

3.3.2 Deprivation, debt and independent advice in Bradford district

Context

Deprivation and health inequalities: In November 2008 Sir Michael Marmot led an independent review into strategies for reducing health inequalities in England. In 2010 Fair Society, Healthy Lives was published which concluded that:

- People living in the most deprived neighbourhoods in England will on average die seven years earlier than people living in the richest neighbourhoods.
- People living in deprived areas not only die sooner but spend more of their lives with disability – an average total difference of 17 years.
- Health inequalities can be prevented and require action across all the social determinants of health, including income, housing, education and community.

Local evidence about mortality rates for Bradford District, covering all ages and all causes, matches the findings identified in Fair Society, Healthy Lives. This is strongly evidence in local data on health inequalities.

Deprivation in Bradford District: Bradford Council's analysis of the Index of Multiple Deprivation in 2011 found that:

- Bradford District ranks 26th most deprived local authority in England and 2nd most deprived in the Yorkshire & Humber region.
- 94 of Bradford District's 307 neighbourhoods (Lower Super Output Areas) fall within the most deprived 10% in England - 157,287 people (31.4% of the population) live in these areas.
- The most deprived areas are concentrated in and around central Bradford, in outlying Bradford housing estates, including Holme Wood, Ravenscliffe, Buttershaw, Allerton and similar areas, and in Keighley (more detail about deprivation at ward level is available in section 3.1.3).

Debt and health inequalities: This challenging local context gives rise to a high level of financial exclusion and debt problems, resulting in a high need for independent advice about debt, benefits, housing and related problems. National research by the Legal Services Research Centre (LSRC) identified the following impacts of 'civil justice' problems on health and wellbeing and there is no reason to believe that the impacts are any different in Bradford District:

- 27% led to stress-related illness.
- 16% led to physical ill-health.
- 16% led to a loss of income or employment.
- 6% led to loss of home.

The LSRC research concluded that: "People who are vulnerable to social exclusion are most likely to experience civil justice problems" and the "experience of civil justice problems can lead to substantial public expenditure and personal loss". It has been also suggested that there is a "broad consensus that indebtedness and ill health are linked in many respects". Household debt is a significant problem in Bradford District, for example 22% of local residents have reported that they are struggling to pay for heating and hot water.

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National and local targets

Public Health Outcomes Framework

Improving the wider determinants of health – Improvements against wider factors that affect health and wellbeing and health inequalities.

Indicators which include areas of relevance to debt and financial inclusion include:

- Children in poverty
- Statutory homelessness
- Fuel poverty

Relevant strategies and local documents

- Financial Inclusion Strategy 2012
- Bradford District Child Poverty Strategy 2011 – 2013
- Community Legal Advice Service Partnership Strategy 2012 – 2014

What do the data tell us?

Household debt

Household debt is caused by a range of factors, including relationship breakdown, ill health, loss of employment, lack of access to affordable credit, long term low income, irresponsible lending or borrowing and limited financial capability.

Household debt is a very significant problem, both nationally and locally. The level of household debt has been rising over the past decade to rates not seen before. Citizens Advice Bureaux across England “have seen a 100 per cent increase in the number of debt enquiries they have dealt with over the last 10 years”.ⁱ Recent analysis of national data by the charity Consumer Credit Counselling Serviceⁱⁱ found that 3.2 million people are “already in financial difficulty, either in structural arrears or subject to some form of debt action, with a further three million at risk of getting into financial difficulty because they are finding it hard to make ends meet and are vulnerable to increases in household bills”.

Household debt in Bradford District

There is no comprehensive data about levels of household debt in Bradford District. This is because much of that information is considered commercially sensitive (eg gas, electricity or rent arrears) and because County Court Judgments can be awarded in courts across the country making it impossible to collate for any local area. However we do know that 28,822 liability orders for court action were issued in 2010/11 to recover Council Tax debts owed to Bradford Council.ⁱⁱⁱ We also know that in 2010/2011, independent advice agencies funded by Bradford Council and NHS dealt with more than 50,000 enquiries from local people, of which more than 70% related to money problems, with advisers stabilising more than 9,000 individual debt problems, amounting to approximately £24.5 million of debt in total.^{iv}

