

# **Report to Overview and Scrutiny Committee**



**Date of meeting: 12 November 2009**

**Subject: Report of O&S Sub-committee on Debt and Money Advice in Epping Forest District**

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**Committee Secretary: Simon Hill**

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## **Recommendations/Decisions Required:**

**To consider the recommendations for immediate actions and for future actions as set out at the end of the report.**

## **Report:**

### **BACKGROUND**

1. The Sub-Committee was set up consequent upon the adoption of a motion at Council on 16 December 2008, and a subsequent discussion at Overview and Scrutiny Committee on 29 January 2009, regarding the current economic situation and the resulting pressures on the public and support agencies, particularly the Citizens Advice Bureau. The Sub Committee was asked to review current debt and money advice provision; to review the support the District Council offers the Citizens Advice Bureau and whether this support should be extended; and to incorporate the outcome of the review into the budgetary process.

2. The Sub-Committee met on four occasions, these being 14 April, 21 May, 7 July and 26 October 2009.

3. Membership of the Sub-Committee comprised Councillors Jon Whitehouse as Chairman, and Councillors Ken Angold-Stephens, Mrs Antoinette Cooper, and Mrs Janet Whitehouse. Councillor John Markham substituted for Councillor Angold-Stephens at the meeting on 14 April 2009. Support was provided by Chris Overend, the District Council's Policy and Research Officer. Other District Council officers and representatives from a number of external partner organisations attended meetings as required. These were Janet Twinn, Janis Hicks and Ian Willis from the District Council's Benefits Service, Roger Wilson, Assistant Director of Housing, Jacque Foile, Chief Officer of Voluntary Action Epping Forest, and Julia Milovanovic and Tony Jennings of Epping Forest CAB.

### **WORK PROGRAMME**

4. The Sub-Committee determined a work programme at its first meeting. This consisted of a review of existing provision and options for extending that provision, obtaining the views of individuals working in areas, whether internal or external to the District Council, which had been affected by the economic situation, hearing about the experiences of those in receipt of money and debt advice, information on funding opportunities which were available to soften the impact of the recession, and determining conclusions and recommendations.

### **EXISTING PROVISION**

#### **Citizens' Advice Bureaux**

5. It was noted that the Citizens Advice Service helps people resolve their legal, money and other problems by providing free information and advice and by influencing policy makers. These services are delivered through a combination of face-to-face, telephone, email and online advice. Categories covered by the advice provided include benefits, employment, tax, debt, family, health, housing, education, consumer affairs, public utilities, travel, discrimination, civil rights, immigration and the legal system itself.

6. Every CAB is a registered charity, reliant on trained volunteers and funds to provide the services it offers. Of the 26,000 who work in the service, 20,000 are volunteers. They perform a variety of roles from giving advice to fundraising, IT, administration, publicity, local campaigning and trusteeship. The Sub-Committee noted that there were presently 16 paid staff and 80 volunteers at the Epping Forest CAB. The District Council awarded the CAB a grant of £113,840 for 2009/10.

7. The Epping Forest CAB currently ranks fourth in the Eastern Region in terms of the number of clients it deals with. In a time of recession, the number of cases a CAB has to deal with increases significantly. During the first nine months of 2008, the total number of cases dealt with by Epping Forest CAB amounted to 2,708 (compared with 2,390 for the whole of 2007). Often the cases cut across a number of different categories but it is in the area of debt, employment and benefits advice that the most significant increases have arisen.

### **Voluntary Sector Provision**

8. There are numerous groups in the voluntary and community sector whose role, either directly or indirectly, might involve the provision of welfare, benefits or debt advice. Examples include Age Concern, the various care groups (of which several operate in the District), Debt Counselling Services, Bridges to Work, Alzheimer's Society and the Disabled Employment Foundation.

### **The Legal Services Commission/Community Legal Service**

9. The Community Legal Service concept is no longer being developed. However, the concept of a range of people from different agencies working together on a voluntary basis for the benefit of their communities and organisations, through the provision of better coordinated legal advice was still being pursued, most notably through the Benefits and Independent Advice Agencies.

