the amount of client's falling

Case 6.

into fuel poverty and also being forced into a position to have a pre-payment meter fitted. Some of these client's will be self-disconnecting and will be living in one room during the winter to try and keep the cost of their fuels costs at a minimum. Citizens Advice are currently running a national campaign to try and address this issue.

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