The types of debt problems affecting households vary according to their financial circumstances. Local independent advice services predominantly assist people from deprived areas who frequently present with complex, longstanding, multiple debt problems. Their clients tend to have a combination of ‘consumer credit’ debts (eg for personal loans or credit cards) and debts for essential items of expenditure, such as rent, gas, electricity, water, clothing catalogues and Council Tax. This pattern was also identified by Bradford Council’s ‘Perceptions Survey’^v which interviewed approximately 7,000 local residents in 2011. This research found that 22% of people had difficulty finding the money to pay for heating and hot water, 19% were worried about the amount of debt that they already had and 30% were worried about getting into debt. The geographical distribution of debt reflects the general pattern of deprivation: more people experienced these types of financial problems in the more deprived areas.

Affordable credit

Access to affordable credit is a related problem. For many people, access to mainstream credit from 'High Street' banks and building societies is not an option, either because of past debt problems and consequent poor credit rating or because of their low incomes. While some people are members of the Credit Union^{vi} and have access to more affordable credit, many more have to rely on high cost, pay day and home credit lenders, some charging interest rates above 4000%^{vii}. The final alternative source of credit for financially excluded people are the illegal loan sharks.

Mental health and debt

The Royal College of Psychiatrists^{viii} has researched the relationship between debt, financial exclusion and mental health and report that:

- One in four people has a mental health problem at some point
- One in four people with a mental health problem is in debt
- One in two people in debt has a mental health problem

Debt may be a cause and a consequence of mental health problems:

- if someone is in debt, this can cause or exacerbate depression, anxiety and other mental health problems – for example, debt is a risk factor for suicide
- if someone has a mental health problem, it can cause or exacerbate difficulties managing money and result in debt problems – 24% of people with depression or anxiety and 33% of people with psychosis report debt problems.

Welfare benefits, disability allowances and carers allowances in Bradford District

High proportions of local people are living on low incomes, of which benefits, tax credits and disability allowances make up part or all of their income^{ix} (more detail about earnings levels is available in section 3.1.2):

- approx 59,000 people (18% of the working age population) receive benefits because they have a low income and they are either sick, disabled, carers, unemployed or lone parents
- approx 25,000 people receive Employment Support Allowance (ESA) or Incapacity Benefit because they are too ill to work
- approx 28,000 disabled people under 65 receive Disability Living Allowance and 11,500 disabled people over 65 receive Attendance Allowance
- approx 9,000 people receive Carers Allowance
- approx 19,500 people receive Jobseekers Allowance (more detail about employment and unemployment is available in section 3.1.1).

Welfare Reforms

The government is making fundamental changes to almost all benefits for people aged under 65 in the Welfare Reform Act, which was passed on 1st March 2012. The overall impact is expected to be reduced rates of payment from sickness and disability allowances, housing and Council Tax benefits, other welfare benefits and tax credits, and fewer overall numbers of people entitled to these types of financial support. Three key examples are:

- from 2012 onwards, rates of Housing Benefit will be reduced for many people living in rented accommodation, both in the private and social rented sectors
- in 2013, Disability Living Allowance will be abolished and replaced with the Personal Independence Payment
- from 2013 to 2017 all other working age, means tested benefits and tax credits will be replaced by the Universal Credit.

These changes are expected to affect more than 12 million people nationally. Analysis by the independent Institute of Fiscal Studies suggests that overall levels of child and adult poverty will increase as a result of the reforms^x.

The Welfare Reforms propose an increased reliance on IT and the internet for making and administering claims for benefit. Benefit payments will also be made monthly, rather than weekly or fortnightly as at

present. These proposals have given rise to concerns about the ability of financially excluded and vulnerable groups to manage their finances and to manage online administration of their benefit claims. The changes are widely expected by independent advisers to create confusion among benefit claimants, resulting in an increase in requests for help from a range of public and voluntary agencies.

What works?