### **Department for Work and Pensions**

10. The Department for Works and Pensions provides benefits and services for a wide range of people. It has an online benefits adviser service providing information and dealing with queries on benefits entitlement and tax credits.

### **Epping Forest District Council**

11. As well as administering the Council Tax and Housing Benefits Schemes, the District Council offers advice on entitlement. It also provides a signposting service in respect of other benefits such as Job Seekers' Allowance, Income Support, Disability Living Allowance, Attendance Allowance and Carers' Allowance. The District Council's Benefits Service works in partnership with the Department for Work and Pensions to identify potential claimants which either they or the Pensions Service will visit. District Council staff can take claims for Pension Credit as well as Housing Benefit or Council Tax Benefit, whilst the Pension Service can take claims for a complete range of benefits and services.

### **Essex County Council**

12. The County Council also offers a purely signposting service on benefits entitlements but not one-to-one, face-to-face contact with would-be claimants.

## **Credit Unions**

13. Credit Unions are non-profit organisations set up by people with something in common such as living or working in the same area. They work by encouraging individuals to save what they can and borrow only what they can afford to repay.

14. Before individuals can borrow or save, they need to become members. Across Essex, Credit Union membership grew by over 25 % in 2008. Membership continues to grow among those who have been refused credit elsewhere and, more recently, with those seeking and wanting to support a more ethical form of finance.

15. All profits are used to make interest rates as cheap as possible for borrowers and rates of return attractive for savers. Credit Unions often lend smaller amounts of money over periods of time that a bank would not consider. Savings tend to be ultra flexible, allowing the possibility of saving amounts, large or small, on a weekly, monthly or other basis.

16. There are presently a number of Credit Unions in the county including Essex Savers, Basildon, Colchester, Harlow Save and Holdfast C. U.

17. On 28 September 2009, the Epping branch of Essex Savers was launched at St John's Church in Epping. The branch opens on Monday each week between 10 a.m. and 12 noon. Loughton Methodist Church had also agreed to 'host' a branch and discussions were taking place regarding the possibility of branches in Debden and Waltham Abbey being opened.

## **HOW THE ECONOMIC DOWNTURN IS IMPACTING ON SERVICES**

18. During the course of its review, the Sub Committee received a number of reports and presentations which illustrated the impact the economic situation was having on particular services. These are summarised below.

### **Epping Forest District Council Benefits Service**

- More recently, people were coming forward in greater numbers seeking advice and the number 'new to the system' had increased dramatically, including many owner-occupiers. Some of these claimants could be quite 'aggressive', probably because they were unfamiliar with the system.
- Many self-employed were now seeking to use the service and the assessment of their situation/claims was very time-consuming.
- Recent figures indicated a total of 8,900 claimants (an increase of 700). This figure did not take account instances where a claim was made but it was determined there was no entitlement or where assessments still had to be made. Likewise, enquiries received via telephone calls still had to be dealt with even in instances when it was determined there was no entitlement.
- It had proved necessary to take on additional staff to deal with the increased number of claims.

### **Epping Forest CAB**

- The total number of client enquiries for the first quarter of 2009 was 4640 (compared with 902 in 2008). The number of debt/finance enquiries for the first quarter of 2009 was 1510 (compared with 226 in the first quarter of 2008).

- Debt, benefit and employment advice accounted for 81% of the enquiries. At present, housing issues (by no means repossession cases in each instance) accounted for 9% of the CAB cases. There was often a close link between these categories and any one case might well involve all these issues.
- Clients now had more complex multiple debts.
- The typical profile of individuals coming through the door at the CABs was beginning to change, with an increasing number of bankruptcies and ex company directors.
- 75 appointments for bankruptcy advice were booked for the month of July 2009.
- There were 75 appointments for Debt Relief Orders in July 2009.
- Because of the current demands on CAB, there were longer waiting times before people had their appointment. Consequently they sometimes panicked and sought advice elsewhere. Often this was with a company charging a fee and thus compounding the debts. People then might return to the CAB who had to 'pick up the pieces'.
- As a consequence of the limited resources available, there were gaps in service provision in remote and/or rural areas – examples being Limes Farm, Shelley and villages in the north of the District.
- Epping Forest CAB had a need for both additional funding, particularly to provide for an increased number of Debt Advisers, and improved additional premises.
- Others such as the Benefits Agencies, the DWP and Job Centre Plus were also being inundated.

