



Challenges Facing Torbay Residents

April to September 2012

John Cooper
District Manager
Torbay Citizens Advice Bureau

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1.0 Background

- 1.1 In 2011/12 (April 2011 to March 2012) Torbay Citizens Advice Bureau received 13,945 contacts from people seeking advice and dealt with 24,172 enquiries. These figures reflect the significant increase we have experienced in demand over the past couple of years. This trend continues and in the last six months (April to September 2012) we have seen a 19% increase in enquiries compared with the same period last year. The increased demand for our advice services is undoubtedly the result of the on-going financial crisis and recent welfare benefit changes which have had a significant impact on many households within Torbay.
- 1.2 This report highlights in more detail some of the key issues facing Torbay residents from information extracted from our records, the experience of our caseworkers and highlights how access to advice services can help people overcome some of the issues they are facing. The report also includes examples of aspects of the social policy work we are undertaking to analyse and where possible combat some of the issues we are encountering.

2.0 Key Challenges to Address

- 2.1 Fundamental reform of the welfare benefit system together with the current economic situation will mean more people will need help and advice to understand the changes and learn how to manage on an often significantly reduced income i.e. financial capability /debt/ benefit/income maximisation advice
- 2.2 Specialist money advice and financial capability services will have increased importance as more people struggle with reduced living standards and debt. Government legal aid cuts to debt advice services from next April 2013 will reduce our specialist debt advice capacity and create a major challenge in coping with increased demand. We will however continue to help people avoid the pitfalls of debt and guide them away from the use of loan sharks or expensive debt management companies that will only exacerbate the problems they face

3.0 The main Issues Facing Residents

- 3.1 In the first six months of 2012/13 residents presented 14,425 enquiries to Torbay CAB representing a 19% increase over the same period last year
- 3.2 The top five issues facing residents during the first 6 months of 2012/13 were as follows:-
- Benefits 31.0%
 - Debt 19.0%
 - Employment 10.0%
 - Housing 10.0%
 - Relationships 8.0%

3.3 The bureau takes an holistic 'one stop' approach to resolving client problems e.g. a client may present with a debt enquiry but there may also be related issues such as benefit maximisation, relationship breakdown or employment implications. Through this approach we are able to deal with the various issues presented in one place and offer a truly comprehensive service that makes a real difference to the lives of the people concerned

