

Y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol

HSS(2)-06-07(p.5)

Dyddiad y Cyfarfod: Dydd Mercher 14 Mawrth 2007

Lleoliad: Ystafell Bwyllgor 1, Senedd, Cynulliad Cenedlaethol Cymru, Bae Caerdydd

Teitl: Adroddiad Terfynol ar Orddyled yng Nghymru.

Pwrpas

Darparu ar gyfer y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol yr Adroddiad terfynol gan Ganolfan Iechyd Cymru mewn perthynas â'r ystyriaeth a roddwyd ganddo i argymhelliad 4 yn yr Adroddiad ar Orddyled yng Nghymru a gynhyrchwyd (ym mis Gorffennaf 2005) gan Huw Lewis, y Dirprwy Weinidog dros Gymunedau.

Crynodeb / Argymhelliad

Ystyriwyd Adroddiad Huw Lewis ar Orddyled yng Nghymru gan y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol ar 19 Ionawr 2006. Awgrymodd y Pwyllgor y gallai'r gwasanaeth iechyd chwarae rhan yn y broses a gofynnwyd i mi, y Gweinidog dros Iechyd a Gwasanaethau Cymdeithasol, ystyried pa ran y dylai gweithwyr proffesiynol ym maes iechyd a'r gwasanaethau cymdeithasol ei chwarae wrth roi argymhelliad 4 yn yr Adroddiad ar waith.

Comisiynais Ganolfan Iechyd Cymru i ystyried hyn, nid yn unig mewn perthynas ag argymhelliad 4, ond mewn modd ehangach er mwyn asesu sut y gallai'r gwasanaeth iechyd chwarae rôl mewn perthynas â'r argymhellion eraill yn yr adroddiad. Gofynnais i'r Ganolfan roi i mi adroddiad cynnydd erbyn diwedd Rhagfyr 2006, a'r adroddiad terfynol erbyn diwedd y flwyddyn ariannol (2006/2007).

Cefndir

Cododd y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol rai materion o bwys mawr wrth drafod Adroddiad Huw Lewis ar Orddyled yng Nghymru yn ei gyfarfod ar 19 Ionawr 2006. Ar ddiwedd y drafodaeth gofynnwyd i mi, y Gweinidog dros Iechyd a Gwasanaethau Cymdeithasol, edrych ymhellach ar ystyriaethau mewn perthynas ag argymhelliad 4 yn yr Adroddiad hwnnw, sy'n nodi:

"Dylid rhoi manylion Asiantaethau Cynghori Ariannol i bobl sy'n cael ysgariad neu'n colli gwaith. Dylid gofyn barn ynghylch sut orau y gellid gwneud hyn, mewn achos o ysgariad efallai trwy gymdeithasau cyfreithwyr, ac o ran colli gwaith, trwy'r Undebau Llafur, y CBI a'r FSB."

Wedi ystyried dadl y Pwyllgor ynghylch yr Adroddiad yn gyffredinol, ac yn fwy penodol mewn perthynas ag argymhelliad 4, roedd yn amlwg ei bod yn bosibl gwneud pethau eraill yn ogystal â'r dewisiadau amlwg sef, er enghraifft, cael cefnogaeth gan feddygon teulu. Felly, er mwyn sicrhau bod y mater hwn yn derbyn sylw llawn a phriodol a bod cynifer o ddewisiadau yn cael eu hystyried ag y bo modd, comisiynais Ganolfan Iechyd Cymru i ystyried argymhelliad 4 a hefyd holl

argymhellion eraill yr Adroddiad ac asesu'r cyfraniadau posibl y gallai gweithwyr proffesiynol ym maes iechyd a'r gwasanaethau cymdeithasol eu darparu. Fe wnaeth Papur HSS(2)-08-06, a ddarparwyd ar gyfer cyfarfod y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol ar 11 Mai 2006, gadarnhau'r ymagwedd hon a'r angen i Ganolfan Iechyd Cymru gyflwyno adroddiad interim i mi erbyn diwedd Rhagfyr 2006 ac adroddiad terfynol erbyn diwedd Mawrth 2007. Yn y cyfarfod ar 7 Chwefror 2007, rhoddwyd i'r Pwyllgor adroddiad diweddar (papur HSS(2)-03-07(p8)) yn cadarnhau cynnydd Canolfan Iechyd Cymru gyda'r gwaith hwn. Atodir adroddiad terfynol y Ganolfan yn awr yn Atodiad A isod.

Goblygiadau ariannol

Nid oes goblygiad ariannol o ganlyniad uniongyrchol i'r papur hwn. Mae'r Gyfarwyddiaeth Adnoddau Iechyd a Gwasanaethau Cymdeithasol wedi gweld a nodi cynnwys y papur hwn.

Camau Gweithredu ar gyfer y Pwyllgor Pwnc

Gofynnir i'r Pwyllgor nodi cynnwys y papur hwn.

Dr Brian Gibbons AC

Y Gweinidog dros Iechyd a Gwasanaethau Cymdeithasol

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ANNEX A

**The Links between Over-Indebtedness and
Health in Wales**

Prepared by the Wales Centre for Health
February 2007

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Introduction

The Review of Over-indebtedness in Wales

In May 2004 the Minister for Social Justice and Regeneration asked her Deputy Minister to undertake a review of the causes, scale, nature and impact of over-indebtedness in Wales. The comprehensive report produced from this review published in July 2005 (National Assembly for Wales, 2005) concluded that although there is some excellent work being carried out by debt advice agencies, serious problems of coordination, communication and capacity exist, along with inconsistency in the funding of money advice services at local authority level. The report set out a long-term strategic direction and recommendations for further action.

The Health and Social Services Committee, on 19th January 2006, asked that the Minister for Health and Social Services consider what involvement health and social services professionals should have in implementing Recommendation 4 of the Deputy Minister's Report which refers to the opportunities for professionals in contact with people at tipping points in their lives to refer individuals to financial and debt advice:

Contact details for Money Advice Agencies should be distributed to citizens affected by divorce or job loss. Advice should be sought on how best this may be achieved.....

In particular, the Committee noted the roles that health and social services professionals play in supporting individuals and their families/carers at key points in life - at the birth of a child, at times of bereavement, at the diagnosis of limiting disease, at the time that a physical or mental impairment or disability are recognised, and in supporting carers. Such important life events have been recognised as points at which a person's financial circumstances can alter and they can be at particular risk of debt problems. In turn, experiencing over-indebtedness can cause or exacerbate existing health problems.

The Health and Social Services Committee requested that the Minister for Health and Social Services examine how health and social services professionals could be equipped to refer people to sources of advice at these points in life.

The Minister subsequently commissioned the Wales Centre for Health to consider how health and social services professionals could play a role in relation to **all** of the recommendations contained in the Over-indebtedness Report, not solely Recommendation 4.

An initial overview of the potential contributions that health and social services professionals, and the Wales Centre for Health could make to meet the Recommendations of the *Review of Over-indebtedness in Wales* is provided in **Appendix 1** attached.

The following report details the work undertaken by the WCfH in Stages 1 and 2 of the project, with Stage 2 having involved the convening of a Key Stakeholder Group. The potential for future work is identified, building upon the foundation that the WCfH has established.

In brief, Stage 1 of this work involved a literature review of the impact that ill health and disability has upon levels of household debt and in respect of the impact that over-indebtedness has on health status. Although many studies make the links between health and debt, few of these studies are empirically robust. Indeed, most depend on small samples or are principally qualitative surveys.

Following submission of the interim report on this project to the Minister for Health and Social Services in December 2006, the Minister requested that the potential to link the work underway in this project with the Big Lottery Fund's (BIG) imminent programme regarding mental health - "Mental Health Matters" - be explored. The WCfH has met with the appropriate officer of BIG to discuss this matter. It is not possible, nor perhaps appropriate, for the literature surrounding the new BIG programme to make specific reference to the issue of over-indebtedness as its aim is to offer specific target groups co-ordinated packages of support. The programme will address the needs of those target groups which will be identified by those submitting the bids, rather than direct attention to specific matters that applicants may wish to address. BIG have however, agreed where possible, to use the issues of over-indebtedness as illustrative examples in promoting the programme.

