



Welfare reform- overview of debt, money and advice services

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Background - Policy context

In 2009 at the height of the credit crunch and beginning of the recession, the council adopted a financial inclusion strategy which identified six key themes, these being:

- income maximisation
- access to free money advice
- increase access to financial products and services
- improve the way people manage their money
- increase access to affordable credit
- working more collaboratively

Background - Commissioning of advice services in 2011

- The council introduced a Commissioning Strategy
- Cabinet endorsed an evidence based approach to the commissioning of advice services from the third sector
- This was developed through a joint needs assessment undertaken collaboratively with providers and partners

Background - Commissioning of advice services in 2011

This needs based assessment identified significant issues of deprivation, debt and poverty in some parts of the city.

It also provided local evidence to indicate the known link between debt, poverty and poor health, particularly mental illness.

Background - Priorities

The needs assessment helped identify the following themes in the council's financial inclusion activity:

- the provision of free debt and money advice
- maximising income
- reducing fuel poverty
- promoting and encouraging affordable credit
- providing young people with employment opportunities
- living wage

Why do people need advice?

Life changing circumstances

- Income changes
- Unexpected bills
- Family bereavement
- Poor or changes in health
- Unemployment
- Change in working hours
- Fleeing the family home due to domestic abuse
- Poor budgeting skills
- Offending

Needs assessment review in 2013

Changes noted in the assessment included:

- Increased provision across the city for assistance with debt and money advice - although not necessarily face to face
- Increasing pressure on working families
- Reduced access for vulnerable people to get information on the entitlements
- Increasing number of people seeking help who suffer from mental health issues
- The impact on families and social housing providers of the changes to housing benefit through under occupancy, “the bedroom tax” and benefit cap

What has the council commissioned in 2014-15?

Age UK Norwich - £12,500 to provide an income maximisation service aimed at a vulnerable section of the Norwich community

Norfolk Citizen's Advice Bureau - £54,000 to provide an expert, free debt advice service

Money advice and budgeting service - £40,000 to provide an innovative debt consolidation and repayment service for families struggling financially, across the whole of Norwich

Norfolk community law service - £12,500 to provide a representation and advocacy service for people in Norwich, concerning access rights to welfare benefit decisions.

Norwich Foodbank - £4,000 to support the development of projects and expansion of services including:

- The development of signposting and referral systems
- The development of holiday lunch and activity clubs for children from poorer families
- The provision of more volunteering opportunities for ex-offenders

Explore with other commissioners and grant funders how services can be jointly commissioned for the period April 2015 to achieve better value for money.

The council's in house advice team

Free and confidential advice for council tenants

Basic budgeting skills through to intensive debt management

- entitlement to benefits and maximising income
- advice on financial products e.g. basic bank accounts, access to other financial services such as credit unions and low costs loans
- self-help services
- help to identify priority debts
- negotiate with creditors
- assist with bankruptcy/insolvency queries and any other county court procedures (CCJs)
- negotiate with doorstep lenders

Latest overall performance

- Number of % of people saying that debt issues had become manageable following face to face advice:
 - 2013/14: 69%

Needs assessment 2014 review

| | Norwich | East of England | England |
|-------------------------------------|--------------|-----------------|---------------|
| Life Expectancy ¹ | 77.8 | 79.6 | 87.6 |
| Earnings ² | £11.30 | £13.08 | £13.66 |
| Unemployment ³ | 4.3% | 3% | 3.8% |
| Child Poverty ⁴ | 30% | 16% | 19.2% |
| Debt ⁵ | 12.5 | 6.6 | 6.5 |
| Fuel Poverty ⁶ | 17.5% | 16% | 16.4% |

[1] ONS Life expectancy at birth and at age 65 by local areas in the United Kingdom, 2004–06 to 2008–10

[2] Per hour earnings for Norwich Residents (September 2014 Norwich Economic Barometer)

[3] JSA claimant count (August 2012 Norwich Economic Barometer)

[4] Indices of deprivation 2010 - % of children in poverty

[5] New Debt Relief Orders – rate per 10,000 population

[6] DECC – Annual Report on Fuel Poverty 2012

Needs assessment refresh 2014

28% families categorised as deprived and 28.7% children as living in poverty

Norwich has a low pay economy

- 20% of people working in Norwich are paid below £8.07 per hour – this equates to around 17,420 people.
- Norwich employees are on average paid 13.5% less than full time employees in the UK
- The number of people working in Norwich impacted by median earnings below the current Living Wage of £7.65 per hour probably stands at around 13,100 (15% of workers)
- Hourly pay for residents – all full time workers
 - Norwich £11.30 – Eastern £13.08 – GB £13.66
- Hourly pay for residents - all full time women
 - Norwich £10.74 – Eastern £12.60 – GB £12.26