3.4 The table below shows the % of clients by Ward using our service between April and September 2012

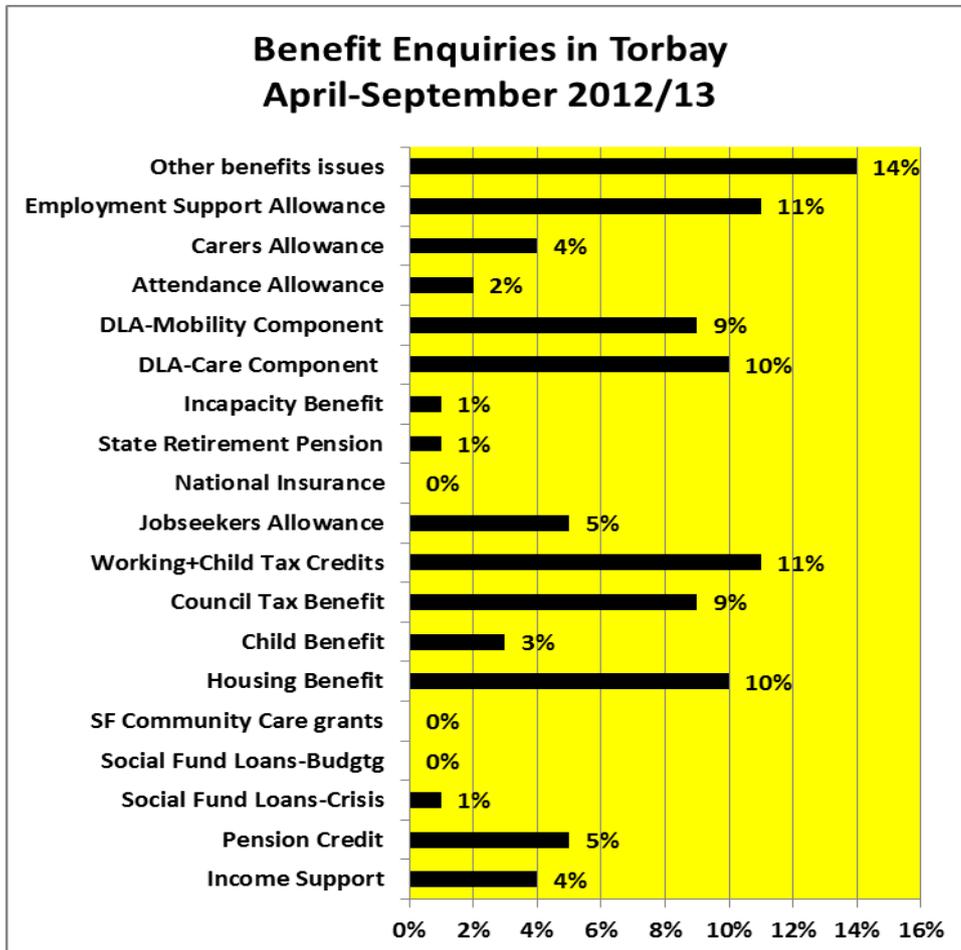
Ward	%
Berry Head-with-Furzeham	6
Blatchcombe	10
Churston-with-Galmpton	3
Clifton-with-Maidenway	7
Cockington-with-Chelston	6
Ellacombe	5
Goodrington-with-Roselands	5
Preston	7
Roundham with Hyde	13
Shiphay with the Willows	5
St Marychurch	7
St Mary's-with-Summercombe	5
Tormohun	10
Watcombe	6
Wellswood	4

3.5 The table on the following page shows the % of enquiries of each type by ward. This may be distorted slightly by the availability of Torbay CAB premises within a particular ward i.e. a specialist debt advice service in Torquay

	Berry Head-with-Furzeham	Blatchcombe	Churston-with-Galmpton	Clifton-with-Maidenway	Cockington-with-Chelston	Ellacombe	Goodrington-with-Roselands	Preston	Roundham-with-Hyde	Shiphay-with-the-Willows	St Marychurch	St Mary's-with-Summercombe	Tormohun	Watcombe	Wellswood
Benefits	26	36	26	33	33	29	33	31	33	37	32	35	30	30	24
Consumer	3	4	4	3	2	1	2	6	2	1	5	4	2	5	4
Debt	17	18	19	16	19	26	12	18	16	21	21	21	26	23	24
Education	0	1	2	0	0	1	0	0	1	0	0	1	1	1	1
Employment	9	7	13	9	9	14	9	7	8	12	7	7	10	9	10
Finance	5	4	4	6	3	4	4	4	4	2	2	3	3	5	4
Health	0	2	3	3	0	1	3	1	2	1	2	2	2	2	3
Housing	13	6	10	10	9	11	11	10	13	8	9	5	9	5	10
Immigration	0	1	1	0	0	2	0	0	1	1	1	1	1	1	3
Legal	7	4	2	6	6	3	8	7	7	6	4	5	4	5	5
Other	1	0	1	1	0	0	1	0	1	0	0	3	0	1	0
Relationships	7	10	10	8	12	5	10	9	6	7	9	7	5	8	8
Signposting	8	2	2	2	0	2	2	2	1	2	3	2	1	2	1
Tax	2	1	1	1	2	0	2	1	2	2	0	2	1	2	1
Travel	0	1	1	1	2	1	1	3	1	0	2	1	2	1	3
Utilities	2	4	1	2	1	1	3	1	2	0	1	2	2	3	0

4.0 Welfare Benefit and Working Tax Credit Issues

4.1 Benefit/ tax credit advice is the largest area of advice provided to clients visiting the service. Client enquiries have increased 11% within this field between Q2 2011/12 and Q2 2012/13



4.2 Between Q2 2011/12 and Q2 2012/13 we have seen a significant increase in client enquiries as a result of some of the major changes that are taking place across the welfare benefit system. These are as follows:-

- Employment Support Allowance (ESA) client enquiries have increased by 38% this year compared to the same period last year. In particular we have seen a 67% increase in people asking for advice on work capability assessments and a 93% increase in people needing help with their appeals. (nationally 40% of clients who appeal against their work capability assessment (many of whom are severely ill and/or disabled and have not had their medical evidence adequately assessed at their work capability assessments) have won their appeals - in Torbay we have been successful with 100% of the appeals we have undertaken).