Scope of the Project

Stage 1 of this report proposes some ways in which advice and support from health and social services professionals could contribute to meeting recommendations 1, 4, 5, 6 and 9. These matters were discussed further with health and social services colleagues, through the key stakeholder group at Stage 2 of the project.

It is acknowledged that public sector professionals working across a range of organisations dealing directly with the public could (and indeed already do) play an important part in supporting people experiencing or at risk of unmanageable debt. Similarly, many of those working in the voluntary sector play a crucial role in supporting individuals through life changing events, often associated with or accompanied by debt related problems. At the local level, much could be achieved through a co-ordinated response to providing support to individuals and families experiencing or at risk of over-indebtedness.

Further consultation and discussion undertaken to extend this work beyond guidance to health and social services professionals to encompass others working in the public, community and voluntary sectors, would permit consideration of how other recommendations -2,3,7 and 8 could be addressed.

There were two stages to this Project:

Stage 1 (the subject of this initial report):

- collating the evidence of the links between personal debt and the health of individuals and families.
- examining the information available regarding the scale of the problem of over-indebtedness in Wales.
- establishing a key stakeholder group to develop Stage 2.

Stage 2 (overseen by a Steering Group of Key Stakeholders)

- identifying accredited sources of debt advice.
- developing guidance and mechanisms for health and social services professionals in respect of when and where to opportunistically direct individuals to accredited debt advice services.
- discussion regarding a broadening of the scope of this work to other professionals and volunteers, with the potential to contribute to the achievement of the implementation of other recommendations in the Over-indebtedness Report.

What is Over-Indebtedness?

There is generally no accepted definition of over-indebtedness. Citizens Advice defines problem debt as when an individual is *“unable to pay their current credit repayments and other commitments without reducing other expenditure below normal minimal levels”* (Edwards, 2003).

In its work on over-indebtedness, the Department for Trade and Industry has defined over-indebtedness as *“debt which has become a major burden for the borrower”* (Department for Trade and Industry, 2004).

Problems of over indebtedness are not linked solely to the unmanaged use of credit. For those on very low income in particular, routine utility bills can lead to financial difficulties, as can unexpected expenditure on essential “one-off” items e.g. the need to repair/ replace a vital household appliance. Other financial challenges faced by families in/ at risk of over-indebtedness include the desire to provide for children at Christmas and birthdays (Scottish Executive, 2003).

Who experiences or is at risk of over-indebtedness in Wales?

The Over-indebtedness Report (National Assembly for Wales, 2005) examined the evidence available regarding who experiences or is at risk of over-indebtedness. While over-indebtedness can potentially affect anyone, some groups are likely to be at more risk than others, notably those on a low income and those experiencing financial and social exclusion (DTI, 2003).

The literature shows a clear link between vulnerability to over-indebtedness and certain “tipping points” in life. The potential role of health professionals as conduits for advice at such key life events was noted in the Over-indebtedness Report (National Assembly for Wales, 2005) but not extensively explored. Major life

changes leading to loss of income are the most commonly reported cause of over-indebtedness; for example, job loss, divorce/ separation, the birth of child, diagnosis of serious illness or onset of disability and bereavement.

The evidence reviewed pointed to those with the highest risk of over-indebtedness as being individuals who are on low income, have children, are single parents, are relatively young and do not have access to bank accounts.

Professionals considered in this Report

- For the purposes of this project health professionals are taken to include those who work in the NHS providing primary and secondary care.
- The reference to social services professionals is taken to include those professionals who work in local government, encompassing children's and adult services.

Aim and Objectives

Aim

To gather evidence and provide advice to health and social services professionals in respect of the links between health and over-indebtedness, in order to contribute to the progression of the recommendations of the Over-indebtedness Report published in 2005.

Objectives of Stage 1

1. To review the literature in respect of the impact that ill-health and disability has upon levels of household debt and in respect of the impact that indebtedness has on health status (see **Appendix 1**).
2. To add to the interpretation of what data is available to illustrate the scale of over-indebtedness in Wales, the potential impact that this may have on health and the associated costs to health and social services.
3. To establish a Steering Group of key stakeholders to oversee and support Stage 2 of this Project.

Objectives of Stage 2:

1. Examine what accredited sources of advice exist, who are they targeted at and how can they be accessed by all, with a view to, establishing direct (i.e. “right first time”) referral routes:
 - a. that are free to the individual
 - b. which provide accessible, timely, accurate and easily understood advice and support
 - c. which are offered sensitively, so as to avoid any potential stigma being associated with this support.

2. Examine how referral mechanisms can be established which are:
 - a. **simple and acceptable** for professionals

 - b. **effective** in making a real difference in tackling existing problematic debt, avoidance of debt escalation and the prevention of debt aggravating diagnosed health conditions

 - c. **sustainable** – with an active element in addition to traditional passive mechanism in which leaflets are displayed in GP surgeries and hospital waiting areas.

3. Assess the training required to support referral mechanisms, including the opportunistic recognition of individuals at risk. Following Stage 2, should it be appropriate, further work will be scoped, in collaboration with other public sector services and the voluntary and community sectors, to extend opportunities for direction to debt advice services by professionals / volunteers across these sectors.

Stage 1

Debt and its Impact on Health

Although many studies make the links between health and debt, it should be noted that few of these studies are empirically robust. Indeed, most depend on small samples or are principally qualitative surveys.

The relationship between health and debt is complex, as poor health can lead to problems of over-indebtedness and vice versa (Edin, 2001). If the possibility of earning income is diminished, by illness, impairment, disability or the need to provide care to a family member, this can act as a trigger for debt problems. Added to this are the additional costs associated with illness and impairment, including medication and special equipment; costs which may be incurred over some considerable time. Conversely, those who find themselves facing over-indebtedness may find that the stress and anxiety they experience adversely affects their physical and mental health.

The Welsh Consumer Council (Edin, 2001) examined the extent and impact of borrowing and debt in Wales. This report was set against the well- recognised poor

health status of Wales as a whole when compared to England, and in particular, the poor health status in the more socio-economically deprived areas of Wales. In this Report, it was suggested that people in Wales are generally poorer than much of the UK and more vulnerable to changes in their financial circumstances. This may make them more likely to experience debt problems.

There are specific groups within Wales who may be particularly prone to over-indebtedness and associated health problems. However, this literature review has been unable to detect studies focussing on:

- black and ethnic minorities (although some evidence regarding the patterns of borrowing and cultural differences in sources of credit used was reviewed)
- Refugees and asylum seekers
- Ex-offenders
- People, particularly young people, leaving residential care.

In addition, whilst the evidence points to over-indebtedness being primarily a problem facing younger people, more work is required to examine the particular health consequences of debt in older people. This work will be undertaken prior to Stage 2 of this project.

Poor health or Disability May Lead to Over-indebtedness

People who experience poor health or disability are likely to find their earnings or potential to work curtailed. Kober (2005) in her study concerning debt and disability found that adjusting to impairment can be accompanied by depression, which often makes individuals neglect other aspects of their lives, e.g. financial management. Many who lived with chronic pain reported that the stress of their situation made that pain worse.

There was evidence of a strong association between acquiring an impairment and falling into arrears (partly reflecting the fact that 68% of participants had left paid employment as a result of their impairment). For disabled people, the intrinsic links between debt and health have been summarised:

Debt adds to the social exclusion experienced by many disabled people. The downward spiral of having to give up work because of an impairment, leading to the accumulation of debts, which in turn have caused stress and depression, which have had an adverse effect on the impairment, further reinforcing their unemployability. Many despair at the inescapable nature of their financial position, knowing that it is unlikely that they can work again and find a way out of the position of debt that they are in.

(Kober, 2005, pg 19).

The Mental Health Foundation (2001) reported unmanageable debt as a persuasive and common problem for people with mental health problems. In a survey conducted in Northumberland, the most common forms of debt found amongst mental health service users were rent arrears, shopping catalogues, loans and credit cards (Sharpe and Bostock, 2002).