Needs assessment 2014 review

| Area | Average surplus/deficit 2012 | Average unsecured debt | Average surplus/deficit 2014 | Average unsecured debt |
|---------|-------------------------------------|------------------------|-------------------------------------|------------------------|
| NR1 | £103 | £12,040 | -£31 | £10,705 |
| NR2 | £95 | £15,130 | -£15 | £10,140 |
| NR3 | £21 | £11,244 | £3 | £9,294 |
| NR4 | -£80 | £19,729 | -£60 | £5,500 |
| NR5 | -£55 | £10,615 | -£155 | £11,439 |
| NR6 | £45 | £1,052 | £6 | £15,127 |
| NR7 | £140 | £ 20,441 | £78 | £15,733 |
| Norwich | £38 | £ 14,322 | -£25 | £11,134 |
| England | £1 | £15,547 | -£6 | £11,640 |

Source: <http://www.stepchange.org/Debtview/Debtview/atlas.html> - telephone helpline

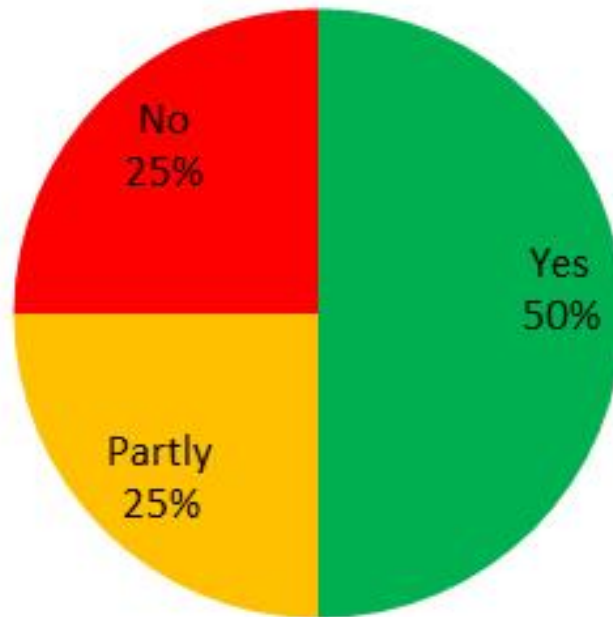
Needs assessment 2014 review - Feedback from providers and partners

Feedback from providers and partners

- Demand for services has increased
- Approx 50% of organisations are managing demand
- There is an increasing use of volunteers to provide advice
- A variety of preventative services are offered e.g. budgeting, money advice
- All organisations report seeing a greater number of people with mental illness (not defined)
- An increase in numbers of single people and young people
- Some organisations are reporting higher levels of debt
- Income maximisation is core to the work to all advice providers e.g. benefits take up
- Digital or telephone access will increase but face to face is still required
- Service provision in future will reflect commissioning priorities

Needs assessment 2014 review - Feedback from providers and partners

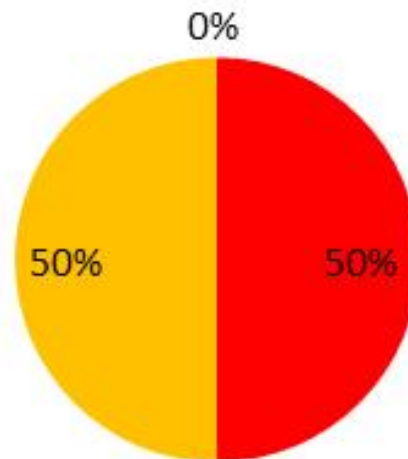
Can you manage your client demand?



Needs assessment 2014 review - Feedback from providers and partners

Has the level of personal debt gone
up or down in the last 12 months?