- A new area of enquiry during the last year has been in relation to the 12 month limit placed on contribution based ESA for people who have been working, paid national insurance contributions and are then unable to work due to long term sickness. After the expiry of this period they cease to be entitled to contribution based ESA. This change was introduced by the government in April 2012 and will have a major impact on people who suffer long term sickness. The people and families concerned will often need help to understand these changes, mitigate against the added stress at a time of ill health and assistance to cope with the reduced income that results.

This increase in client enquiries is due to the on-going transfer of people from Incapability Benefit to Employment and Support Allowance. This transfer started in March 2011 and is timetabled to continue until 2014.

- Housing Benefit enquiries have increased 20% in the last year. The main areas of enquiries relate to the eligibility rules (with a 16% increase in enquiries) and Local Housing Allowance rent restriction issues (with a 31% increase). In January 2012 the shared room rate (SRR) was extended to single claimants under 35 years of age (up from age 25). In line with this change we saw an 8% increase in client enquiries in relation to housing benefit from the 25-34 age groups between Q1 of 2011/12 and Q1 of 2012/13.

Torbay CAB in conjunction with our colleagues at other bureaux in Devon is conducting a survey with individual clients on the effects of the reduction in housing benefit entitlements. The results will be analysed and outcomes fed into local and national policy campaigns/initiatives

- Working and Child Tax Credit client enquiries continue to be an important area of advice due to changing rules in relation to eligibility for working tax credit introduced in January 2012 i.e. couples with children now have to work 24 hours a week rather than 16 hours to qualify, 50+ element scrapped etc. Enquiries from the over 50's have increased by 38% in the last year and from couples with children by 7%

- 4.3 The vast majority of the welfare benefit reforms have led to significant reductions in the amount of entitlement available (including the freezing of some benefits such as Child Benefit and Working Tax Credit, more hours having to be worked to claim working tax credit etc). This has necessitated guiding people through the process to help them understand the changes, challenge decisions when they appear wrong and supporting individuals and families with money management issues as they struggle to adjust to often significantly reduced incomes.
- 4.4 This has increased the value of ensuring Torbay residents maximise their incomes during this difficult time, with an emphasis on helping those suffering ill health and disability who are being hit particularly hard by the changes. As a direct consequence of our work, during the first six months of 2012/13 our

advisers increased the incomes of Torbay residents by £822,775 helping to reduce poverty and inequality within the Bay.

This represents not only an increase in income and an enhancement to the quality of life for the recipients and their families but also provides an inflow of resources into the Torbay economy. The biggest area of impact has been in health and disability entitlements, particularly for carers and families with special needs children. This reinforces our emphasis on providing advice within the community through GP surgeries, home visits for the disabled/long term sick, carers and families with children with special needs. However by March 2013 we will lose funding for our valuable GP advice service due to cut backs by Torbay Care Trust.

4.5 Many of the changes within the welfare reforms and therefore the resulting challenges that will affect Torbay residents are still to have an impact. Changes being introduced to the benefit system will impact both on working and non-working families. These families will need help, advice and support to understand these changes and cope with the consequences including further reductions in household incomes, increased child poverty, homelessness etc. Some of the changes and challenges which will take place between now and 2017 are detailed below:-