The particular vulnerability of people with mental health problems or illness in respect of accumulating unmanageable debts was highlighted in a recent Joseph Rowntree Foundation report (Gould, 2006). This reported a lack of checks when providing credit compounding the lack of remedy when purchases are made or contracts entered into when individuals are mentally unwell. These issues are particularly relevant for those people who have bipolar affective disorder, in whom overspending can be a feature of a “manic” phase. The exclusion of people with mental illness or mental health problems, from payment protection schemes leaves these individuals at risk of over-indebtedness should they be unable to meet the repayments.

The sudden onset of disability or illness can alter an individual’s credit rating, such that a person with a good credit history can be perceived as a high financial risk and interest rates charged on loans/ credit cards may be changed to reflect this.

Disabled people are seven times more likely to be claiming benefits than non-disabled people, thus running a greater risk of falling into unmanageable debt. It is reported that 49% of disabled adults are not in paid employment. Disabled people are also more vulnerable to low pay, on average earning 10% less than non-disabled employees (Disability Rights Commission, 2005).

Research has shown that in the year following the onset of disability, one in three people left paid employment and, on average, suffered a drop in income of 29% (Jenkins, S. and Rigg, J., 2003)

Individuals having to leave or reduce their hours of employment to assume caring responsibilities for ill or disabled family members can experience a major fall in household income. In addition, carers share the social exclusion of those that they care for, as they are excluded from social activities, in some cases because they cannot afford to pay for them. In addition to difficulties in the transition into caring in respect of financial management, support is required as people are in transition out of caring, in seeking employment, dealing with deficits in pension provision etc. (Howard, 2001).

For those dependent upon welfare benefits, any reduction or withdrawal of benefits can have a major effect. The withdrawal of Incapacity Benefit for example can trigger the loss of other benefits, as eligibility for the former is a pre-requisite for a range of other benefits. 50% of claimants who appealed against the decision to withdraw Incapacity Benefit and 48 appealing against the withdrawal of Disability Living Allowance (DLA), had their benefits reinstated. However, the time for an appeal to be heard was on average 9.9 weeks and 7 weeks respectively, during which time the claimant’s financial situation could deteriorate dramatically. Participants in Kober’s study expressed fear of losing benefits payments due to spending time in hospital to be sufficient to deter disabled people from attending hospital and receiving treatment.

Kober (2005) found that for many in her study, it was the effect of struggling for many years on benefits, using up savings and having to borrow to make ends meet that placed them in a position of unmanageable debt.

Over-indebtedness may lead to Ill-Health

Mental Health

Debts have a detrimental affect on people's mental and physical well-being due to stress, stigma and fewer associated life opportunities. The literature is dominated by the impact of over-indebtedness on mental health.

Debt has been seen to be added stress on individuals causing anxiety and depression and compounding emotional and physical health (Sharpe and Bostock, 2002). Drentea and Lavrakas (2000), in their study of credit card debt amongst 900 individuals in Ohio, found that the debt/income ratio was found to be significantly associated with worse physical health and self-reported health. In addition, having more stress regarding over-all debt was associated with worse health. Studies, including that of Drentea and Lavrakas (2000) have relied upon self-reported health status rather than clinically diagnosed conditions.

Reading and Reynolds (2001) reported that depression was strongly associated with financial adversity in a sample of 271 families with young children. Worry about debt was the strongest independent socioeconomic predictor of the depression score at both initial and follow-up occasions of women in their study. Owing money by itself also predicted maternal depression. Their results suggest it has a central place in the association between socioeconomic hardship and maternal depression.

In Edwards's (2003) survey of more than 900 over-indebted clients of Citizens Advice Bureaux in the UK, 62% mentioned that they were suffering from stress, anxiety or depression.

... unmanageable debt can have devastating consequences. CAB experience is that this can happen irrespective of the amount owed. Depression, ill-health, relationship breakdown, arguments within families, doing without essentials including food, and facing homelessness can all result from a debt problem. (Edwards 2003: 5)

Grant (1995, 2000) reports that respondents with disabilities often ascribed the onset of mental health problems, such as depression and anxiety, to the process of dealing with debt. Moreover, some respondents had contemplated suicide, which was also identified in Edwards (2003), who reported on the stress of living on a very tight budget, such that almost two-thirds of respondents stated that they were not coping with their debts, with three-in-five of these people stating they were not coping and feeling in crisis. Parker (1990) reports similar findings, with most respondents in her UK survey stating that their mental health, and to a lesser extent their physical health, was affected by their debt situation.

Kempson et al. (2004) cite a UK survey of almost 8,500 individuals. This showed that 38% of those exhibiting moderate depression were in arrears, as were: 34% of those who had ever attempted suicide; 24% of those with mild alcohol dependence; and 49% of those with severe alcohol dependence. Amongst the population overall, 13% of those aged 16–59 had been in arrears in the past year.

Kober (2005) conducted a study comprising in-depth interviews with 51 disabled people with debt problems, plus a survey of 400 members of a disability campaigns network, based on their experiences of debt. Results from this work suggested that 35% had visited their GP about anxiety and depression linked to their debts and 12% stated that their situation had led to such levels of despair that they had contemplated suicide.

Nettleton and Burrows (1998) examined the links between mortgage arrears and health. Using data from the British Household Panel Survey (which surveys 5,000 households), they argue that being in mortgage arrears has an independent effect on subjective wellbeing. Having mortgage debt problems also increases the likelihood that men will visit their general practitioners.

Cooke et al., 2004, examined the relationship between student debt and their mental health, finding that students become more concerned regarding their financial position as they progress through university. Students with high financial concerns felt more "tense, anxious or nervous", more "criticised by other people" and found it more "difficult getting to sleep or staying asleep" than students with low financial concerns.

Physical Health

The literature is less abundant regarding the impact of debt on physical health, although a search of the literature regarding poverty and health produces evidence regarding the impact of low income and physical health. Gordon and Pantazis (1997) point out the very strong links within the literature between ill-health and poverty. In their UK survey those who were multiply deprived were five times more likely to be depressed than those who were not in this situation. It would seem reasonable to suggest that a similar pattern would be evident with regard to over-indebtedness.

In her work to support the children and young people's National Service Framework in Wales, Walters (2005) noted that studies have consistently shown a strong link between socio-economic disadvantage, the health of children and their subsequent health as adults, including influencing adult disease risk factors. As Walters highlights, health inequalities accumulate over decades and do not simply emerge in mid-life. Quoting a classic study by Hilary Graham, Walters stresses the relevance of poverty to child health, not only in terms of essentials such as food and fuel, or material possessions (e.g. toys, clothes and books) but also of lost opportunities to experience what most families take for granted, including school and family outings. The family living with debt problems is presented with the impossible choices between putting food on the table, heating the home, ensuring that rent is paid and providing for the other everyday needs of their family. Such day-to-day stresses can have health damaging consequences.

In her study of disabled people with problem debt, Kober (2005) identified that 63% had reported that they had cut back on essential spending, most often food or fuel spending, to deal with their debts. Those individuals with disabilities or long-term

illness are more susceptible to the effects of poor, badly heated housing, as they are likely to spend more time than the average in their home. Eighty one percent reported that their financial problems had caused their general health and well-being to suffer.

In addition, Kober (2005) observed that 67% said that they had been forced to cut back on services, equipment or aids that would help to manage their impairment. Many disabled people face additional costs associated with their impairments. These may be personal care costs or higher spending on essential items like fuel, transport and equipment to provide independence. Although Disability Living Allowance is intended to cover these costs, this study suggested that many people are forced to supplement the amount of benefit to meet the true costs.

Over-indebtedness can impact upon Relationships within and Outside of the Family

Whilst there is relatively little robust, quantifiable evidence, the literature alludes to over-indebtedness placing pressures on family relationships and to people feeling stigmatised and isolated from their communities. (Valins, 2004).

In Edwards's (2003) survey, 18% of debt clients reported arguments with their partners, relationship breakdown and disputes within their wider family circle. Edwards (2003) illustrates these pressures are illustrated through a series of qualitative statements, for example:

We have not got any money to do anything. We don't go out, we just stay in. When the phone rings we panic in case it is a creditor. They are so nasty and do not believe that we cannot pay so we get cross with each other and the kids. (Edwards 2003: 74)

Grant (1995, 2000) reports on similar impacts. This study, which was concerned specifically with disabled people, highlights the social exclusion that comes with an inability to participate in social activities through lack of money, leading to loss of friendships and social networks.