The Royal College of General Practitioners^{xi} has stated that primary and community care practitioners are well placed to link their patients with free, independent and reliable advice about debt and benefit problems. The RCGP believes that “the time spent in helping people make these links may be compensated for by a likely reduction in the number of occasions on which patients will visit GPs”. They suggest ways that primary care services can help, including:

- Funding and hosting outreach advice sessions in their premises – many health centres and surgeries already have these arrangements with local advice agencies in Bradford District
- Talking to patients about debt and benefit problems and signposting them to, or making direct contact with, independent advice services which can help resolve those problems
- Using the Debt and Mental Health Evidence Form to provide evidence about patients to independent debt advisers – the form was developed by the Royal College of Psychiatrists and enables health professionals provide clear and relevant evidence to support money advisers’ negotiations with creditors: www.rcpsych.ac.uk/debt

The impact of free, quality assured money advice delivered by independent advice agencies based in local community locations has been studied by the Legal Services Research Centre for the Ministry of Justice^{xii}. This researched the impact of money advice at 6 and 12 months after the client had first seen an adviser. They found:

- positive changes in terms of respondents’ health and wellbeing, with most rating it easier to carry on living a normal life whilst experiencing their debt problems and spending less of their time worrying than previously
- for most of those experiencing general health improvements, this was linked to the advice they had received for their debt problems, including for some respondents increased income
- an overall improvement in financial situations, with levels of debt falling on average by £7,585 and the advice received helping them to avoid legal action, stop getting further into debt and enabling them to pay off debts at a more manageable rate

Research published in 2011 by Salford University, commissioned by Leeds City Council^{xiii}, into financial exclusion and money advice services in Leeds found that:

- 67% of respondents reported reduced stress as a result of the advice received
- 41% of respondents reported improved health as a result of the advice received

Independent advice services in Bradford District

There are twenty voluntary sector advice agencies in Bradford District, providing free, independent, confidential and impartial advice, all of which have the national Community Legal Service Quality Mark. A full list of those agencies can be found at: www.antp.org.uk/advicecentres and details of all their outreach advice sessions can be found at: www.divabradford.org.uk/advice-services. More detail about advice on community legal rights and entitlements is available in 3.5.4.

Future needs and gaps in provision

The withdrawal of legal aid funding from most social welfare law advice will place severe pressure on those independent advice services that provide specialist level (solicitor-equivalent) help with complex problems, in particular those assisting people with County Court cases in relation to debt (eg possession for rent arrears) and with appeals to independent benefit tribunals

The need for advice about changes to welfare benefits and disability allowances is likely to increase as major welfare reforms are implemented from April 2013 onwards

The need for debt advice already exceeds the capacity of independent local agencies and there is little prospect of demand reducing in the foreseeable future, unless local economic and employment circumstances significantly improve

Homelessness and other housing-related problems are expected to increase, as a result the combined impact of welfare reforms and cuts to public expenditure on housebuilding, adding to demands on relevant public and voluntary sector services

The diversity of the district's population presents ongoing challenges to front line services, including interpreting and translation needs, especially for central and east European migrant communities

Summary of priorities

The needs identified above suggest the following priorities:

- Reducing financial exclusion by sustaining access to independent, free and quality assured debt advice services and supporting access to Bradford District Credit Union.
- Contributing to effective debt negotiations on behalf of people with mental health problems, by arranging training for health and social care staff and by using the Debt and Mental Health Evidence Form.
- Sustaining access to independent, free and quality assured advice about benefits, tax credits and disability allowances for people who cannot work, for people who move between work and unemployment and for people in low paid work.
- Tackling health inequalities by sustaining access to independent, free and quality assured advice services in primary care and mental health settings.
- Tackling child poverty by improving access to independent, free and quality assured advice in child and family-friendly community settings.
- Sustaining the provision of interpreting services for front line community organisations.
- Co-ordination of commissioning decisions, including consultation with local voluntary sector services, to make the best use of limited public funds and other resources.

References

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http://www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/Report_Debt_and_household_incomes.pdf
- ⁱⁱⁱ Reply to Freedom of Information request from Bradford Council, 29 2 2012
- ^{iv} Sourced from monitoring data provided to Bradford Council's Community Funding Unit by local independent advice services, 2010/2011
- ^v Bradford Council (2010) 'Bradford District Residents' Perception Survey', available from Bradford Council's Neighbourhoods Department
- ^{vi} The Credit Union website is: <http://bdcu.co.uk/>
- ^{vii} For example, Wonga states that: "Our service has a representative APR of 4214%":
www.wonga.com/money/how-to-wonga/
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