- Continuing cuts to housing benefit and the growing reliance and demand for discretionary housing payments. A recent meeting with our bureau and officers from Torbay Council highlighted the need to extend the allocation of discretionary housing payments to other needy applicants i.e. deposits for private rented accommodation outside those for whom the Council had a statutory obligation to assist i.e. actual homeless.
- Abolition of Council Tax benefit and its replacement with local relief schemes by April 2013 (10% cut in government funding with pensioners protected but those of working age bearing the brunt of the cuts, receiving less/no benefit and having to pay significant amounts in council tax out of meagre incomes). Current proposals by Torbay Council suggest on average that the poorest non-pensioner households (around 9678 claimants) will have to find around 25% of their council tax from basic incomes. This creates a major problem for many working age households who will struggle to make up the shortfall which in turn will create problems and costs for the Council both in terms of reduced income and difficulties in pursuing arrears. The importance of specialist debt and money advice services to help people meet their obligations is likely to increase in importance. Recent announcements of a one year £100 million government transitional grant scheme for local authorities will help mitigate against part of the impact of the new council tax relief schemes during the first year of their introduction but will still mean real reductions in incomes for the low income working age household affected. The grant will be payable in March 2013, for one year only to those authorities who adopt schemes that comply with criteria set by Government.

- Abolition of the discretionary social fund (community care grants and crisis loans) from April 2013 to be replaced by local alternatives ('local welfare assistance') administered by Torbay Council. These funds are not ring fenced although the government has said they wish the grants to be used to meet similar needs to those covered by Community Care Grants and Crisis loans (i.e. cash support through grants and loans as a last resort for families and individuals without money who apply for loans for food, furniture, heating and other essentials)

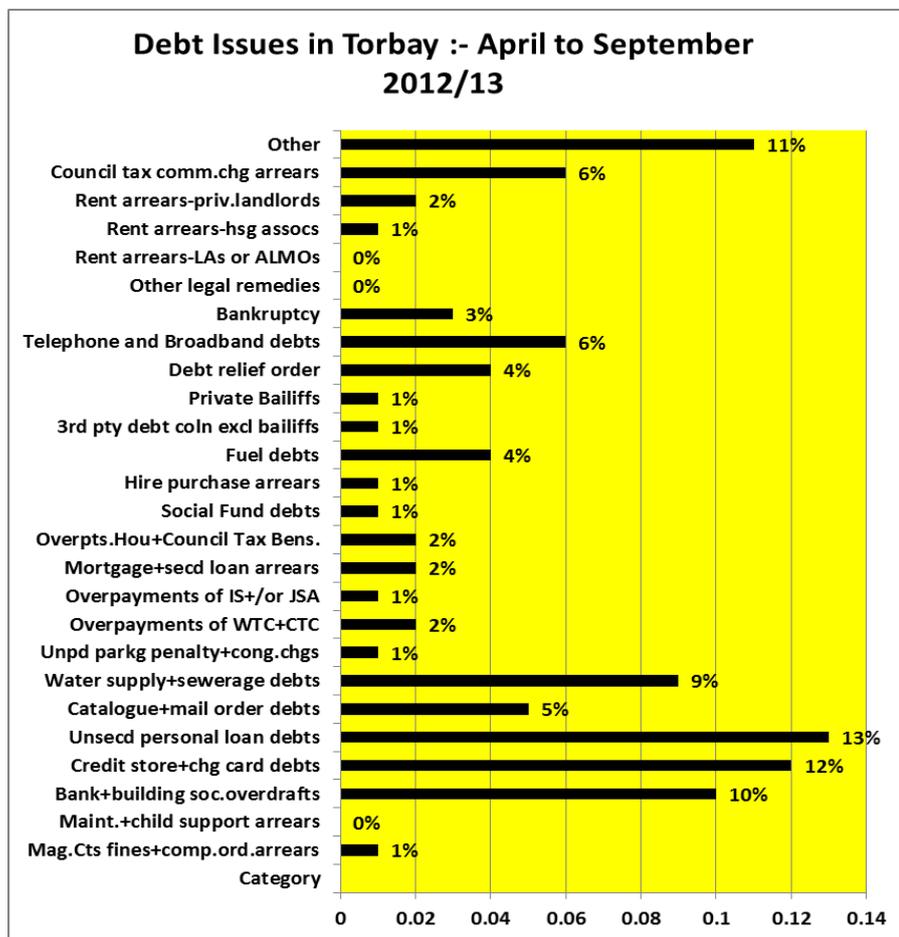
Without these cash payments vulnerable people facing an emergency situation (i.e. women fleeing domestic violence, those made redundant etc.), often waiting for benefit payments, and who would not be able to take out a loan with a bank could be forced to use loan sharks, payday loans or begging from friends. The importance of a scheme that continues to offer emergency cash support and advice services that can assist with debt/money problems and assist in accessing charitable and other grants will increase in importance for this group of people