Thus over-indebtedness may affect not only upon mental and physical health, but also upon social well-being e.g. relationships, opportunities and choices in respect of education, leisure, housing conditions, environmental surroundings and lifestyles. These impacts affect the whole family and not just the person facing the problematic debt or circumstances that may lead to over-indebtedness.

There is a growing body of evidence in respect of the potential impact of being out of work on mental health. Individuals dealing with over-indebtedness may be faced with disincentives to enter the workplace including difficulties balancing the loss of benefits and the demands to pay off debts with the salary received from employment. In not seeking employment for these reasons, an individual may place themselves at further risk of poor health. For those in employment, over-indebtedness may affect their performance and commitment at work. Kim and Garman (2003) found a positive association between financial stress and

absenteeism in their study of white-collar workers in an insurance company, across three states of the US. They also cite studies that demonstrate a link between increased financial stress and a fall in job productivity and commitment to the employing organisation.

Providing Advice Services to those in Debt

Whilst there is evidence in the literature that credit counselling can have a positive effect on changing financial behaviours (Kim et al., 2003), the evidence suggests that this must be sustained to prevent individuals falling back into financial difficulties.

The potential benefits for health of tackling over-indebtedness were noted by O'Neill et al. (2005) who stressed the need to link those providing health advice with financial educators.

However, Edwards (2003) identified that many in debt feel ashamed and embarrassed by their situation and may be reluctant to seek advice for fear of judgement or blame for their situation.

In an attempt to address such perceived stigma and improve access and effectiveness of advice services, a recent report by the Department for Constitutional Affairs (March 2006) set out a programme for co-ordinating and enhancing the role of independent advice across central and local government and for using feedback from the process to help improve public services. Any effective strategy for this area, the Report states needs to ensure that:

- Advice is people-focussed, dealing with the many problems that people may face holistically and not as each problem in isolation
- Advice is right first time- so that wherever people go to get advice, they are able to access the advice they need to resolve their problems
- Lessons from mistakes- people's needs for advice are a detailed indication of where services fail to deliver.

This Report stresses the importance of providing accessible advice services- needs focussed, in places, at times and in ways that best allow people to use them.

The Scale and Distribution of Over-indebtedness in Wales

Throughout the literature, the difficulties in compiling a comprehensive picture of the extent of borrowing and debt problems in Wales due to the lack of data has been identified (Edin, 2001; Whyley, 2002; Whyley, 2003).

In a report for the Welsh Consumer Council in 2002, Whyley suggested that people in Wales would find it harder to repay their debts than their English counterparts,

with household income in Wales for those facing problem debts being lower in Wales than elsewhere in the UK, and well below half of the average monthly income for the UK as a whole.

Kenway et al. (2005) state that Wales has higher levels of credit use and amounts borrowed, and yet has lower average earnings and higher levels of benefit receipts. In their work to monitor poverty and social exclusion in Wales, they conclude that the proportion of households reporting financial difficulties is higher in Wales than in the rest of Britain and that low-income households in Wales are still far less likely to have a bank account than households on average incomes.

Citizens Advice evidence demonstrates that the ratio of average household debt to average net monthly household income is higher in Wales than in other parts of the UK. The average monthly income of Citizens Advice clients in Wales is some £700 while average debts are about £11,000. The resulting ratio of debt to income of 16 compares with ratios of 14 in England, 12 in Scotland, and 10 in Northern Ireland (Citizens Advice, 2003).

Further, debt enquiries at NACAB Cymru having risen by two-thirds in the five years to 2002, a faster increase than anywhere else in the UK, the average for the UK being an increase of a quarter (NACAB Cymru, 2001).

The Wales Centre for Health will investigate how available data can be used to inform policy on over-indebtedness in Wales. This will include the examination of data from a number of sources, including NOMIS (in full) and the Department of Health Infocentre.

Sources of Accredited Debt Advice available to Health and Social Services Professionals

The Over-indebtedness Report (National Assembly for Wales, 2005) Chapter 3 describes the provision of debt advice at national and local level, including the mechanisms available for ensuring that the advice is quality marked to minimum standards. The report discusses free and fee-charging sources of advice and set out the governance and partnership arrangements at national and local level.

The importance of regulating financial advice is illustrated by a simple Internet search of debt advice websites using the search engine 'Google'. The term 'Debt Advice in the UK' was entered into the search engine, and achieved 8,450,000 hits. Given the increasing use of web-based sources of information by the public and professionals alike, people need support to sift through excess amounts of information, to consult the reputable, accredited sources of advice.

In Stage 2 of this work, referral routes to accredited sources of advice were developed, building upon existing quality marked procedures for and sources of advice.

Potential Roles for Health and Social Services Professionals

See **Appendix 1**.

Stage 2

In order to address the objectives set for Stage 2 of this project, the WCfH convened a Key Stakeholder Group drawn from national financial and debt advice services, credit unions and employment services.

The Stage 1 Report set out the intended membership of the Key Stakeholder Group, which would bring together key people in the field of over-indebtedness and health to consider the recommendations made by the *Review of Over-indebtedness in Wales*. A number of organisations were targeted for membership of the Group. These were:

- Citizens Advice Cymru
- Welsh Consumer Council
- University of Glamorgan Credit Union Unit
- Welsh Assembly Government – Social Justice and Public Health Strategy Division
- Carers Wales
- Social Care Representatives – Children’s and Adult services
- A Local Authority Benefits Advice Service representative/ Welsh Heads of Trading Standards
- NHS representatives

The WCfH was successful in securing representation from most of these groups but from the outset recognised the inherent difficulties in bringing people from such a wide variety of organisations together. Within the type of organisations targeted for membership, issues of resources and an ability to commit to the time required were always going to be problematic. This was evident in the difficulties securing representation from health and social services professionals. While some of those initially identified as potential group members were not secured, the WCfH made a number of notable additions to the stakeholder group. These were:

- Job Centre Plus
- Trading Standards
- Wales Cooperative Centre

This gathering of experts has created an environment where open discussions can be held. This drawing together of experience has enabled a strategic way forward through the complex issues and interests in health and over-indebtedness. The Key Stakeholder Group acknowledges that this is a real opportunity to collaborate

with each other to effect change. The proceedings and experience of convening this Group are discussed in Appendix 3.

Through the exchange of information by the Group, it was evident that several of the recommendations of the *Review of Over-indebtedness in Wales* are being addressed across various Assembly portfolios, and that where relevant, health and social services professionals will be able to link with and support this action. This can be supported for a number of the Recommendations through the provision of an advice and awareness raising publication for professionals, which the WCfH would be willing to collate.

The WCfH, informed by the Key Stakeholder Group, has focussed its attention therefore on Recommendation 4 and after just two meetings of the Group has been able to identify clear areas where the work can be progressed. With this clarification of the future direction of this work, it is anticipated that a focussed and targeted approach can be taken to the recruitment and engagement with health and social services professionals to work with the Group. Such engagement will be vital to inform of the practical steps to take this work forward, maximising upon the opportunities that such professionals have to make a difference at the tipping points in people's lives.

Developing Referral Routes to Financial and Debt Advice-

Main Issues Considered by the Key Stakeholder Group and Proposed Next Steps

1. Who should refer and at what stage in a person's pathway of care/ support?
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The good work already underway at primary care level was recognised in these discussions in respect of the Welsh Assembly Government funded *Better Advice: Better Health* programme, delivered by Citizens Advice Bureau staff in GP surgeries across Wales. Reference was also made to the early work underway to extend such services to the secondary care setting.

ACTION: The Group proposes that across the broad range of professionals encompassed within its remit, it would be sensible to focus on a number of groups of professionals who visit and build relationships with individuals/ families in their own homes or in specific settings compatible with the establishment such close relationships of trust. In the first instance, it is proposed that the next stages of this work include direct engagement with:

- Health visitors
- Community midwives
- District nurses
- Community psychiatric nurses

- Social workers working in community settings, e.g. Sure Start projects

2. How do professionals identify individuals/ families at risk of or experiencing over-indebtedness?
3. How can professionals be supported in knowing the distinction between situations requiring financial/ preventative advice and those where people require immediate assistance to deal with their over-indebtedness?
4. How can referral become routine to avoid stigmatising the process?

