

# **PROBLEM DEBT SCRUTINY UPDATE**

Social Inclusion Unit – December 2015



## 1. Introduction

- 1.1 In February 2014, Your Plymouth Scrutiny Panel agreed to hold a cooperative review into Problem Debt with the aim to ascertain the level and depth of personal Problem Debt in the city and the effectiveness of how we respond as a Council.
- 1.2 The review took place in October 2014 and looked to a) establish the causes b) the local impact and c) the quality of the response in respect of personal problem debt.
- 1.3 The following witnesses were called over two sessions:
- Pete Aley, Head of Community Services, PCC
  - Laura Griffiths, Financial and Social Inclusion Officer, PCC
  - Paul Elliot, Low Carbon City Officer, PCC
  - Eunice Halliday, Foodbank
  - Jenny Endean, Devon and Cornwall Housing
  - Sarah Mcneice, Advice Team Manager, Citizens Advice Bureau
  - Paul Williams, City of Plymouth Credit Union
  - Ann Thorp, Service Manager, Customer Services, PCC
  - Councillor Penberthy, Cabinet Member for Co-operatives, Housing and Community Safety.
- 1.4 Written evidence was also considered from:
- Alison Seabeck MP for Plymouth Moor View providing details of issues seen in her constituency [Alison Seabeck MP letter](#)
  - Plymouth Citizens Advice Bureau [Plymouth CAB case studies](#)
- 1.5 The findings of the review were published in a report ([Debt Review report](#)) which was endorsed by the Cooperative Scrutiny Board on 15<sup>th</sup> December 2014.

## 2. Context

- 2.1 The review found that almost a third of adults in Plymouth are over-indebted, that is 3 or more months behind with repayments. We are the most over-indebted Local Authority in the South West and nationally 48<sup>th</sup> out of 406 Local Authority areas.
- 2.2 Since last year's scrutiny session, the issue of problem debt remains a concern. Nationally, the most common problem debt for Stepchange clients is credit cards and arrears on household bills such as council tax and energy bills are rising. Debt owed on credit products where lending is traditionally small-scale is beginning to rise such as catalogues and home credit.
- 2.3 In January 2015, the Financial Conduct Authority introduced new payday lending regulations and we have seen the market shrink. Several large companies have left the market and some announced staff reductions.
- 2.4 In Plymouth, Stepchange reports that since 2012, for Plymouth residents, there has been a 64% increase in calls for advice; 75% increase in debt management plans; a 30% reduction in unsecured debts. In the first 6 months of 2014/15, Advice Plymouth saw clients with over £3.8m debt.

## 3. Recommendations from the review

- 3.1 The report made 19 recommendations from the review and 18 were accepted by Cabinet. The progress of these recommendations is below.

| No. | Recommendations  | Progress  | Update  |
|-----|--|-----------|---|
| 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;   | Completed | <ul style="list-style-type: none"> <li>▪ Reviews and workshops have taken place with advice service and welfare benefit advice providers across the city.</li> <li>▪ An advice and information plan is being developed in line with Care Act duties and steering group meeting regularly to progress.</li> <li>▪ We have ensured that our draft Health and Wellbeing Commissioning Strategy includes debt advice.</li> </ul>  |
| 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;   | NFA       | <ul style="list-style-type: none"> <li>▪ We responded to Government consultation on the decision to discontinue the Emergency Welfare Hardship Funding.</li> <li>▪ In February 2015, the Government decided to release further funds to local authorities 'to assist them in dealing with pressures on local welfare and health and social care'</li> <li>▪ A review of our Emergency and Welfare Fund is being carried out.</li> </ul>                             |
| 3   | That in order to support credit unions: <ul style="list-style-type: none"> <li>▪ further communications are sent to all councillors and council staff encouraging them to join;</li> <li>▪ 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;</li> </ul> | Ongoing   | <ul style="list-style-type: none"> <li>▪ The credit unions are currently undergoing a significant transformation and as such have asked that we hold off any further promotion until early 2016 – at which time we will complete these recommendations.</li> <li>▪ However, we have continued to promote credit unions to our staff and highlight them as alternative source of lending when running campaigns such as anti-loan sharks.</li> </ul>                 |
| 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;  | Completed | <ul style="list-style-type: none"> <li>▪ We have continued to ban advertising of payday lending companies on council owned billboards and computers.</li> <li>▪ In March 2015, we launched an anti-loan shark campaign in partnership with the National Marine Aquarium and the National Illegal Money Lending team. We used social media spread the message using #fishyfinance (See Appendix)</li> </ul>  |
| 5   | That the City Council's investigations into becoming an ethical creditor are supported;  | Completed | <ul style="list-style-type: none"> <li>▪ We have investigated this and due to new tougher regulation within the pay day lending industry, we are not currently pursuing.</li> <li>▪ In January 2015, the Financial Conduct Authority introduced tighter controls on interest rates and default charges along with the previously introduced limits on rollovers and continuous payment authority, affordability checks and the crackdown on advertising.</li> </ul> |