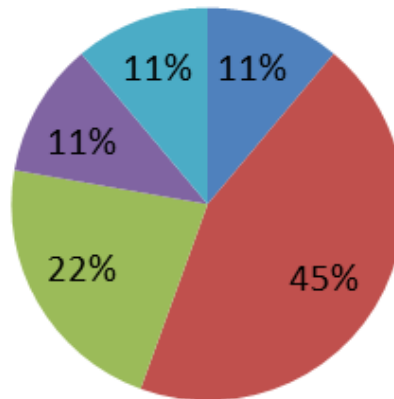
Higher Same Lower



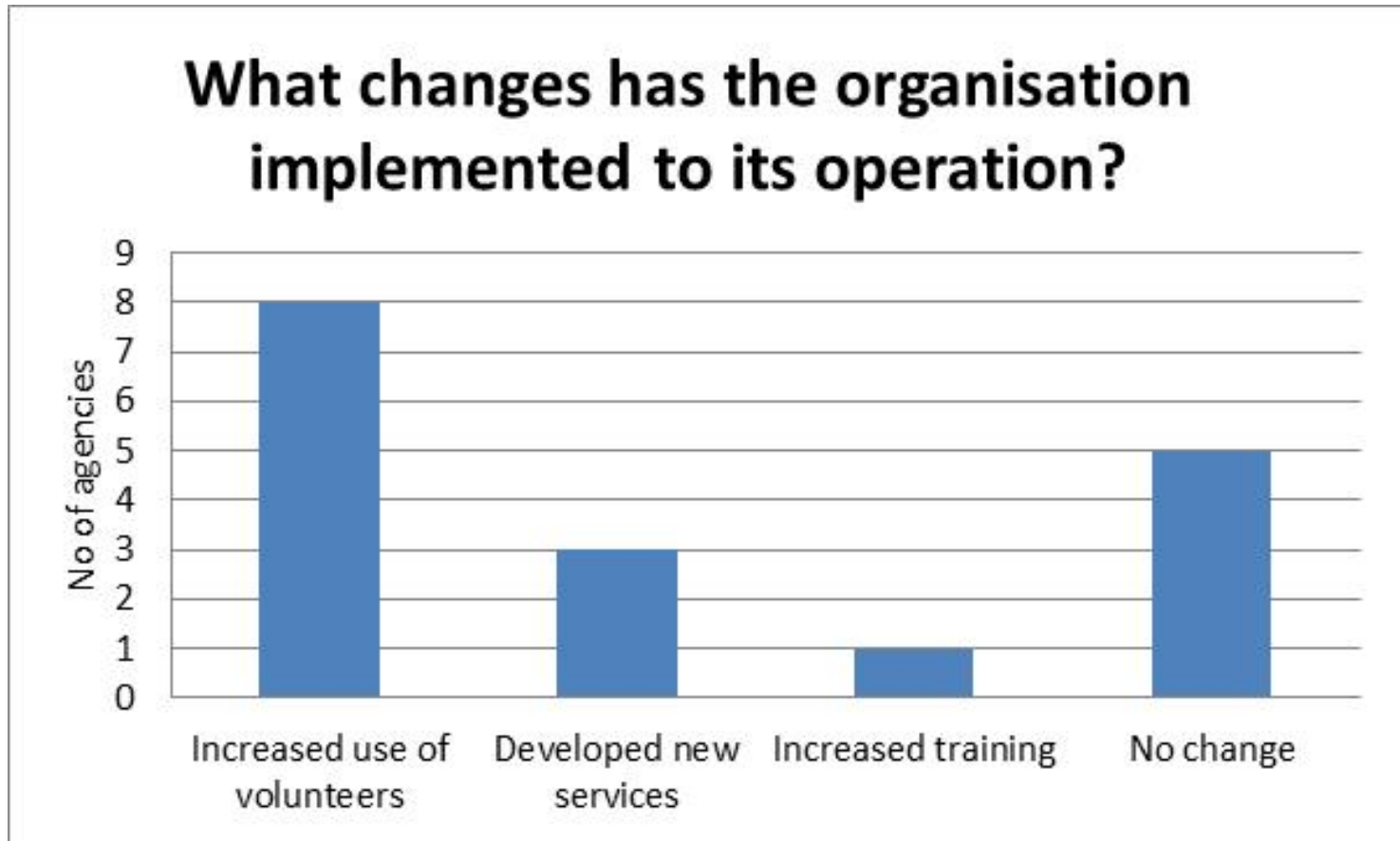
Needs assessment 2014 review - Feedback from providers and partners

What areas create problems for you to manage?

