



Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru

The nature and scale of debt to public services and the citizen perspective: A poverty of evidence?

Welsh Policy and Politics in Unprecedented Times

May 2019

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Introduction

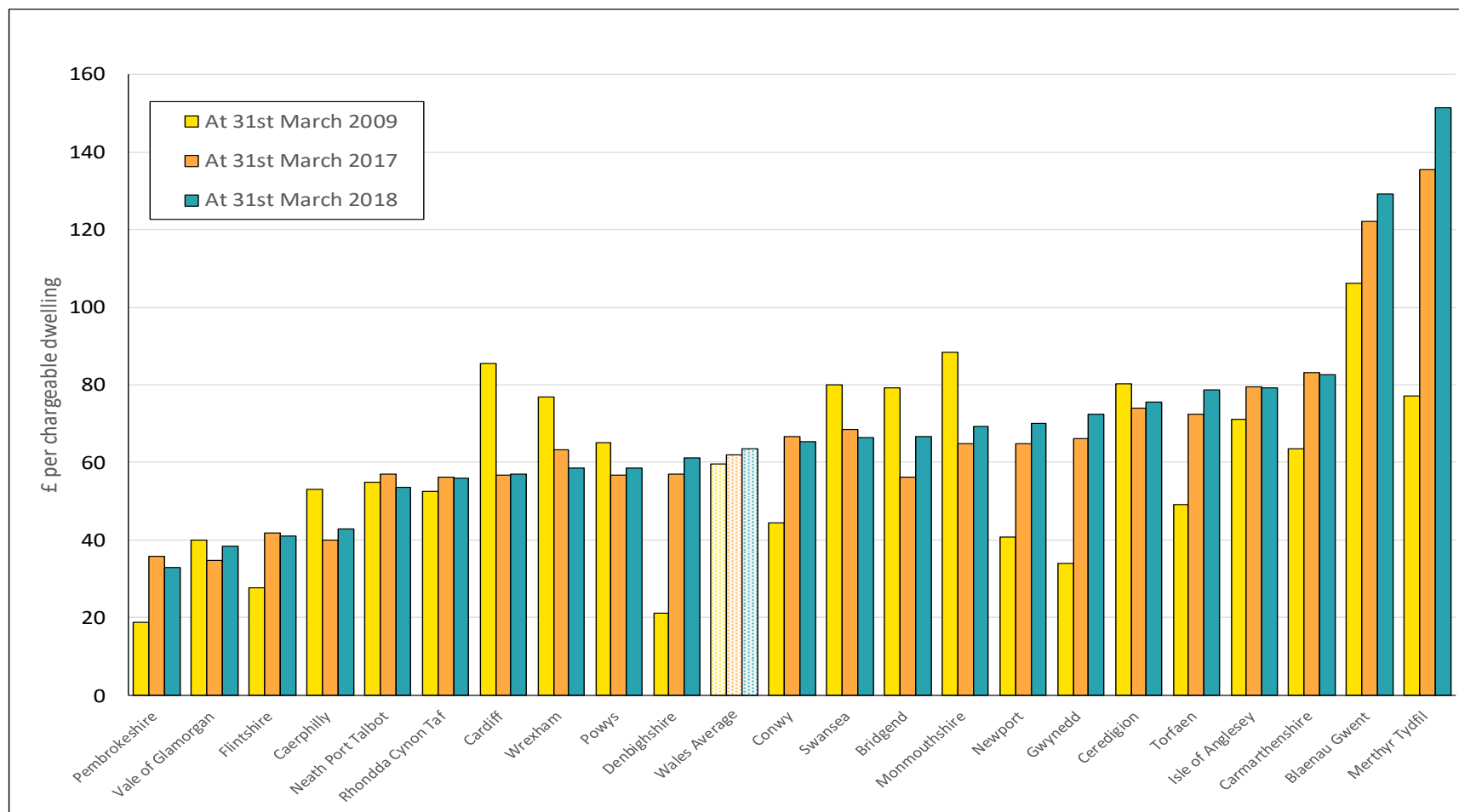
- In February 2019 we published *Responding to Citizens in Debt to Public Services: A Rapid Evidence Review*
- Review commissioned by then Cab Sec for Finance, Mark Drakeford who wanted to ensure that no part of devolved Welsh public service would be responsible for the imprisonment of individuals for debts owed to them
- Focus on council tax, but extended our scope to also look at rent arrears to RSLs – both devolved
- This presentation will summarise the approach taken to develop a robust evidence base and meet the requirements of policy makers.