- Introduction of Universal Credit from October 2013. A joint report with The Children's Society and Disability Rights UK on the findings of an inquiry led by Baroness Tanni Grey-Thompson recently found that while some people will be better off under universal credit several key groups would lose out financially under the new system. These include up to half a million disabled people including:-
 - 230,000 severely disabled people who live alone, or with only a young carer – usually lone parents with school age children – will receive between £28 and £58 less in benefits every week.
 - 100,000 disabled children stand to lose up to £28 a week
 - up to 116,000 disabled people who work will be at risk of losing around £40 a week.
- Introduction of Disability Living Allowance and Personal Independent Payments (replacing Disability Living Allowance) from 2013 with ESA type medical assessments. This represents a major change to benefits paid to the sick and disabled and is a significant issue for many of the most vulnerable residents within Torbay. The proportion of the Torbay population who experience limiting long term illness is significantly higher at 23.03% than the national average of 17.93 % (Source: Census). This places Torbay in the top 25% of local authorities in the country in terms of long term limiting illness. In addition, 8 areas in Torbay fall within the top 10% most deprived areas for health and disability deprivation with 14 in the top 20% (Source 2010 deprivation indices). There is a strong correlation between health deprivation and wider inequalities. Torbay also has an above average proportion of the population providing unpaid care in the home. It is therefore inevitable that we will see a significant increase in the advice needs from this section of the community.
- Older couples are currently able to claim pension credit if one of them is over the state pension age for women. Under the welfare reform bill

'mixed age' couples (i.e. one person of working age and one over state retirement age) will be unable to claim pension credit. Under current plans these couples will receive £100 a week less than a couple entitled to pension credit and £30 a week less than the older partner would get if they lived alone. Citizens Advice is currently campaigning to help older people falling within these categories to receive increased payments

5.0 Debt and financial problems

5.1 Financial difficulties and debt represent one of the main challenges facing Torbay residents with 19% of our clients having problems to resolve. The graph below illustrates the main areas of debt experienced by clients for the first six months of 2012/13. It shows consumer credit debts (unsecured loans, overdrafts, credit/store/charge cards represent 40% of all debts and household debts such as mortgages/secure loans, rent arrears, council tax, utilities (fuel), water and sewage and telephone/broadband representing 30%.