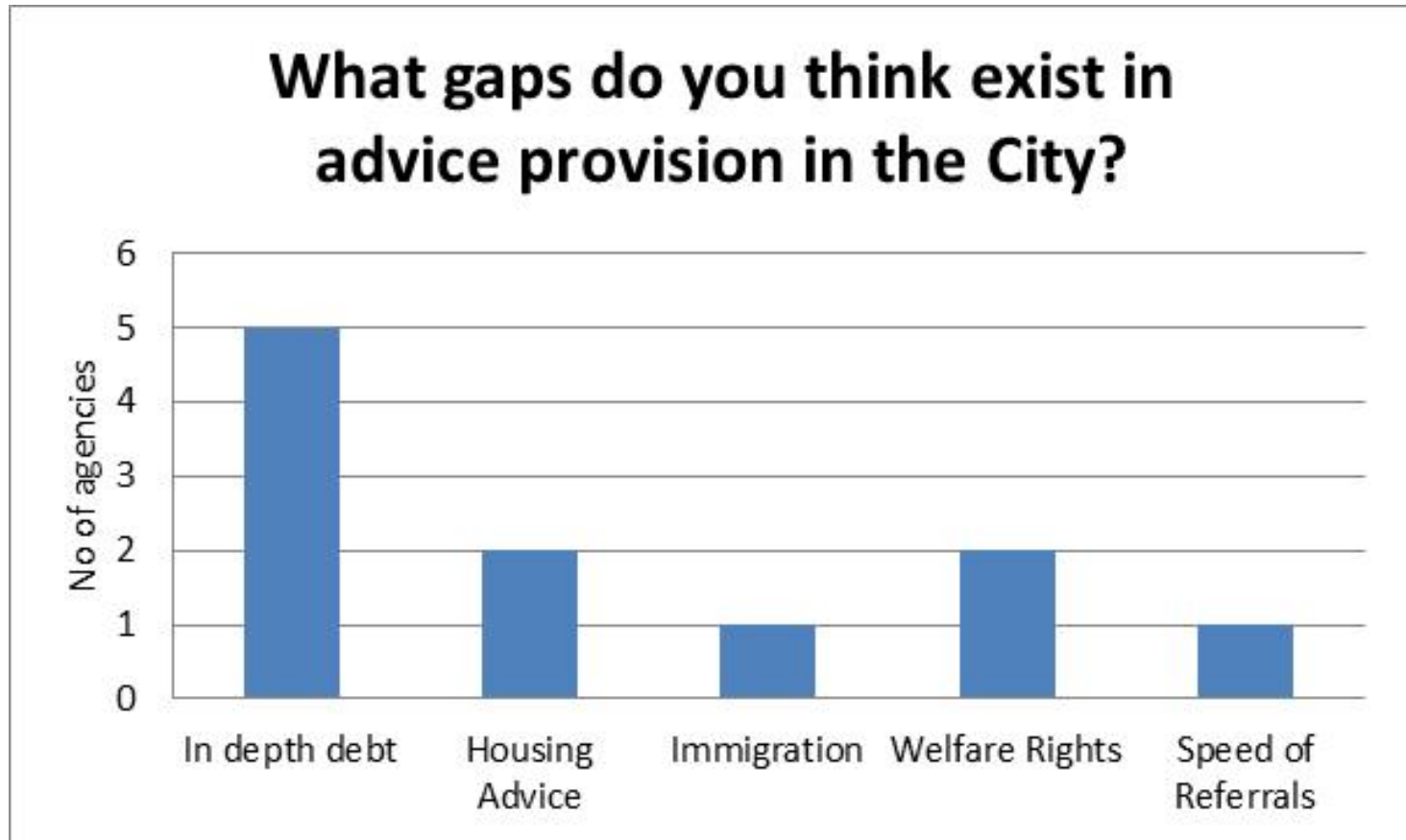
■ In Depth work ■ Debt & Money advice ■ HB & WR ■ Immigration ■ All



Needs assessment 2014 review - Feedback from providers and partners



Needs Assessment 2014 review - Feedback from providers and partners



Agencies offering advice on debt to Norwich residents

15 agencies on the NCAN* directory. A further 4 agencies offer debt advice in the city that are not in the directory. This includes face to face, web access and phone

* NCAN – Norfolk Community Advice Network

Agencies offering advice on Welfare Rights to Norwich residents

13 agencies on the NCAN directory.

This includes face to face, web and phone access

Impacts of low incomes or debt

- Children's educational attainment, emotional well-being and resilience
- Dietary opportunities and choices
- Cold housing affects dexterity and increases the risk of accidents and injuries in the home
- Poor health
- Domestic abuse
- Time poverty
- Low self-esteem

What next?

- Test needs assessment with providers and partners
- Finalise commissioning intentions
- These will be advertised in the autumn
- We are keen to explore
 - How these services can better align with those of partners e.g. early help; child poverty strategy; health outcomes; vulnerable people
 - Opportunities for joint commissioning – given the impacts that low pay and debt have on a range of indicators for well being and life chances