Elements of the Review

- A quantitative analysis of the population affected and the level of monies involved
- Understanding the debtor experience in Wales – a focus on the citizen's experience of debt, to bring real experiences and context to the issue
- A review of published UK and international evidence on effective support / interventions for vulnerable people in debt, across different sectors, with a particular focus on interventions that could potentially be adapted for the Welsh Context

Council Tax Outstanding

As at 31st March 2018, total amount outstanding = £87 million



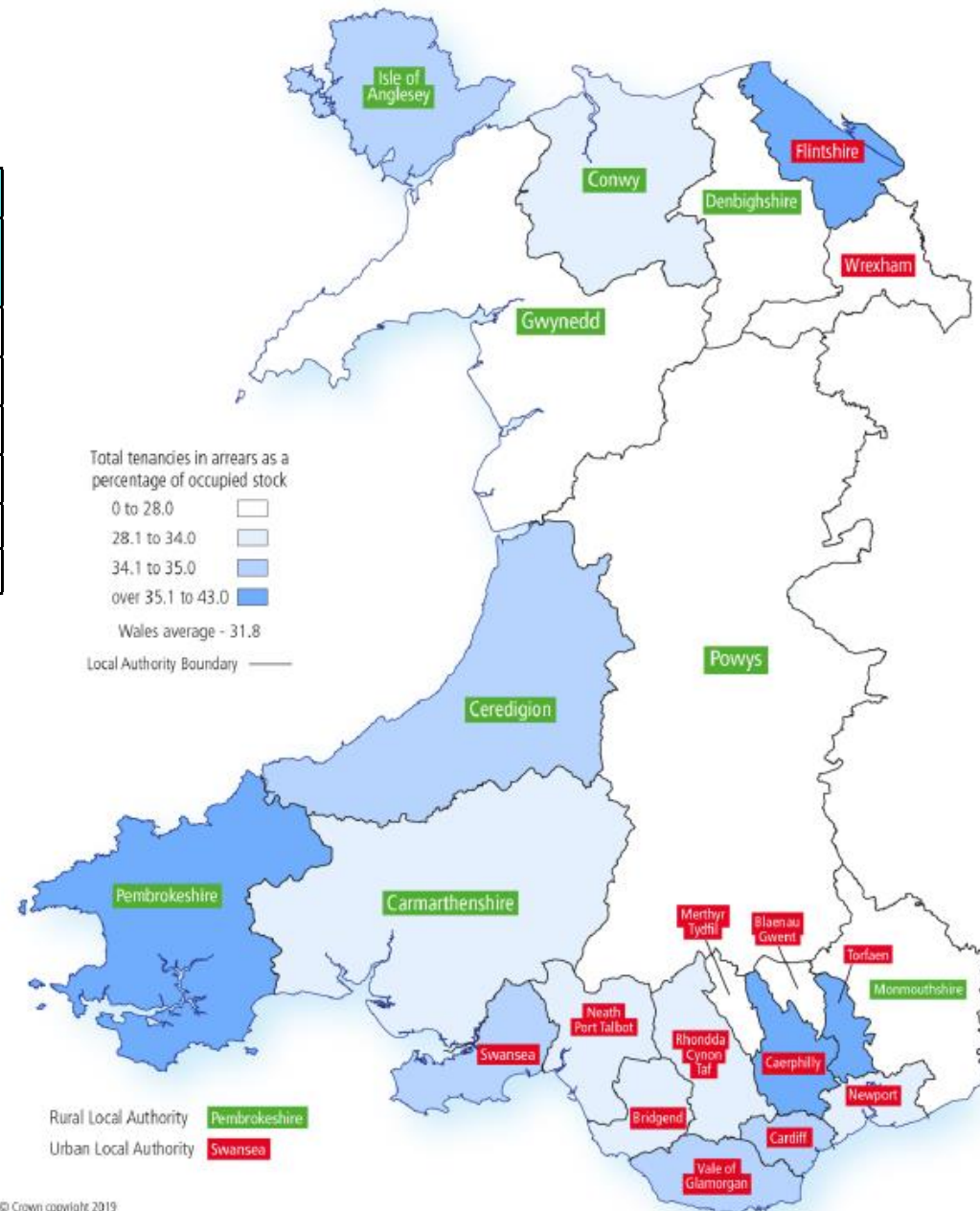
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Rent Arrears

