

**Jersey Citizens Advice Bureau Limited, St Paul's Community Centre, St Helier, JE2 3WP**

**22 February, 2016**

## **Response to the Health and Social Security Scrutiny Panel, Re. Relative Low Income**

### **Foreword**

Citizens Advice Jersey is a charity that provides free, confidential and impartial advice to help people resolve their problems. Advice is available to everyone, on any issue, by visiting our offices at St Paul's Centre, New Street, St Helier. We also offer advice over the phone on 0800 735 0249, by e-mail on [advice@cab.org.je](mailto:advice@cab.org.je) and online at [www.cab.org.je](http://www.cab.org.je).

Our advice service is available from Monday to Friday 10.00 to 15.00 and of course, our website is accessible at any time. Our clients' case studies are recorded and frequently used (anonymously) to campaign for policy changes that benefit everyone.

### **General Comment**

Citizens Advice is pleased to respond to a review of **Living on Low Income**, we believe that this is a great opportunity for politicians to gain a better understanding of the challenges that low income families and individuals face and to square this against how effective States policies are likely to be to meet those challenges. The year 2015 continued to see a high demand for our services with 10,834 new and on-going client issues being recorded.

Relationship breakdown is the number one problem with 1,633 advice issues recorded on that subject. Benefits was our fifth biggest area for advice with 729 advice issues recorded and Debt was our seventh biggest area for advice with 431 advice issues being recorded. In 2016 the economic climate continues to give policy makers cause for concern and at this office we see how this impacts on individuals and their families.

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**In relation to the five specific questions posed by the Health and Social Security Scrutiny Panel.**

**1. Has there been an increase in the number of people living on a low income? If so, what do you think are the causes of the increase?**

We have produced quantitative data from the period 2012 to 2015, this data highlights trends in client issues and provides a backdrop and context to the overall financial landscape that we have witnessed in recent years.

The data refers to individual client cases where we have been consulted in relation to debt issues; we have noted a change in the socio economic background of clients seeking advice. For instance in the years 2012 to 2013 we had a significant number of professional middle income clients seeking debt advice as a result in a drop in earned income and bonus payments, that together with the withdrawal of credit lines placed a strain on household incomes and expenditure.

Whilst this section of our client base enjoyed a high household income their disposable income constricted and financial difficulties ensued as they were unable to service the level of borrowing accrued.

However in 2015 we noted that a number of clients seeking debt advice were unemployed or employed in low paid unskilled jobs, this section of our client base would probably have their earnings topped up by income support. A significant rise was noted in 2015 in the number of clients in low income households reporting with rent arrears, particularly in relation to those living in social housing. There are many and varied reasons for rent arrears accruing, for instance a change in the level of benefits paid, a delay in receiving benefits, sanctions imposed in relation to breaches of the Back to Work scheme, prioritising other debts over rent, and mismanagement of finances in general.

We consider that it is too early in the year to evaluate how the impact of the recent changes to the benefits system will impact on this particular sector of our service users, but we are aware that when finances are so finely balanced any disruption to income flows can potentially have traumatic effects upon the lives of our clients.

The number of clients seeking charitable support has stabilised over the last two years but the trend appears to be upwards. (See Fig. 1) We can only comment anecdotally regarding increased client contacts because of low income as we do not, in every case, fully examine household income and expenditure. Citizens Advice offer a drop in service daily from ten until three, if a client has no money for electricity or food we would deal with that individual immediately and would not be privy to their household income, we do of course apply certain criteria when making a decision to assist the client.

Fig. 1.

Numbers of clients seeking charitable support, per annum 2012 to 2015			
2012	2013	2014	2015
67	76	97	96

**2. Have you seen an increase in the number of people seeking advice on financial assistance?**

We have seen a reduction in numbers of clients seeking debt advice appointments and the value of their overall debts has also decreased (*See Fig. 2*). However we continue to refer drop in clients to various charities for food parcels and vouchers, and this trend is on an upwards spiral.