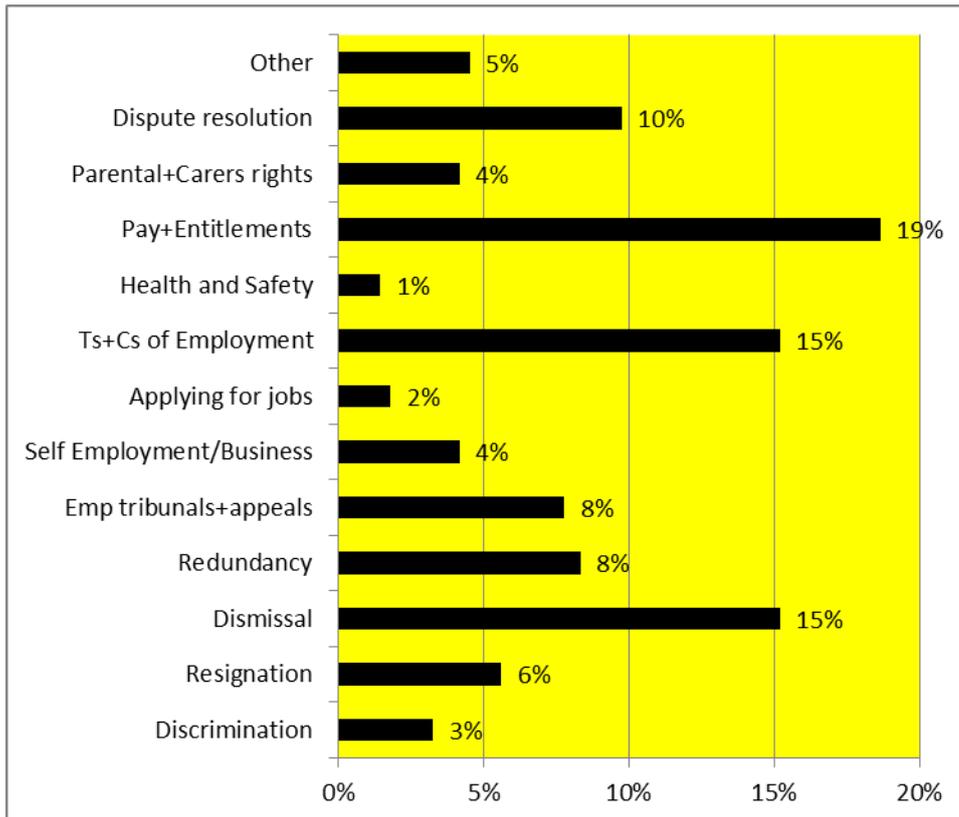
5.2 The combined impact of unemployment, little or no wage growth, inflation and lower benefit/ tax credit levels have eroded the living standards and real spending power of households, pushing many people to the brink with residents severely cutting back and in increasing cases relying on credit for essentials such as food and energy

- 5.3 These issues are compounded in Torbay as we are a low income area, illustrated by the fact that the average gross wage in Torbay is within the lowest 5% for all local authorities (Source: 2011 annual survey of hours/earnings). 76% of our clients have an income below £600 a month with 26% on incomes of less than £400. In addition, Torbay has the highest level of personal bankruptcies per head of population in the country.
- 5.4 As income declines so does spending power, compounding the effects of the recession on local businesses. The impact of debt is complex and has considerable cost to the community. For example, if local residents miss rent payments they may go through the trauma of losing their home, increasing the possibility of family break up and ill health leading to both child and adult poverty levels increasing. This has substantial administrative costs to public organisations (council, nhs) and social costs to the family concerned/ society in general. As deprivation increases progress on efforts to promote social inclusion are damaged. The stress of living with problems can also have dramatic effects on physical and mental health, adding to the strain on public services.
- 5.5 In an effort to combat some of these problems, Torbay CAB currently provides a quality assured specialist debt advice and financial capability service. Our specialist debt management service has a key role to play in making a meaningful contribution to the well-being of individuals, helping them to face up to and deal with debt at an early stage, helping to alleviate the social costs both to the person/ family concerned and to the wider community resulting from the misery of debt. The service also works to help desperate and vulnerable people avoid falling prey to loan sharks or expensive debt management companies whose fees exacerbate the problems they are facing.
- 5.6 The service holds the Community Services Quality Mark for specialist debt advice which ensures all clients receive advice to the highest standard. Our service provides tailored one to one support to discuss options and agree a plan of action to tackle an individual's debt problems, compile financial statements to enable the caseworker to negotiate effectively with creditors on the clients behalf, develop affordable payment plans, writing letters, court representation, help with the threat of repossession proceedings, completion and submission of bankruptcy and Debt relief order applications etc.
- 5.7 Our preventative debt and financial capability service provides one to one mentoring and courses tailored to assist residents in managing their finances/debts, reduce expenditure and maximise their incomes i.e. how to reduce energy, water costs and avoid the pitfalls of debt etc. This has proven to be a valuable service that not only helps clients to manage their debts but also provides them with the necessary skills and knowledge to deal effectively with their finances moving forward. This represents the model for the provision of debt advice we wish to develop further in the future. However from April 2013, the government is removing nearly all of debt advice from legal aid funding which in turn will halve Torbay CAB specialist debt advice capacity (unless extra funding can be accessed). This represents a major

challenge to meet Torbay residents money advice needs at a time of increasing demand.