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| 6   | An investigation into the effect/consequences of writing off uncollectable debt as done by Lambeth Council, particularly the financial effect on the authority;   | Completed | <ul style="list-style-type: none"> <li>▪ Since November 2014 the Customer Services Council Tax team have been routinely reviewing uncollectable debt particularly that over 6 years old. This is part of the normal Council Tax recovery regulations timetable, applied to all charge payer debt, which is subject to appropriate decision making, review and audit.</li> <li>▪ The approach has been supported by the recent report on Income, uncollectable debt and payment services published by Lambeth Council.</li> <li>▪ Plymouth is committed to maximising income collection, through appropriate recovery methods and supporting charge payers to ensure their Council Tax payments are up to date through the introduction of three options for instalments, 10, 11 or 12 months over the financial year and is currently developing plans to increase the number of available direct debit date to support residents' budget requirements.</li> </ul> |
| 7   | <p>That the Council continues to support:</p> <ul style="list-style-type: none"> <li>▪ abolition of the bedroom tax, which disproportionately affects disabled people;</li> <li>▪ affordable housing and its commitment to building homes for the city's residents;</li> </ul>  | Completed | <p>We have supported households impacted by the bedroom tax by:</p> <ul style="list-style-type: none"> <li>▪ Providing Between Discretionary Housing Payments to 184 households between April – September 2015 with approx. £74k;</li> <li>▪ Working in partner with RSLs to identify and support those households most disproportionately affected;</li> <li>▪ Continuing to commission advice and information services.</li> </ul> <p>We continue our commitment to affordable housing via our plan for homes and in the past 12 months have achieved:</p> <ul style="list-style-type: none"> <li>▪ 971 all homes completions – a 27% increase on previous year;</li> <li>▪ 396 affordable home completions – we are in the top quartile for performance;</li> <li>▪ Enabled an average 302 homes per year since 2011 via HCA programmes.</li> </ul>   |
| 8   | <p>Writing to the City's MPs highlighting the issues and effect on residents of:</p> <ul style="list-style-type: none"> <li>▪ bedroom tax;</li> <li>▪ lack of decent affordable housing;</li> <li>▪ having rent benefit capped without any limits being set on what landlords can reasonably charge;</li> <li>▪ rising energy bills;</li> <li>▪ and asking them what they have done to try and tackle these issues</li> </ul> | Completed | <ul style="list-style-type: none"> <li>▪ We have provided briefings to our MPs regarding these issues.</li> <li>▪ With the progression of the Welfare Reform and Work Bill 2015, we have continued to provide local information to our MPs and have submitted evidence to the appropriate select committee.</li> </ul>   |
| 9   | That a letter signed by the Your Plymouth Scrutiny Panel Chair, Cabinet Member for Co-  | Completed | <ul style="list-style-type: none"> <li>▪ Letter has been prepared.</li> <li>▪ Communication has been sent to the 1,000 club via their newsletter about benefits of</li> </ul>  |

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|     | 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;   |             | <p>paying national living wage.</p> <ul style="list-style-type: none"> <li>▪ Information has been placed on their website to promote the living wage. <a href="http://www.1000club.co.uk/">http://www.1000club.co.uk/</a></li> <li>▪ All construction companies have received a letter with further information.</li> </ul>   |
| 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;   | Completed   | <ul style="list-style-type: none"> <li>▪ We have trained 6 teachers across the city to deliver financial education. They will act as Lead Teachers in this area to support other schools.</li> <li>▪ Our corporate banking partner is delivering the Skills for Life programme in schools which incorporates budgeting skills.</li> <li>▪ The starter 4 ten scheme ran last academic year. 10 out of 17 schools expressed an interest; approx. 1,150 students received budgeting and credit union information of which 20% redeemed their voucher.</li> </ul> |
| 11  | <p>That the city's University and colleges be asked to:</p> <ul style="list-style-type: none"> <li>▪ consider following the Council's example of banning the advertisement of pay-day lending on their campus sites and computers;</li> <li>▪ raise awareness of the issue of problem debt amongst their students and the existence of credit unions;</li> </ul> | Ongoing     | We have raised with the University and are waiting for an update.   |
| 12  | A leaflet advertising/promoting the benefits of credit unions is sent out with all council tax bills;  | Completed   | <ul style="list-style-type: none"> <li>▪ A promotion leaflet was sent out with all Council tax bills in March (see appendix)</li> <li>▪ As a result, credit unions saw membership rise and received a number of large deposits</li> </ul>   |
| 13  | 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;  | Completed   | <ul style="list-style-type: none"> <li>▪ The Children, Young Peoples and Families Service identify needs surrounding skills for independence such as money management.</li> <li>▪ Foster carers and commissioned providers are often tasked with ensuring looked after children have the necessary skills regarding money management.</li> <li>▪ At 16, their care plans are transitioned into a pathway plan. Pathway plans reflect the needs of the young person and will include independence skills.</li> </ul>   |
| 14  | 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  | In progress | <ul style="list-style-type: none"> <li>▪ A feasibility study is being carried out to establish the opportunities, challenges and potential partners for establishing an alternative rent to own social enterprise.</li> </ul>   |