Fig. 2.

Month	New Debt Clients				Total debt to nearest £'000			
	2012	2013	2014	2015	2012	2013	2014	2015
January	36	23	14	19	£112	£232	£113	£54
February	26	22	21	22	£451	£268	£123	£32
March	22	23	13	19	£995	£406	£133	£165
April	15	19	18	18	£355	£300	£37	£273
May	17	10	13	15	£203	£222	£119	£36
June	27	19	15	12	£42	£552	£285	£138
July	18	25	18	23	£203	£973	£145	£200
August	23	17	35	22	£123	£55	£183	£173
September	18	25	18	16	£245	£303	£325	£114
October	23	24	28	16	£1,600	£213	£119	£185
November	28	17	12	21	£320	£65	£90	£65
December	25	17	14	18	£409	£111	£163	£29
<b>Total</b>	<b>278</b>	<b>241</b>	<b>219</b>	<b>221</b>	<b>£5,058</b>	<b>£3,700</b>	<b>£1,835</b>	<b>£1,464</b>

**3. How does living on a low income typically affect the people you work with?**

Typically clients on a low income have little or no disposable income available at the end of each week or month; accessing services which many people take for granted are out of reach for a certain sectors of our community, we often hear that clients cannot afford to visit the doctor, dentist or optician. Clothing and shoes are sourced in charity shops and the Grace Trust or St Helier Methodists are approached for food and tokens.

A number of free lunches are provided in St Helier and we are aware that certain clients take full advantage of these events. Clients in such situations have no access to credit and find it impossible to replace or have repaired household items that may have broken down without assistance from a charity or by way of a loan from Social Security.

People living on a low income present with low self-esteem, anxiety, depression and feelings of hopelessness, certain clients may present with mental health problems, be suicidal or have problems with addiction to drugs and alcohol. We often encounter such clients when they have hit rock bottom. We are able to assist such clients in many ways and our service is non-judgmental and confidential. Once out of employment such clients find it very difficult to re-enter the world of work, they lack confidence and may feel worthless.

#### **4. Do you think the benefit system is adequate to support those on a low income?**

We consider that the benefits system provides an adequate safety net for those that are low skilled and on a low income. We appreciate that there needs to be incentives for people who are in receipt of in-work benefits to pursue employment opportunities and the balance needs to be struck between providing a realistic level of benefits income against the long term sustainability of the benefits scheme and the cost to the tax payer.

We are also aware of the very good work the Back To Work team at the Social Security Department are doing in assisting such clients and helping them back into the work place, some into voluntary positions and some into paid employment.

We are presently monitoring the number of pensioners that are contacting the office with money worries and who are finding it difficult to manage on pension income, this group are often unable to increase their income, they may encounter age discrimination when looking for work and are often reluctant to approach the state for assistance. It is apparent that many in low skilled work do not have sufficient disposable income to contribute towards a private pension scheme, and are unlikely to be offered an occupational pension in the workplace; this may lead to poverty in old age and a reliance on the state to top up their income.

#### **5. What improvements do you think could be made to the benefits system?**

There can often be a gap between applying for income support and an award being granted, clients often have difficulty in completing the application forms and do not always provide all the information required at the outset. Any assistance that could be provided to the applicant at the outset that would speed up the process would be beneficial.

Claimants that have a fluctuating income stream must advise the department of any changes to their income and as a result their income support award may increase or decrease. We often encounter clients that have received an over payment of income support, the overpayment is paid back from their entitlement on a daily basis.

We appreciate that income support is payable in advance to help claimants to budget, however, we would like to see less overpayments and perhaps those with a fluctuating income stream should be more closely monitored at the outset of their claim in order that reviews are carried out more frequently than at present.

We would therefore welcome a further review into this issue in six to twelve months' time, when a more considered assessment could be made.

