

# The personal impact of the economic downturn

## The CAB experience



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# History

- 1939
  - Outbreak of war - 200 CABx open on 4<sup>th</sup> September
- Resonance with current crisis
- Government looks to CAB service to advise
- Reputation of responding to need
  - Recent examples:
    - Tax credits – problems with administrative procedures/overpayments
    - Migrant workers – quick to identify trends and address advice needs



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# Aims and principles

The service aims:

- To provide the advice people need for the problems they face
  - To improve the policies and practices that affect people's lives
- 
- Free confidential independent impartial
  - = 95% brand recognition, trusted, consulted



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# Responding to challenge

- Capacity
  - Trained advisers
  - Up-to-date information systems
  - Quality assured bespoke advice
  - Legal advice network – range of advice specialists
  - Provision of data for stakeholders
- new Government funding
  - Financial Inclusion Fund
  - Additional Hours of Advice

[www.direct.gov.uk](http://www.direct.gov.uk) – many links to  
[www.adviceguide.org.uk](http://www.adviceguide.org.uk)



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# Some statistics

- 2007/8 – NY CABx
  - Over 20,000 individual clients with over 55,000 issues
  - Over £28 million debt
  - Over £5 million benefit gains
- 2008/9 to date
  - 23% increase in monthly client numbers in January
  - Qs1-3 nearly 60,000 issues [=problems] already
  - Reflects the complexity



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# Current advice needs

- “I have been/I think I’m going to be made redundant”
  - No knowledge of rights, procedures
  - Some employers – lack of knowledge/bad practice
    - Increase in the number of tribunal cases nationally
  - Changes since last recession
  - Sign on via call centre not at job centre £60.50 Jobseekers allowance
  - Complexity of tax credit system
    - Looking for clarity about change in household income



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# Current advice needs

- Short time working & lay off
  - Impact on family income + repercussions [eg maintenance to former partner]
- Unfair dismissal/discrimination
  - migrant workers
  - Staying in UK [eg education]
  - Returning to A8/A2 countries [tax credit problems continue]
  - Maternity leave
    - 'redundancy' on return
  - Older workers
    - Redundancy selection processes



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# Current advice needs

- Unmanageable debt
  - Personal/small businesses
    - Catastrophic drops in income
  - Mortgage arrears
    - Insecure housing?
    - Protocols and schemes mitigating the effect
  - Banks have few options
    - Referrals to CABx
  - Creditors will not negotiate with customers
  - Creditors more aggressive
  - Bankruptcy – in NY clients have higher than average personal debt



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# Current advice needs

- Benefits
  - Changes to the system:
    - Job seekers
    - Housing benefit – local housing allowance
    - Tax credits
    - Pension credit
  - People are bewildered – no personal knowledge
  - Complex benefits calculations



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# The impact

- Drop in income
  - Earnings
  - Income on savings – especially older people
  - Effect on pensions
- Increased dependence on benefits
  - Fuel poverty
- Emotional effect
  - Relationship breakdown – ‘last straw’
  - Depression, some suicidal



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# The impact

Anyone can need support [all affected?]

- to understand complex legislation and seemingly impenetrable administrative procedures
- The future is unknowable
  - this adds to the stress of those most affected
- Experience allows us to predict – eg housing temporary measures coming to an end
- Extent of measures to address the effect of the recession denotes the gravity of the situation
  - Eg employment of counsellors
- People feel unable to plan - lives on hold



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# A case study

- Man aged 59 made redundant
  - Never unemployed before
    - Very anxious about the future
  - Signs on – JSA £60.50 for 6 months
    - Angry about procedure
  - Mortgage
    - Worried about housing security
  - Wife works 25 hours
    - No income based JSA
    - No tax credit

Advice? -



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# Responding to advice needs

- Reactive
  - Nationally updated internal information system for trained advisers
  - Information packs
  - [www.adviceguide.org.uk](http://www.adviceguide.org.uk) – constant updating
- Proactive
  - Advice columns
  - Working closely with partners & new developments eg Credit Union
  - More volunteers [one positive effect of the recession]
- Challenge – how to measure the unmet need?



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# Questions?

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