	All Social Housing		
	Tenancies	Tenancies in Arrears	%
2012-13	221,446	69,850 (r)	31.5 (r)
2013-14	221,957	73,059 (r)	32.9 (r)
2014-15	222,474	73,101 (r)	32.9 (r)
2015-16 (r)	223,101	71,433 (r)	32.0 (r)
2016-17 (r)	224,748	70,452 (r)	31.3 (r)
2017-18	225,886	71,839	31.8

The highest proportion of social housing tenancies in arrears was in Caerphilly (43%), the lowest was in Blaenau Gwent (15%).

The proportion is higher amongst local authorities (33.5%) than RSL's (30.8%)



Scale and scope of debts

- **Council Tax**

- StatsWales data on debts at local authority (LA) level; can be translated into the arrears per chargeable dwelling
- How many people at each stage of process
 - Benchmarking data in KAS report but unable to get update or more info at LA level (Payplan / StepChange Fol requests)
- No information about the characteristics of the people

- **Social Renters**

- StatsWales data about arrears
- MoJ data about courts - claims, warrants, orders etc
- Limited information about characteristics of those falling into arrears
 - RSLs often don't have information about the characteristics of households

Scale and scope of debts (2)

- **Different forms of debt**
 - Case work analysis from debt advisors
 - Often in annual reports but doesn't give full picture.
 - Survey data - Wealth and Asset Survey has a robust BUT fairly small sample size in Wales. Only 8 individuals had council tax debts

Council Tax: Enforcement - Post Liability Order

92,547 Liability Orders granted

Enforcement of the liability order is via one of the following methods
(An authority may only use one method of enforcement at a time for each liability order, but may use a number of different methods to seek to enforce the liability and may use the available measure more than once)



What is the experience of debt?

- Estimated around 5.2% (around 67,660) of households in Wales have problem debt
- Citizens Advice report debt profile has changed, with more people having problems with household bills & debts on essentials rather than consumer credit debts
- Council tax was single largest debt related problem seen by Citizens Advice in Wales (16,000 in 2015-16)
- Debts also occur in a more complex context; Apparently stable financial position can be precarious
- Research indicates 'shame and embarrassment' of being in arrears & the struggle to make do. People try hard to avoid debt

The data challenges

- It wasn't feasible to do primary research
- Many of the case studies, though good, have a campaigning focus
- It's difficult to draw big picture or firm trend conclusions from it
- However, they do provide very useful trend analysis
- Characteristics of households

How do we identify vulnerability?

- Real difficulty in identifying & defining vulnerability; can be multi-dimensional and fluid
- Debt and financial pressures can be significant source of anxiety, impact on health & wellbeing; 40% of people in debt feel unable to talk to creditors about debt
- There's good practice amongst Councils and RSLs; eg RSLs using vulnerability checklists & pre-tenancy assessment. Good practice amongst private sector eg utilities
- But a weak evidence base about effectiveness of different approaches and their impact on outcomes
- Potential for data sharing via Digital Economy Act 2017

Examples of good practice and issues around the quality of the evidence

- International review, included good material from DWP on pro-active support for those on Universal Credit
- Fragmented and not well evaluated
 - HQN Ltd report picks up work done by Welsh RSLs
 - Cardiff Metropolitan work on experience of Universal Credit in Wales
 - Annual reports
- Campaigning nature of some of the evidence
- Roundtable held with LAs and RSLs to discuss draft findings
- Harder evidence available around impact on repayments – less so about the citizen experience

Conclusions and what information would we have liked to have addressed the issue?

- **Consistency** – plenty of advice and guidance available but usage varies
- **Effective approaches** include:
 - Building trust and relationships (RSLs perform well on this)
 - Early identification and intervention
 - Easy access to independent advice and support
 - ‘Better’ data sharing & increased collaboration eg training
- **Better sharing** of good practice includes need for better data, robust evaluation about ‘what works’
- **Better triangulation** of evidence
- **Earlier identification** needs better data on vulnerability
- Better information on **citizen profile and experience** throughout the process

Contact Details

Copies of the report can be downloaded from the WCPP website:

<https://www.wcpp.org.uk/project/alternatives-to-prosecuting-vulnerable-debtors/>

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