### **Voluntary Action Epping Forest**

- Previous experience suggested that the voluntary sector suffered severely at times of recession and often face a 'two-way squeeze' in the sense that it faced resultant financial cut-backs but, at the same time, experienced an increased demand for its services. Yet the economic downturn presented opportunities as well as threats.
- One effect of the economic situation had been an increase in the numbers coming forward seeking voluntary work. Some agencies such as Job Centre Plus had helped in promoting volunteering, by having publicity information at their centres regarding the opportunities it presented. Estimates from the various Volunteer Centres in Essex put the increase in volunteering at between 25-50%, reported to be mainly young people and those recently made redundant. Whilst that was good in many respects, the sudden increase did create pressures in other areas such training needs and in terms of placements by the Volunteer Centre. As a consequence, the VAEF service was more in demand.
- Indeed, there were more demands on the voluntary sector in general and, of course, volunteers came at a cost as they still had to be funded.
- Volunteers worked in a variety of services and some of those services were in constant need of further volunteers, drivers for community transport being a good example. Different services required different skills and, although more volunteers were coming forward, allocating individuals to voluntary work which suited their skills was not always possible. Thus

promoting and publicising the need for volunteers was not an issue at present but the processing of applicants was.

- Already there had been significant numbers of staff redundancies amongst voluntary organisations. Further cutbacks and redundancies seemed likely. The feeling amongst voluntary groups was that further mergers would be needed to win contracts but that this might possibly be at the expense of service delivery.

### **Credit Unions**

- One effect of the recession had been to increase significantly the need and demand for credit unions. A number of local authorities had recognised the vital role that credit unions could play and had agreed to provide them with support of one form or another.

### **Epping Forest District Council Housing Service**

- There had been a small but not majorly significant increase in Council Housing rent arrears. The slight increase was attributed more to the recent introduction of a new IT system and a more lenient approach by the courts in pursuing arrears – Judges tended to be more lenient when dealing with arrears in the current economic climate.
- Those in arrears were dealt with sympathetically but obviously a balance had to be struck and it was still the District Council's responsibility to seek recovery of the arrears.
- There had been only a handful of Mortgage Rescue cases in the District so far but there were over 300 in the 'pipeline'.
- There had been a very slight increase in the number of people presenting themselves as homeless. However, there was little evidence that this was the consequence of the recession. Nor had any of the other relevant Housing Performance Indicators shown any significant increase. These included homeless applications processed, local authority repossession caused by rent arrears, registered social landlord repossession caused by rent arrears and notice to quit private rented accommodation.

### **EPPING FOREST LSP TASK AND FINISH TEAM – CREDIT CRUNCH**

19. At a similar time to the setting up of this Sub Committee, the LSP established a Task and Finish Team whose remit was not dissimilar but was more focussed on the effects of the recession on local businesses. As the Task and Finish Team shared some common themes and to avoid duplication where possible, the Sub Committee exchanged ideas and information sources with it, noting details of various initiatives which had been developed to deal with the effects of the recession.

20. The Task and Finish Team concluded its review and put forward the following recommendations in its final report, all of which were agreed by the LSP Board at its meeting on 24 September 2009:

- That partners work with LSPs across West Essex to support and identify opportunities for improved access to external funding and identify and build on examples of good practice.
- That partners engage in and give full support to programmes designed to maximise access to Future Jobs support in the District.