The Group discussed these key issues in some depth. There was recognition that some professionals may not wish to raise the issues of financial matters in fear of invading a person's privacy, even when discussing other very personal matters. Professionals will need to be sensitive to when general financial advice is appropriate and when a person's circumstances are such that they need timely, active support to assist them in dealing with problematic debt. In some cases it will unfortunately be all too evident that the individual or family are facing debt problems. It was suggested by the Group that if it can become a routine matter, in particular agreed situations, that an individual or family is offered contact details for appropriate advice services, the professional's fears of offending or stigmatising an individual or family may be overcome.

ACTION: The Group propose that information/ guidance be developed by the WCfH, in consultation with the Group, to highlight the subject of over-indebtedness for health and social services professionals. The Guidance will extract information from both the *Review of Over-indebtedness in Wales* and the ODPM report *Action on Debt: Why it Matters and What can you do about it*. This would be supplemented with appropriate telephone contacts that can be passed on to individuals to seek further advice (see actions under 5 and 6 below).

5. How can the referral process be kept simple to use and understand?
6. How can professionals be kept up-to-date regarding to whom they make referrals and be confident in the appropriateness and quality of the advice available?

The Group discussed these key issues, which are fundamental to the initiation, credibility and sustainability of any referral route for use by professionals.

ACTION: The progress of these points will be undertaken in consultation with the proposed professional groups and the key Stakeholder Group. It is vital that this input is secured to develop the referral route. The WCfH, if commissioned to continue this work, will identify opportunities to bring together professionals, to consult with and inform them regarding health and over-indebtedness issues.

Any mechanism introduced will need to be responsive to capacity issues for providers of advice and be capable of being regularly updated to avoid the perpetuation of obsolete information/ contact details.

In respect of the quality of advice, the Group recognised that the *Review of Over-Indebtedness in Wales* had outlined in Chapter 3 of that report the main accredited

providers of financial and debt advice in Wales. These are summarised in Appendix 4. There is currently a consultation exercise underway regarding changes in the way that legal and advice services are delivered in Wales (*Making Legal Rights a Reality*). The Key Stakeholder Group will ensure that any future referral route reflects changes introduced following this consultation.

7. How can such a mechanism be developed to ensure that referral does not overwhelm the capacity of the advice system to deal with requests for advice/ support?

This issue was of considerable concern to the Group, some of whom were financial / debt advice service providers. Whilst it is vitally important that people in need of support are assisted in identifying sources of accredited advice, it is inherent in this that once directed they are actually able to access that advice, i.e. receive a consultation, within a timely period. If the number of referrals increases as a direct result of the establishment of a referral mechanism, it is imperative that the resources available to service this increase in demand are identified and released.

ACTION: The Group have agreed that they will develop a potential referral route (or routes), working closely with the professional groups identified above, for consideration by the Welsh Assembly Government. Decisions regarding the resourcing of services to meet any anticipated increase in demand are outside the scope of this Stage of this project.

8. How can we incorporate the provision of solutions to over-indebtedness as well as advice, including access to affordable credit (e.g. credit unions) and access to employment, (e.g. Pathways to Work)?

Colleagues working in the field of credit unions and employment services made important contributions to the Group discussions.

An important dimension to the tackling of over-indebtedness is access to reputable sources of affordable credit, budgeting skills and in the longer term the ability to save and plan for the future. Credit Unions can provide a solution to overcome individual's financial difficulties in the short and longer term, where alternative sources of credit may be unavailable, excessively expensive or indeed disreputable.

There is growing evidence concerning the benefits of work on health status. There is a general consensus that people who are sick or disabled should remain at work or return to work as soon as possible for a number of reasons; amongst these are that it improves recovery and health outcomes, reduces the negative social, psychological and physical effects of long term sickness absence, and reduces poverty (Waddell and Burton, 2006). Whilst employment may not be an option to all those experiencing over-indebtedness, schemes to support individuals into the workplace play an important role in moving people from a position of reliance on benefits and at risk from "financial shocks" (unexpected demands on finances) to a more sustainable financial future. Such schemes include the Pathways to Work initiative.

ACTION: The Group agreed that any information and guidance that is produced should not focus solely on advice agencies but make reference to sources of affordable credit, notably credit unions and initiatives that support individuals into employment.

Taking this work forward

The WCfH has established a firm foundation upon which to progress this work and if commissioned to do so is keen to take the following course of action:

1. Continue to convene the Key Stakeholder Group to take forward the actions listed above. The Group have expressed their desire to continue to meet and believe that there is added value to their mainstream work, as well as this specific project in continuing to do so.
2. Through the Key Stakeholder Group, the WCfH will co-ordinate the production of a short, user-friendly advice document for professionals, providing them with the context of health and over-indebtedness issues and practical steps that they can take to support individuals/ families with whom they work.
3. Through the Key Stakeholder Group, the WCfH will engage with the identified professional groups and will arrange, if appropriate, meetings/ events at which professionals can be advised of the issues and opportunities that exist
4. The WCfH is in early discussions with a consortium of voluntary sector organisations, Welsh Assembly Government officials and the National Leadership and Innovation Agency for Healthcare in respect of the development of a well-being pathway and the submission of a convergence bid for EQUAL funding. Central to the proposals will be the development of well-being service provider networks and referral routes with multiple entry points to these services. These referral routes will be contract managed to ensure that capacity is not overwhelmed. Such a development, should it come to fruition, potentially provides a structural framework within which this project can be positioned.

Appendix 5 provides a Summary Action Plan, illustrating that all of the 10 Recommendations have been considered by the Key Stakeholder Group

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Appendix 1

The Recommendations of the Review of Over-Indebtedness in Wales – Potential Roles for the Wales Centre for Health and for Health and Social Services Professionals

The Deputy Minister's Over-indebtedness in Wales Report made 10 recommendations. This Project proposes some ways in which advice and support from health and social services professionals can contribute to meeting recommendations 1, 4, 6 and 9. A broadening of the scope of this work to encompass others in the public, community and voluntary sectors would permit consideration of how recommendations -2,3,5,7,8 and 9 could be met.

The list of recommendations below also outlines how the Wales Centre for Health could contribute to meeting the recommendations.

Recommendation 1

This recommendation was concerned with the issue of local authorities, as the guardians of children in care, making extra payments to the Children's Trust Fund of children in their care of at least £50 per child per year. This 'top-up' could make a big difference to the opportunities and security of children when they leave care.

Potential role for Social Services professionals

Work is reported to be underway in respect of this Recommendation (Ref: Huw Lewis to the HSSC, 19th January 2006). It has long been recognised that looked after children have poorer health than their peers, providing an impetus to ensure that financial provision is made for young people leaving care.

- Social services professionals at senior level could champion this contribution to the future security of children, within local government budgetary decisions.

Recommendation 2

This recommendation is concerned with the need to expand the provision of financial literacy education in schools.

Potential Role for the Wales Centre for Health

- The WCfH could identify/ develop personal finance education training materials, in partnership with Money Advice Agencies in Wales, for teachers or pupils, ensuring links with other school-based initiatives, including the Welsh Healthy Schools Scheme Network.

Recommendation 3

This recommendation relates to the opportunities to learn from work underway in Scotland in respect of the wider delivery of financial education and the training of money advisors, drawing together partner organisations and rolling out best practice examples as well as innovation in this field.

Potential Role for the Wales Centre for Health

- The WCfH could raise awareness of health issues in relation to over-indebtedness among debt advice workers and organisations, and provide training on health issues relevant to people in debt.

Recommendation 4

This recommendation relates to the distribution of contact details for Money Advice Agencies to citizens affected by divorce or job loss, perhaps through solicitors' organisations (in the former) and Trade Unions, CBI and FSB in the latter.