6.0 Employment Issues

6.1 Employment issues are another of the main areas on which people seek advice. With the economic situation, employment related issues present a significant challenge for Torbay residents. The graph below shows the main employment enquiries raised by clients for the first six months of 2012/13



6.2 We have experienced a 50% increase in enquiries relating to people needing our help with appeals and employment tribunals.

6.3 Torbay suffers from the highest level of unemployment (JSA claimant rate) in the South West with a rate of 4.3%. This compares with 3.8% in the United Kingdom and 2.6% in the South West (August 2012). This problem is particularly acute for the younger age groups.

6.4 Torbay also shows the lowest economic performance for the whole of the South West region and the second lowest of any area in England and Wales (measured from gross value added figures). The economy is particularly vulnerable in the current economic climate given that the proportion of jobs in public administration, education and health equates to 36.7% and in tourism 16.7%. Torbay is in the top 10% of authorities in Great Britain in terms of employment in public administration, education and health and within the top

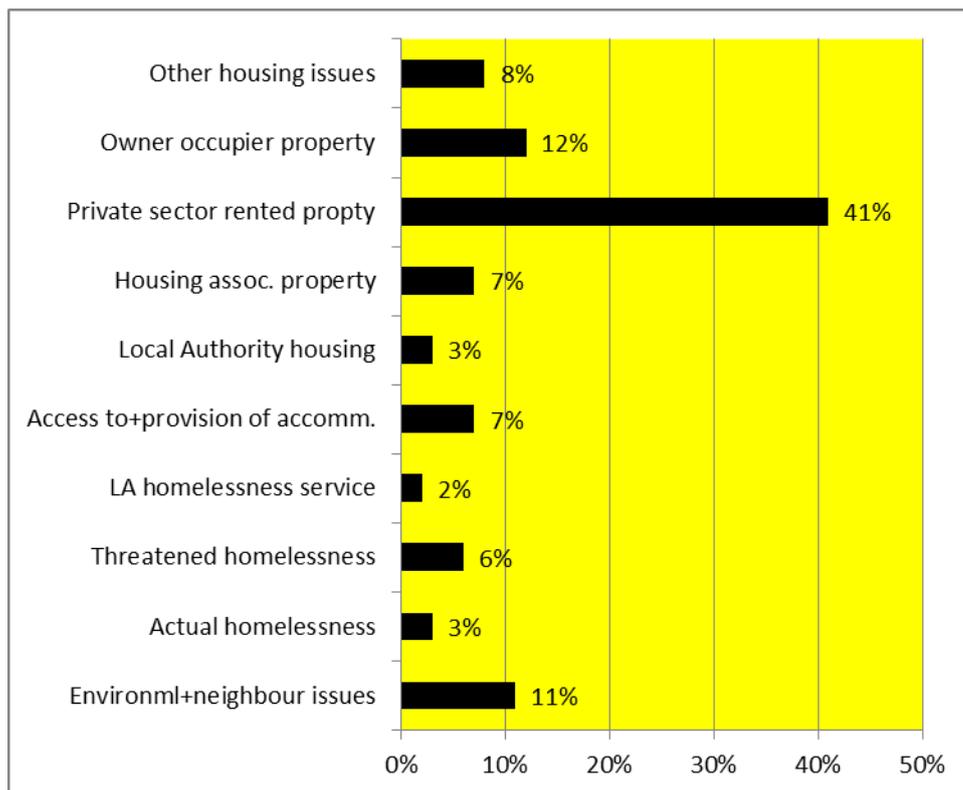
5% of local authorities for employment in tourism (Source: ONS annual business inquiry employee analysis 2008)

6.5 These characteristics create a particular challenge to Torbay residents when seeking to attain employment. Becoming unemployed is often the trigger for debt problems and increasing levels of unemployment will undoubtedly bring greater financial hardship to our communities.