- That partners consider the scope for future events and identify further opportunities for joining up existing support in the District.
- That the impact on advice-giving services such as the CAB be kept under review and partners look at creative ways of meeting enhanced need if required in the third sector.
- That the LSP Sustainable Communities Theme Group, along with partners in the third sector look for opportunities to support volunteering capacity in the District.
- That further work be undertaken to examine a business plan for the growth of credit unions in the District.
- That the role of the Business Champion be kept under review and opportunities for developing the role be investigated.
- That plans be drawn up to agree a new Economic Development Strategy in full consultation with key partners.
- That, in building on the effective working relationships already established, the LSP Sustainable Communities Theme Group seeks to provide and enhance the forum for engagement with key partners in the process and identify key strategic objectives to support on-going work in this field.

## **HELP AND SUPPORT AVAILABLE**

21. The Sub Committee noted information regarding activities and initiatives which had been in place for some time, or had recently been introduced, which were helping alleviate the impact of the economic situation. These included a variety of support services aimed at a range of clients including individuals and businesses. The following list gives an indication of some of the services offered that may have had an impact, whether direct or indirect.

### **Epping Forest CAB**

- Advice on debt, housing and employment issues to both individuals and businesses.
- Dealing with Bankruptcy and Debt Relief Orders.
- Encouraging Benefit Take-up.
- Tackling Fuel Poverty.

### **Job Centre Plus**

- Advice and support for those out of work.
- Information on Learning and Training Opportunities.
- Advice and Support to Employees and Employers facing a redundancy situation.

### **Epping Forest College**

- Special courses aimed at job seekers.

## **Essex County Council**

- Essex Apprentice Scheme
- Increased number of Public Sector Apprentices.
- Funding of Apprentices in Manufacturing and Engineering.
- Benefits Take-up Campaigns.
- Council Tax – Financial support for vulnerable residents.
- Banking on Essex Scheme including medium term lending to local small and Medium- Sized Enterprises.
- Signposting of Business Support Services.

## **Epping Forest Local Strategic Partnership**

- Feature in the summer edition of The Forester Magazine providing an 'easy to read' summary on support available and tips helping individuals and businesses deal with the recession.
- Involvement of Multi-Faith Forum in identifying potential additional and/or alternative premises for CAB and other advisory services.
- Sponsorship of EERA Skills and Worklessness Seminar in Epping on 5 May 2009.

## **Epping Forest District Council**

- Encouraging greater take-up of Small Business Rate Relief.
- Improved turnaround time for invoice payments.
- Freezing of current rates for use of District Council car parks.
- Work with Building Societies/Banks/Local Social Landlords to formulate a plan for those whose properties are repossessed or are in danger of being repossessed.
- When tendering for work, the District Council seeks at least one quotation from a business located in the District, provided that value for money is achieved and legal requirements met.
- For the supply of goods and/or services to the District Council, suppliers have the facility to register on [www.paessex.gov.uk](http://www.paessex.gov.uk) to receive contract opportunities free of charge that match their business requirements.
- Rental Loan Scheme.
- Rent in Advance Schemes.
- Greater Flexibility in the Shared Ownership Scheme.
- The use of a 'Recession Busting' grant from Communities and Local Government to be passed to the Epping Forest Housing Aid Scheme (EFHAS) to provide further rent guarantees.

- An increase from £40,000 to £60,000 in terms of the maximum amount the District Council underwrites in respect of rent guarantees issued by EFHAS to private landlords.
- Home Owners Mortgage and Support, including Mortgage Rescue and Homeowner Mortgage Support..
- Working in partnership with others to deliver the Business Support Open Day 3 July 2009.
- The appointment of Councillor Chris Whitbread, Portfolio Holder for Finance and Economic Development, as the District Council's Business Champion to act as an advocate for local businesses and to provide a central point of contact with the District Council and its partners.
- The signing of the Small Business Engagement Accord by the District Council.
- A special 'follow-up' edition of The Forester due to be distributed in mid to late November 2009, setting out further information on the actions which had been taken to assist residents and the business community.

