



Charitable help with money matters

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Deputy Richard Renouf
Chairman, Health and Social Security Panel
Scrutiny Office, States Greffe
Morier House
St Helier
Jersey JE1 1DD

Dear Deputy Rondel,

Living on Low Income

Further to your letter regarding the above, I write to provide a response in relation to the areas you are exploring as follows:

It is difficult for us to quantify whether there has been an overall increase in the number of people living on low income in the island as a whole. What we can say is that we are seeing a steady stream of applications for new accounts with Community Savings. Typically, the people who approach us for account facilities fall into the low income bracket (either low income employment or on benefits). Our statistics indicate that many clients live in single income households and are in the 30-50 age group.

Many of our customers find themselves in difficult financial situations through unexpected circumstances – eg loss of employment, ill health, relationship breakdown etc. Such circumstances can lead to a sudden drop in income.

We have seen an increase in numbers of people passing through our doors year on year. The type of requirements they have, and for which we seek to provide solutions, include:

- basic account facilities (to replace accounts they may have had with high street banks which have either been closed or 'frozen')
- basic budgeting support / mentoring
- emergency funding

Living on a low income affects people in different ways. One of the main aspects is how it impacts their ability to make choices. With limited income, decisions need to be faced about whether elements of spending are necessary or just desirable. Often these are difficult decisions and can be stressful for the whole family.

Regrettably, some unwise decisions are made from time to time which lead to people getting into debt. This can on occasions spiral by people borrowing from one source to repay another at very high interest rates. Such situations put even more pressure on people with limited income, it becomes harder to manage repayments with interest on top and the cycle often repeats itself.

As a preventative measure we have an education programme which aims to inform children in secondary school about the pitfalls of not managing money carefully. This explores various topics on managing money, prioritising expenditure etc

The benefits system in Jersey provides a good element of support however the process sometimes appears inflexible and too prescriptive. As an example, we were approached by a single mother who was moving into new accommodation and needed assistance with floor coverings. She was advised by Social Security that a grant could be given to pay for carpets. The client asked whether they would pay for laminate flooring as an alternative (this was requested due to one of her children having various allergies and the option requested involved no extra cost) but was told that this was not possible. Social Security would only pay for carpet – laminate flooring was not covered by the benefit system.

Clearly, rules are needed to prevent the system being abused however we feel some of the 'rules' could more usefully be 'guidelines' which allow some discretion (at a suitable level of authority) to more closely meet the needs of benefit recipients, without any negative impact on the Social Security budget.

We seek to provide as much help and guidance to our low income clients as possible, often working in conjunction with Citizens Advice and other support agencies. We also aim to keep in contact with Social Security Department and indeed have been working on various initiatives to ensure that people who need our help know where to find us.

I hope the information above is helpful but if you require any further details please let us know. Also we will be happy to expand on the summary above with any panel members who are able to visit us. This will hopefully help build a more comprehensive understanding of the services we provide.