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|     | money raised being invested back into the scheme;   |           |   |
| 15  | 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; | Completed | <p>The Councils temporary employment agency:</p> <ul style="list-style-type: none"> <li>▪ Does not operate zero hour's contracts. It offers a guaranteed contract of 336 hours per annum to all workers.</li> <li>▪ All staff, including temporary agency staff, are paid the Living Wage.</li> </ul>   |
| 16  | 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;   | Completed | <p>We have considered this recommendation and find the following:</p> <ul style="list-style-type: none"> <li>▪ We consider re-profiling instalments on a case by case basis for any customer identified as being in a position of not being able to pay their Council Tax whilst waiting for either benefits or their first salary payment;</li> <li>▪ Universal Credit rolls out in Plymouth January 2016. We will continue this commitment for these customers.</li> </ul>  |
| 17  | That the Council supports continuing development of the existing welfare rights forum;  | Completed | <ul style="list-style-type: none"> <li>▪ The welfare rights forum meets bi-monthly and is represented by a range of organisations that provide frontline support to residents regarding welfare. It provides a valuable opportunity to network, share best practice and keep up to date with practice knowledge.</li> <li>▪ We have continued, when appropriate, to provide the forum with a meeting venue and facilities. As a Co-operative Council, Officers will continue to attend when appropriate to further our value as a partner.</li> </ul> |
| 18  | 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.              | Completed | <ul style="list-style-type: none"> <li>▪ We have launched our plan and charter for private rented housing.</li> <li>▪ A steering group of partners has been established to monitor progress against the 12 aims within the Charter (see appendix) and they are all on target.</li> <li>▪ Legislation is now in place under the Retaliatory Eviction and Deregulation Act 2015 to support whistleblowing tenants.</li> </ul>   |

APPENDIX

**NATIONAL MARINE AQUARIUM**

**PLYMOUTH CITY COUNCIL**

# The only sharks welcome in Plymouth

Say no to Loan Sharks in Plymouth  
Find out more at [fishyfinance.co.uk](http://fishyfinance.co.uk)

[Twitter](https://twitter.com/fishyfinance) [Facebook](https://www.facebook.com/fishyfinance) #fishyfinance

**Stop Loan Sharks** Report a loan shark  
**0300 555 2222**



# JOIN A CREDIT UNION TODAY

**A credit union is like a bank. It is somewhere you can save your money and when times are tight also get low interest loans.**

Like banks and building societies, credit unions are regulated by the Financial Conduct Authority so you can be confident that your money is safe. On top of this, when you open an account with one of the Plymouth credit unions, you get free life insurance. If you find yourself struggling to manage your finances, a credit union can also help you to access debt and budgeting advice.

Although the credit unions are independent organisations, Plymouth City Council actively encourages local people to use them as an ethical way to borrow and save.

When you save with the credit union you will get a share of any profit made that year. The money you save stays in the local community and can benefit the local economy.

Should you have an unexpected bill or financial pressure, credit unions are able to offer small sums of money as loans and is often more competitive than other lenders.

Working in partnership with:



**City of Plymouth Credit Union**  
Tel 01752 201329 or 01752 310698  
office@cpcu.co.uk www.cpcu.co.uk



**HOPE (Plymouth) Credit Union**

**HOPE (Plymouth) Credit Union Ltd**  
Tel 01752 301871  
office@hopecreditunion.co.uk www.hopecust.co.uk

“  
Some of these non-profit financial savings and loan co-operatives can be best-buys for those looking to borrow smaller amounts.  
[www.moneysavingexpert.com](http://www.moneysavingexpert.com)”

# THE PLYMOUTH CHARTER FOR PRIVATE RENTED HOUSING

## Our shared values and aims

- To value fairness for everyone in all housing and to champion the belief that everyone is entitled to a good quality home where they can live safely, settle and thrive.
- To acknowledge the vital role of the private rented sector in helping to meet the housing needs of many of Plymouth's residents.
- To seek a fair balance between the interests of landlords and tenants.
- To raise the profile of the best private landlords and agents who improve Plymouth's reputation and that of the private rented sector.
- To increase the number of good quality landlords, responsible agents and private rented homes.
- To increase understanding of what a good quality home is and encourage landlords and agents to provide this.
- To reduce fuel poverty and improve energy efficiency in private rented housing.
- To expect landlords and agents to do what is reasonable and proportional to resolve any problems with their properties.
- To take appropriate enforcement action to protect tenants and to act swiftly against 'rogue' landlords and agents with unfair practices.
- To provide advice and training so that tenants are aware of their responsibilities as well as their rights and are able to sustain their tenancies.
- To provide help and advice to enable tenants to make informed decisions about their housing options.
- To work with landlords and tenants to help sustain tenancies and avoid eviction wherever possible.