6.6 To combat some of these problems Torbay CAB has worked closely with unemployed people providing them with a weekly surgery to help overcome some of their barriers to work and assist them in managing their incomes to help avoid the pitfalls of debt. This is a hugely oversubscribed service often with between 7 - 10 people a day using the service

7.0 Housing

7.1 Housing represents 10% of client enquiries. The graph below details the main client enquiry areas.



7.2 A substantial proportion of this advice concerns privately rented property. 41% of our clients live in the privately rented sector and Torbay has a high level of privately rented property at 15.1% compared to 8.0% for England (Source: 2011 census). The key issues for Torbay residents are:-

- Problems around rents and charges (16%)

- The quality of accommodation and getting landlords to undertake repairs (18%)
- The cost of deposits, tenancy deposit protection and problems with the return of deposits at the end of a tenancy, problems with letting agencies (23%)
- Another common issue relates to security of tenure (11%) The assured shorthold tenancy, widely used within the private sector provides tenants with little security. As a result, many tenants are reluctant to complain about disrepair and damp, for fear of eviction.
- Eviction through possession action (not arrears) at 12% and through tenants facing eviction due to landlords with substantial mortgage arrears (4%) of enquiries in this area

7.3 Many tenants, such as pensioners, the disabled and non-working and working households on low incomes depend on housing benefit to help them pay their rent. However, the gap between market rents and housing benefit levels across large areas of the country make it extremely difficult for tenants to find a suitable home which they can afford. Proposals by the Government to reduce the amount of housing benefit that tenants can claim are likely to exacerbate this problem even further while also increasing debt problems. Particularly relevant changes are:-

- The introduction in January 2012 of the shared room rate (SRR) to single claimants under 35 (up from 25). (CSR). As indicated previously we have seen an increase in housing benefit enquiries for the first six months of this financial year compared to the same period last year for the 25-34 age groups.
- From April 2013 restrictions on the number of rooms “needed” in social housing (already the case in private rented housing). This applies to “working age” families so if a family is in a larger home than they are deemed to “need”, benefit will reduce, causing a shortfall in rent (14% reduction for an extra room and 25% for two or more). Citizens Advice has estimated that nationally it will affect around £670,000 households with two thirds of those affected containing a disabled person.
- From April 2013 Local Housing Allowance rates will be uprated in line with CPI if lower than 30th percentile figure, not average market rents as currently. This means that housing benefit will no longer be based on what rent actually costs. Shortfalls in these payments will mean that money for rent will have to be found by low income households out of their existing income with a consequence that debt and evictions are likely to increase

7.4 The abolition of Council Tax benefit and it's replacement with local relief schemes by April 2013 (pensioners protected but other groups likely to receive less benefit) which could mean the poorest non-pensioner claimants will have to find up to 25% of their council tax from basic incomes. Both tenants and homeowners are likely to have problems funding the shortfall leading to the increased potential for debt problems/ retaining their homes.

7.5 During the past couple of months our debt caseworkers have enable four families to retain their homes through the Mortgage Rescue Scheme

8.0 Conclusion

8.1 The economic and social problems prevalent within Torbay are already all too evident. These include the highest levels of deprivation for any local authority in the South West, the highest unemployment rate in the region, a low wage economy (nationally within lowest 5%) and the highest level of personal debt per head of population. These characteristics are only likely to be exacerbated by the prevailing economic/ financial climate.

8.2 Research from the Money Advice Trust has shown that the earlier that people identified a problem and adjusted to a change in circumstances the better able they were to manage financially and emotionally in the long term. They state “Greater public awareness of what “unmanageable debt” means and how seeking free, effective and independent advice can help resolve or alleviate the situation is essential to prevent more families reaching crisis point.”

8.3 The challenges Torbay residents face and the increased demand for advice due to the economic situation, welfare reforms and reductions in household incomes comes at a time of cuts to the funding streams to advice agencies. This presents a risk that people will be unable to access the advice they need in order to prevent problems spiralling out of control with inevitable consequences for the person/family concerned, local communities and the public purse.