22. The Sub Committee also looked at 'good practice' elsewhere including specific strategies and schemes/initiatives put in place by other local authorities and public organisations:

- Local Government Association – Global Slowdown: Local Solutions.
- Local Government Association and Citizens' Advice Bureau (joint publication) – Managing Money, Helping People With Debt.
- Department for Communities and Local Government – The Credit Crunch and Regeneration: Impact and Implications.
- I&DeA – No Council of Despair; Positive Local Leadership in a Recession.
- Cambridgeshire Together – supporting Cambridgeshire Communities through the Economic Downturn.
- Oldham Partnership – Credit Crunch War Cabinet.
- East of England Advice and Guidance for Employers and Employees.
- Local Authorities and the Recession – Solutions from the Citizens Advice Service.
- CABS – Backing Communities: Local Solutions – Councils and Voluntary and Community supporting people through the Recession.
- CIPFA Finance Advisory Network – Dealing with the Recession.
- Houghton Review: Tackling Worklessness.
- South Staffordshire Local Strategic Partnership Newsletter.
- HM Government – Real Help for Communities: Volunteers, Charities and Social Enterprises.
- Bromley LSP – Impact of Economic Downturn.



- Websites dedicated to advice about where to go and what to do.
- Specific loans/grants made available to assist businesses
- Work with Building Societies/Banks to formulate a plan for those whose properties are repossessed or are in danger of being repossessed.
- Encouraging the unemployed to volunteer (but with the prospect of paid employment).
- Audit Commission Publication – ‘When It Comes To The Crunch’

23. A number of funding initiatives had been introduced since the extent and significance of the recession had been realised. Details of the following were noted by the Sub Committee:

- Modernisation Fund Grants Scheme.
- Proof of Concept Fund
- Enterprise finance Guarantee Scheme.
- Future Jobs Fund.
- Volunteer Managers Programme.
- Hardship Fund.

## **CONCLUSIONS**

24. It was clear from the research carried out by the Sub-Committee, and the various presentations received at its meetings, that many of the agencies in the public and voluntary sectors were very much aware of the impact locally and had taken action to mitigate against its worst effects. Indeed, the agencies concerned had effective services and procedures in place as part of their regular ongoing provision whatever the prevailing economic situation. The wide range of initiatives and effective procedures that the District Council's Benefits and Housing Services had in place was a good illustration of this point. Whilst the economic situation had certainly impacted on the District, the county and the region overall, and there were no grounds for complacency, the impact had been no more severe than elsewhere in the country.

25. One agency which the recession had impacted on significantly was the CAB. There had been a quadrupling in the number of enquiries it had dealt with in the past year with the vast majority of these enquiries being in the categories of debt, benefits, employment or housing, or involving a mixture of these issues. A gradual change in the type of client was being witnessed with an increasing number of bankruptcies and debt advice cases involving individuals from the professional classes such as company directors. The current demands had increased the number of cases and waiting times in general.

26. The impact of the recession on the Epping Forest CAB had been compounded by the lack of suitable additional and alternative accommodation. Even in instances when additional debt advisers might be available, the potential for reducing the backlog was limited because of the lack of further suitable interviewing rooms. Thus the Epping Forest CAB had a need for both additional funding, especially in the area of debt advice, and improved additional or alternative premises.

27. Contrariwise, but not unusually, the economic situation had led to an increase in the number of individuals, currently unemployed, entering voluntary work. This should be seen in

a positive light in the sense that many of the individuals concerned had particular skills to offer which might not usually be readily available to the voluntary sector. They were being introduced to the world of volunteering and might continue to carry out voluntary work even when the economic situation improved and they were re-employed. Volunteering amongst the unemployed is known to be beneficial, not only to their self-esteem but also because it can develop new skills that can help employability.

28. However, voluntary work came neither cheap nor free. The recession had led to greater demands on VAEF and the voluntary sector in general, with greater training costs and volunteer bureaux facing the administrative burden in terms of the placement of volunteers, all of which added to the costs. There was a need to support VAEF and the voluntary sector in whatever ways possible, including promotion of the volunteering ethos but backed up with the provision of the extra resources required consequent upon the additional volunteers coming forward.