Potential role for the Wales Centre for Health

- The HSSC identified an opportunity for health and social services professionals to signpost to advice services and this project is a direct response to this opportunity. A central part of Stage 2 of this project is the identification of appropriate mechanisms for referral to and sources of money advice services.

Potential role for Health and Social Services professionals:

- Identify health and social services settings where debt advice could be given, for example, GP surgeries, family planning clinics, baby clinics, and via services for older people.
- Debt advice should be built into health promotion and community development projects maximising opportunities to reach individuals in disadvantaged communities.
- Links to accredited debt advice websites could be evident on health-related websites and promoted via local community-based health, parenting and basic skills initiatives.

Recommendation 5

This recommendation relates to the opportunities of the Communities First programme and Partnerships to support the development of both "maximising income initiatives" and in activities aimed at minimising debt within their community. This should include working with Jobcentre Plus on local initiatives, encouraging the take up of benefits, tax credits and pension credits, council tax rebate etc.

through proactive awareness raising initiatives within the community, and active promotion of local credit unions.

Potential role for the Wales Centre for Health

- Develop a tool kit or other resource to address the negative health effects of over-indebtedness, for debt advice workers, community workers, youth workers, health professionals, etc.
- Work with the Jobcentre Plus and Pathways to Work Project to build debt and health advice into support programmes.
- Develop personal finance education in the workplace. Occupational health advisors and workplace health officers should be given relevant training. It is possible that personal finance education could be linked with the Corporate Health Standard – provision of debt advice could be one of the components that organisations are required to develop in the workplace.
- Identify opportunities to incorporate health promotion activities into established and new debt advice community projects.

Potential Role for Health and Social Services Professionals

- Those representing health and social services on Community First Partnerships and local community projects should use their influence to proactively promote and support local action required/ underway to promote “maximising income initiatives” and in activities aimed at minimising debt within their community.

Recommendation 6

This recommendation states that the Welsh Assembly Government should strenuously promote co-working and partnership between Communities First Partnerships and Credit Unions.

Potential Role for Wales Centre for Health

- Identify and provide training on debt advice and health information to key community workers to raise awareness of the debt problem and its implications on health. Such community workers could include community development workers, Surestart, librarians etc.
- Raise awareness of over-indebtedness among health professionals, possibly through training and conferences.

Potential role for health and social services professionals:

- To promote appropriately the establishment and use of credit unions to individual clients, families and community leaders.

- To work with key community workers to raise awareness of the implications of over-indebtedness and health, and the impact of poor health status on indebtedness.
- Whilst providing health and social services to individuals at key tipping points or who are experiencing problematic debt, maximise opportunities to signpost to accredited debt advice services and affordable sources of credit.

Recommendation 7

This recommendation is concerned with the need to examine DTI- funded work underway in Glasgow and Birmingham in respect of illegal money lending.

Recommendation 8

This recommendation again refers to the need to examine work underway in Scotland, which has involved the co-ordination of debt advice, 120 new money advisors, and working towards minimum standards. It is recommended that targeted advice services be explored and that the Welsh Assembly Government should work with the WLGA to promote minimum levels of investment in debt advice services by local authorities.

Potential Role for Wales Centre for Health

Work to promote health with organisations that work with at risk groups, for example, Student Unions , Surestart, the Wales Pre-school Playgroups Association and Mudaid Ysgolion Meithrin , to make explicit links between debt and health.

Recommendation 9

This recommendation addresses the problems of debt related to utility charges and tasks the Welsh Assembly Government with working with the utility companies to reduce the burden on targeted groups, whilst financing this through greater efficiencies in payment of bills. This could include WAG brokering discussions between the WLGA and Dwr Cymru to investigate potential savings if bill collection were administered by local authorities throughout Wales. This mode of negotiation should then be explored with gas and electricity providers.

Potential Role for the Wales Centre for Health

- Training of / development of training materials for creditors, to raise awareness of the health impact of debt and offer links to health resources

Potential role for social services professionals:

- To champion innovative action at the local level to alleviate the problems associated with over-indebtedness in the community. This will include raising awareness of the health impact of over-indebtedness and the potential for savings and re-direction of funds.
- To assist in the identification of disadvantaged individuals and families who could benefit from such innovative approaches and the delivery of such support in a non-stigmatising manner.
- To assist in the identification of individuals at risk of ill-health due to over-indebtedness and the referral to appropriate medical and financial advice to prevent a deterioration in health and financial status.

Potential role for health professionals

- Referral of individuals experiencing ill-health and potential debt problems or the ill-effects of existing debt problems to such innovative support schemes and accredited sources of advice
- To offer links to appropriate health resources.

Recommendation 10

This recommendation refers to the need for the Welsh Assembly Government to work with a partner Higher Educational Institution in Wales to monitor the effect of policy on the reality of Over-indebtedness in Wales at 1, 3 and 5 years post adoption of these recommendations.

Potential Role of the Wales Centre for Health

- Research could be commissioned through the Wales Centre for Health
- Over-indebtedness data could be matched to economic inactivity and community health profile data to demonstrate regional variations. An agreed plan should be formed for data collection, to establish the impact of debt on health in Wales over time. This work is being explored in Stage 2 of the project.

Appendix 2

Over-indebtedness and Health - Key Points from the Literature

Objective 1:

To review the literature in respect of the impact that ill-health and disability has upon levels of household debt and in respect of the impact that over-indebtedness has on health status.

Although many studies make the links between health and debt, it should be noted that few of these studies are empirically robust. Indeed, most depend on small samples or are principally qualitative surveys.

The literature review conducted has been unable to detect studies focussing on: black and ethnic minorities (although there is evidence regarding the patterns of borrowing and cultural differences in sources of credit used); refugees and asylum seekers; ex-offenders; people, particularly young people, leaving residential care, and older people.

- There is generally no accepted definition of over-indebtedness. Citizens Advice defines problem debt as when an individual is *“unable to pay their current credit repayments and other commitments without reducing other expenditure below normal minimal levels”* (Edwards, 2003).
- While over-indebtedness can potentially affect anyone, some groups are likely to be at more risk than others, notably those on a low income and those experiencing financial and social exclusion (Department of Trade and Industry, 2003).
- The literature shows a clear link between vulnerability to over-indebtedness and certain “tipping points” in life. Major life changes leading to loss of income are the most commonly reported cause of over-indebtedness; for example, job loss, divorce/ separation, the birth of a child, diagnosis of serious illness or onset of disability and bereavement.
- Much of the literature relating to the impact of over-indebtedness on health relates to mental health, with evidence that debt problems cause stress, anxiety and depression in some people, bringing associated stigma and fewer life opportunities, all of which is capable of exacerbating existing mental and physical health problems.
- The particular vulnerability of people with mental health problems and illness in respect of accumulating unmanageable debts was highlighted in a recent Joseph Rowntree Foundation report (Gould, 2006). Purchases on credit during episodes of ill-health, difficulties in securing loan protection and “heavy-handed” collection procedures were identified as important issues for those with recognised mental illness.

- Carers on low income face difficulties, particularly during the transitions in and out of carer status, including dealing with pre-existing loans, pension provision and finding employment (Howard, 2001).
- The difficulties of “making ends meet” on benefits are discussed in the literature, including the additional expenses associated with illness/impairment, the reliance on benefit and fear of losing entitlement as a disincentive to seeking hospital treatment or employment (Kober, 2005).
- For those in employment, over-indebtedness may affect their performance, commitment at work and absenteeism (Kim et al., 2003).
- Studies have consistently shown a strong link between socio-economic disadvantage, the health of children and their subsequent health as adults, including influencing adult disease risk factors. Health inequalities accumulate over decades and do not simply emerge in mid life. It is reasonable to suppose that over-indebtedness has similar impacts.
- Those individuals with disabilities or long-term illness are more susceptible to the effects of poor, badly heated housing, as they are likely to spend more time than the average in their home. Evidence suggests that many such individuals have to limit expenditure on essentials such as fuel, food, equipment and medical aids to deal with their over-indebtedness (Kober, 2005).
- Whilst there is relatively little robust, quantifiable evidence, the literature alludes to over-indebtedness placing pressures on family relationships and to people feeling stigmatised and isolated from their communities (Valins, 2004).

The Provision of Debt Advice

- There is evidence in the literature that credit counselling can have a positive effect on changing financial behaviours, but this must be sustained to prevent individuals falling back into financial difficulties (Kim et al., 2003).
- Many in debt feel ashamed and embarrassed by their over-indebtedness and may be reluctant to seek advice for fear of judgement or blame for their situation (Edwards, 2003).
- Advice services must be accessible, focussed on needs, in places, at times and in ways that best allow people to use them (Department for Constitutional Affairs, March 2006).

The Extent of Over-Indebtedness in Wales

Throughout the literature, the difficulties in compiling a comprehensive picture of the extent of borrowing and debt problems in Wales due to the lack of data have been highlighted. However, the literature does provide some indications of Wales' relative position.

- People in Wales are generally poorer than much of the UK and more vulnerable to changes in their financial circumstances. This may make them more likely to experience debt problems (Edin, 2001).
- Examining the household income for those experiencing problem debt across the UK, it is seen that on average, those in Wales have a lower household income than elsewhere in the UK, and well below half of the average monthly income for the UK as a whole. (Whyley, 2002).
- Wales has higher levels of credit use and amounts borrowed, and yet has lower average earnings and higher levels of benefit receipts (Kenway et al. 2005).
- The proportion of households reporting financial difficulties is higher in Wales than in the rest of Britain (Kenway et al. 2005).

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Appendix 3

Details of the Establishment and Development of the Key Stakeholder Group.

Membership of the Key Stakeholder Group

A number of organisations were targeted for membership of the Group. These were:

- Citizens Advice Cymru
- Welsh Consumer Council
- University of Glamorgan Credit Union Unit
- Welsh Assembly Government – Social Justice and Public Health Strategy Division
- Carers Wales
- Social Care Representatives – Children’s and Adult services
- A Local Authority Benefits Advice Service representative/ Welsh Heads of Trading Standards
- NHS representatives

The WCfH was successful in securing representation from most of these groups but from the outset recognised the inherent difficulties in bringing people from such a wide variety of organisations together. Within the type of organisations targeted for membership, issues of resources and an ability to commit to the time required were always going to be problematic. While some of those initially identified as potential group members were not secured, the WCfH made a number of notable additions to the stakeholder group. These were:

- Job Centre Plus
- Trading Standards
- Wales Cooperative Centre

The organisations were contacted and asked to nominate a representative to join the Stakeholder Group. In the initial correspondence the aims and role of the group were clarified. The Group was tasked with examining the development of acceptable mechanisms for the opportunistic referral of individuals and families facing or at risk of problematic debt, to accredited sources of advice, by professionals. This could potentially involve developing new referral routes or increasing access and support to, existing mechanisms. Fundamentally, the project aim was to ensure that individuals are referred to the right advice, at the right time, first time, without unduly increasing the burden on health and social services professionals.

Inaugural Meeting/Draft Action Plan

The inaugural meeting of the stakeholder group took place at the WCfH on 11 December 2006. A number of the key organisations initially targeted were present: Citizens Advice Cymru; Job Centre Plus; University of Glamorgan Credit Union Unit; The Welsh Consumer Council. The WCfH stressed the importance of the Project and the opportunity to affect important change to the benefit of individuals facing ill health and over-indebtedness.

The Group recognised that over-indebtedness and financial advice is an extremely large, complex area of study. Importance needed to be placed on examining specific areas rather than attempting to tackle the entirety of this issue, as this would simply not be feasible during the timescale. It was agreed that discussions were best centred on a Draft Action Plan permitting the Group to examine the recommendations made in the *Review of Over-indebtedness* and possible areas for work to be undertaken.

A number of possibilities were discussed to take the work on over-indebtedness and health forward. One which was discussed during the first meeting of the stakeholder group was to adapt the ODPM report '*Action on Debt: Why It Matters & What You Can Do*' to suit the Welsh context. This document would be an easily accessible document on the issues surrounding and relating to debt. It could provide key professionals with easy access to relevant information that they could act upon.

The Group primarily focused on Recommendation 4 from the 'Review of Over-indebtedness in Wales'. The recommendation relates to the distribution of contact details for Money Advice Agencies to citizens. It was suggested during the meeting that a database/directory of accredited debt advice organisations could be developed. This would act as a resource for health and social services professionals to refer to in providing reliable information to those who require it.

Subsequent discussions with a colleague from Welsh Assembly Government revealed that some mapping of debt and financial advice services, further to that contained in Chapter 3 of the *Review of over-indebtedness in Wales*, was currently being undertaken within the Welsh Assembly Government. In addition, there is currently a consultation exercise underway regarding changes in the way that legal and advice services are delivered in Wales (*Making Legal Rights a Reality*). The Group will need to ensure that any future referral route reflects changes introduced following this consultation.

These discussions also revealed that actions were underway across the Welsh Assembly Government in respect of the 10 recommendations of the Review of Over-indebtedness. It became evident that a number of the aspects that the Key Stakeholder Group had been keen to see advance, were already in hand across the Divisions of Welsh Assembly Government.

Outcome of Second Meeting of Stakeholder Group

Following on from the discussions with the Welsh Assembly Government's Social Justice & Regeneration Department, the Group had a clearer understanding of the current work being undertaken in relation to over-indebtedness. This exchange of information between organisations has been invaluable and allowed the WCfH to guide the Key Stakeholder Group to focus on specific areas that have not fully been addressed elsewhere.

The discussions with the Welsh Assembly Government are characteristic of the benefit in establishing a stakeholder group to examine the issues of over-indebtedness and health. The expertise and knowledge brought to the Group by all members has allowed a number of possibilities to be discussed and examined and for areas of work to be identified. The Welsh Assembly Government official has joined the Group, which will be of great mutual benefit in taking this work forward.

During the second meeting of the Group, specific discussions were held regarding Recommendation 4 from the *Review of Over-indebtedness in Wales*. The focus of this meeting was how Health and Social Service's professionals could get the appropriate and legitimate advice to those who need it, which groups of professionals are best placed to do this and the barriers that need to be overcome to achieve this.

Discussions revolved around the different 'pathways' that people travel during their medical treatment or social services support and the opportunity at different points to offer appropriate and relevant advice in relation to debt and debt avoidance.

The Group was aware that there was recognised action based in primary care services through the Better Advice: Better Health initiative delivered by CABs and funded by Welsh Assembly Government. GP's and local surgeries could play an important part in this process. This was suggested as a point where general financial information could be provided to those who face extended periods of recuperation. GP's are able to judge if individuals face the possibility of extended absence from work, which is likely to present financial strain on the family. The requirement for a GP's signature on sickness certificates and as a pre-requisite for certain benefits provide possible points at which referral to advice may be made. For those who are directly experiencing debt, GP's need a reliable mechanism for referring patients to accredited debt advice agencies.

Health professionals visiting people in the privacy of their homes and establishing relationships with individuals and families include health visitors, district nurses, community midwives and community psychiatric nurses. The benefit of involving such groups of health professionals is that sensitive subjects are possibly easier to discuss in the home environment. This may encourage those with genuine concerns to speak more freely and gain the advice and support that they require.

Social Service professionals are also recognised as a group that could be identify families and individuals that require support and advice in relation to debt. Social

Services are well placed to recognise when debt has the potential or is in fact already affecting individuals and their families. Such interactions may take place in the home or in a community setting such as Surestart projects and family centres.

Action: The Group determined that their course of action should be to focus upon a number of such professionals groups, engaging them in discussions regarding what opportunities they recognise to refer their patients/ clients to financial and debt advice, how they might see this happening and what would make this easy/ possible.

The Group discussed the distinction that needs to be made in taking this work forward between preventative financial advice and assisting someone in dealing with their difficulties if they are actually in an over-indebtedness situation/ crisis.

The Group agreed that there were a number of key stages to be considered:

- Education
- Advice
- Solutions (e.g. affordable credit via Credit Unions, or support into/ maintaining employment, including Pathways to Work)

Action: The Key Stakeholder Group have expressed enthusiasm to continue to meet, as an appropriate forum to address the complex issues of over-indebtedness, with a specific focus on the role of health and social services professionals.