29. The number of Housing Benefits and Council Tax Rebate cases had also increased significantly and needed to be monitored in terms of workload and timeliness of responding to clients, particularly given that clients were often in need of urgent help and assistance at an early stage which could prevent them from resorting to obtaining loans from undesirable sources. There was insufficient privacy for Benefits staff when talking to clients at the Civic Offices with the shortage of suitable space leading to long waiting times and adversely affecting customer relations. Thus there was an urgent need for improved accommodation where Benefits staff could talk to clients confidentially.

30. One major problem was that not everybody entitled to benefits made a claim. There were a number of reasons for this, amongst them a lack of awareness, the complexity of the system, personal pride in not being dependent on the state, and the information being difficult to understand. Government statistics suggested that couples with children 'under-claimed' by between 25-40%, with an even greater number missing out on Council Tax Benefit. Welfare rights organisations needed to be supported in getting the information out, with the District Council exploring what it could do to publicise the information. Whilst Council staff already helped with the filling out of forms, further ways of identifying people who might need help, should be considered. Other agencies and organisations might be encouraged to help in this process, for instance, schools through their experiences of children from families in difficulty.

31. In general there was plenty of support available to vulnerable people but getting the information and required support to them was not always effective given the complexity of the benefits available. Communication within and between the different Council service areas was generally good, although being passed from one area to another could cause confusion for claimants and made the process testing. Publicity in *The Forester* and in local newspapers should continue, with easy to read leaflets available at all suitable information points.

32. The Future Jobs Fund offered the potential to get young long-term unemployed people back into employment. The scheme allowed for grants of £6,500 for six month placements of a minimum of 25 hours per week and could be used in respect of socially useful initiatives. Offering apprenticeships to locally unemployed people, especially the young unemployed, was to be encouraged, both internally at the District Council and through local businesses.

## **IMMEDIATE ACTIONS/RECOMMENDATIONS FOR FUTURE ACTION**

33. During the course of the four meetings, a wide range of reports and presentations were received and considered. Following analysis of these and after diverse discussions, The Sub Committee agreed a number of actions it could implement immediately and put forward a number of recommendations for consideration by the Overview and Scrutiny Committee, it considered might help ameliorate the impact of the economic situation locally.

## **Immediate Actions**

- (a)** The District Council became a signatory to the Small Business Engagement Accord on 3 November 2009.
- (b)** Local Banks/Building Societies were written to ascertain their current arrangements when, as a consequence of financial circumstances, customers had their property repossessed or there was a threat of repossession. Disappointingly no responses were received from any of the banks or building societies.
- (c)** The need for a Direct Link on the District Council website to Benefits Information was established and subsequently set up.

## **Recommendations for Future Action**

- (i)** That the significant impact of the recession on the number of cases dealt with by Epping Forest CAB and the CAB's excellent response to the increased workload be recognised and, in giving its support, the District Council continues to work alongside the CAB as it seeks additional resources, be they finance, staff, volunteers or premises, to ease the effects of that additional workload.
- (ii)** That the District Council foster an interest in volunteering and voluntary work by encouraging employees to become volunteers in their spare time (e.g. as part of the induction programme), through publicity in The Forester magazine and encouraging other major employers in the District to promote the benefits of voluntary work.
- (iii)** That voluntary work also be promoted through the use of information available at suitable locations, including Council Offices and Job Centre Plus.
- (iv)** That the need for more spacious facilities, also providing greater confidentiality, for interviewing benefits claimants be addressed as a matter of urgency through the Customer Transformation Programme or another Civic Offices work programme.
- (v)** That the District Council recognises and supports the vital role being carried out by Credit Unions in general during the economic recession.
- (vi)** That the District Council also supports the work being carried out by Essex Savers in the District and, in giving encouragement to the extension of its operation to the more outlying rural areas, assists in publicising the role of Essex Savers generally, internally and through other major employers in the District.
- (vii)** That the LSP be supported in its bid through the Future Job Fund for the creation of jobs in the District.
- (viii)** That reports reviewing progress on the implementation of the recommendations of this Sub Committee and those of the LSP Task and Finish Team on the Credit Crunch be submitted to the Overview and Scrutiny Committee in six months' time.