Appendix 5 provides a Summary Action Plan, illustrating that all of the 10 Recommendations have been considered by the Key Stakeholder Group

Appendix 4

Provision of Debt Advice in Wales

It's widely recognised that giving people accurate debt advice in a timely manner is crucial to tackling over-indebtedness. Providing people with the correct information can play a fundamental role in helping to maximise income and address issues surrounding debt repayment. While the benefit of this is undeniable, a note of caution must be sounded. The organisations offering the advice must have the capacity to meet all the requests made to it, while the advice given must have assurances over its quality.

To address these points Wales has in place a Quality Mark which is required if money lenders want to become part of the Community Legal Service (CLS). Currently there are 750 quality-marked organisations in Wales. While many of these provide free services and advice it should be noted that some do charge for the provision of information.

A number of key sources of debt advice are available at a national and local level.

National Debt Advice

➤ The National Debtline

This is a telephone helpline for people in England, Scotland and Wales, which provides free, confidential and independent debt advice. It provides self-help advice supported with factsheets.

➤ Money Advice Trust (MAT)

The aim of MAT is to increase the quality and availability of money advice in the UK. This is done through the provision of support from a number of organisations, including the main banks and building societies.

➤ Consumer Credit Counselling Service (CCCS)

The CCCS aims to assist people who are in financial difficulty through the provision of free, independent and impartial debt advice. The advice is given via a free phone number.

➤ Payplan

Payplan is an independent company paid for by the credit industry, which aims to help people setup and keep repayment plans.

➤ Community Legal Service Direct

CLS Direct is a free telephone advice service offering information, help and advice to people in England and Wales on a range of issues, including debt.

Local Debt Advice

➤ Citizens Advice Bureaux

CAB is now the largest advice-giving network in the UK, with 50 bureaux in Wales alone. They provide free, confidential and independent advice to their clients.

➤ Local Authorities

Local Authorities have regularly been a provider of debt advice to those who require it.

➤ Other Organisations

Throughout Wales, a number of other organisations provide debt advice information or direct towards advice services. These include Age Concern, Jobcentre Plus, Probation Service and Credit Unions.

In the course of the work to date, the Wales Centre for Health has been advised that further mapping of advice services is currently being undertaken by the Welsh Assembly Government and that there is currently a consultation exercise underway regarding changes in the way that legal and advice services are delivered in Wales (*Making Legal Rights a Reality*). The outcomes from these exercises will be considered in taking this work forward.

Appendix 5

Summary Action Plan

Recommendation (paraphrased)	Role for Health and Social services Professionals	Vehicle to Deliver/ Output
<p>Rec. 1</p> <p>It is recommended that local authorities, as the guardians of children in care, could make extra payments to the Children's Trust Fund of children in their care of at least £50 per child per year.</p>	<p>Social services professionals at senior level could champion this contribution to the future security of children within local government budgetary decisions.</p> <p>Work reported to be underway in respect of this Recommendation (Ref: Huw Lewis to the HSSC, 19th January 2006).</p> <p>The Key Stakeholder Group raised the need for advice to all parents Re: appropriate investment of Children's Trust Fund monies.</p>	<p>WAG is working with local authorities in respect of this issue.</p> <p>Advice/ awareness document for Health and Social Services professionals should be produced.</p>
<p>Rec. 2</p> <p>There is a need to expand the provision of financial literacy education in schools.</p>	<p>No specific input for health and social services professionals (except in the case of the latter as corporate parents for looked after children).</p>	<p>WAG advise this Recommendation is being progressed by others.</p>

<p>Rec. 3</p> <p>There are opportunities to learn from work underway in Scotland in respect of the wider delivery of financial education and the training of money advisors, drawing together partner organisations and rolling out best practice examples as well as innovation in this field.</p>	<p>No specific input here for professionals. Public bodies, including local authorities and the NHS could progress aspects of this work, e.g. the sharing/ provision of facilities for training.</p>	<p>WAG advise this Recommendation is being progressed by others.</p>
<p>Rec. 4</p> <p>Contact details for Money Advice Agencies to citizens affected by divorce or job loss should be distributed, perhaps through solicitors' organisations (in the former) and Trade Unions, CBI and FSB in the latter.</p> <p>The HSSC requested that this recommendation be extended to include the potential for Health and Social services professionals to direct individuals towards appropriate advice services.</p> <p>This is the key recommendation to which stakeholders are being asked to contribute their expertise.</p>	<p>Identify health and social services settings where debt advice could be given, for example, GP surgeries, family planning clinics, baby clinics, and via services for older people.</p> <p>The WCfH supported by the Key Stakeholder Group will explore, develop and recommend existing and potential referral pathways into which health and social services professionals can reliably and simply direct individuals at key tipping points or who are experiencing problematic debt, maximise opportunities to signpost to accredited debt advice services and affordable sources of credit.</p>	<p>Discussion at previous meetings re mapping of accredited advice sources in Wales- WAG report already underway.</p> <p>Advice/ awareness document for Health and Social Services professionals should be produced.</p> <p>Proposed way forward detailed in the main body of the Report- engagement of groups of health and social services professionals who visit people in their own homes or work closely with people in community settings.</p>
<p>Rec. 5</p> <p>There are opportunities for both "maximising income initiatives" and activities aimed at minimising debt through</p>	<p>Those representing health and social services on Community First Partnerships and local community projects could use their influence to</p>	<p>Communities First is a community/ locally led programme and as such, recommendations and support can be given regarding which issues to</p>

<p>the Communities First programme and Partnerships. This should include:</p> <ul style="list-style-type: none"> • working with Jobcentre Plus and other key partners on local initiatives • encouraging the take up of benefits, tax credits and pension credits, council tax rebate etc. and • active promotion of local credit unions 	<p>proactively promote and support local action required/ underway to promote “maximising income initiatives” and in activities aimed at minimising debt within their community.</p>	<p>prioritise but not direction.</p> <p>Potential for links to future work proposed by the WCfH relating to Inequalities in Health and Communities First areas – subject to confirmation of remit for 2007/08.</p> <p>Advice/ awareness document for Health and Social Services professionals could be produced.</p> <p>Information regarding pathways back into employment and affordable credit (e.g. through credit unions) to be included in taking this work forward.</p>
<p>Rec. 6</p> <p>The Welsh Assembly Government should strenuously promote co-working and partnership between Communities First Partnerships and Credit Unions.</p>	<p>Health and social services professionals could themselves join and appropriately promote the establishment and use of credit unions to individual clients, families and community leaders.</p>	<p>Advice/ awareness document for Health and Social Services professionals could be produced.</p>
<p>Rec. 7</p> <p>There is a need to examine DTI- funded work underway in Glasgow and Birmingham in respect of illegal money lending.</p>	<p>No specific role for health and social services professionals.</p>	<p>No specific role for health and social services professionals.</p>
<p>Rec. 8</p> <p>There is a need to examine work underway in Scotland, which has involved the co-ordination of debt advice. The Welsh Assembly Government</p>	<p>No specific role for health and social services professionals</p>	<p>No specific role for health and social services professionals.</p>

<p>should work with the WLGA to promote minimum levels of investment in debt advice services by local authorities.</p>		
<p>Rec. 9</p> <p>This recommendation addresses the problems of debt related to utility charges and tasks the Welsh Assembly Government with working with the utility companies to reduce the burden on targeted groups.</p>	<p>Health and social services professionals could champion innovative action at the local level including raising awareness of the health impact of over-indebtedness and the potential for savings and re-direction of funds.</p>	<p>Welsh Consumer Council recently published “Debt and Utility Bills”</p> <p>http://www.wales-consumer.org.uk/Research%20and%20policy/pdfs/WCC46 Debt and Utility Bills.pdf</p> <p>Stakeholder Group to consider links between the WCC report and this Project.</p>
<p>Rec. 10</p> <p>This recommendation refers to the need for the Welsh Assembly Government to work with a partner Higher Educational Institution in Wales to monitor the effect of policy on the reality of Over-indebtedness in Wales at 1, 3 and 5 years post adoption of these recommendations.</p>	<p>No specific role for health and social services professionals</p>	<p>No specific role for health and social services professionals</p>