

## Equality and Social Justice Committee - Evidence Session

- **The effectiveness of the Welsh Government's overall approach to tackling debt-related issues during the pandemic, and to consider how its policy might need to develop over the coming months to address upcoming challenges.**

The perception is that WG provision for persons on a low income or in debt is better than over the border. However, we cannot ignore that the majority of advice previously sought for these matters has been via face-to-face channels. Whilst organisations have been able to adapt and offer online and telephone facilities, there will remain a sector that have yet to access support. Better targeted funding / publicity for 3<sup>rd</sup> sector debt advisory agencies is required or direct funding to make arrangements in house through Local Authorities who have a better understanding of their communities.

The Welsh Government website clearly points to advice available but what is needed is further investigation as to how easy it is to actually access the advice, especially if you are digitally excluded or with additional support needs. Most people can find what they need online with a little patience yet for those without such access and support where are they able to get the vital support they need.

<https://gov.wales/work-skills-financial-support>

- **The impact of individual debt on public services during the pandemic and beyond, and to explore whether changes could be made to the approaches that public bodies are taking to debt recovery.**

Our response here focuses on Council Tax. The key factor to success is the level of engagement with the debtor. Once engaged the local authority is able to identify whether there should be an entitlement to Council Tax Reduction Scheme (CTRS) and other welfare benefits and signpost accordingly. They are also able to offer support in many other areas all of which can only be achieved once engagement commences.

Luckily in Wales anyone who is entitled to receive 100% support through the CTR Scheme will receive it. There is no chargeable element like in many English areas. No postcode lottery exists, and everyone follows the same set of regulations with the prescribed amounts defined in law.

During the first months of the pandemic, we saw caseloads rise significantly from 274,800 at the beginning of April 2020 to around 285,900 at the end of July.

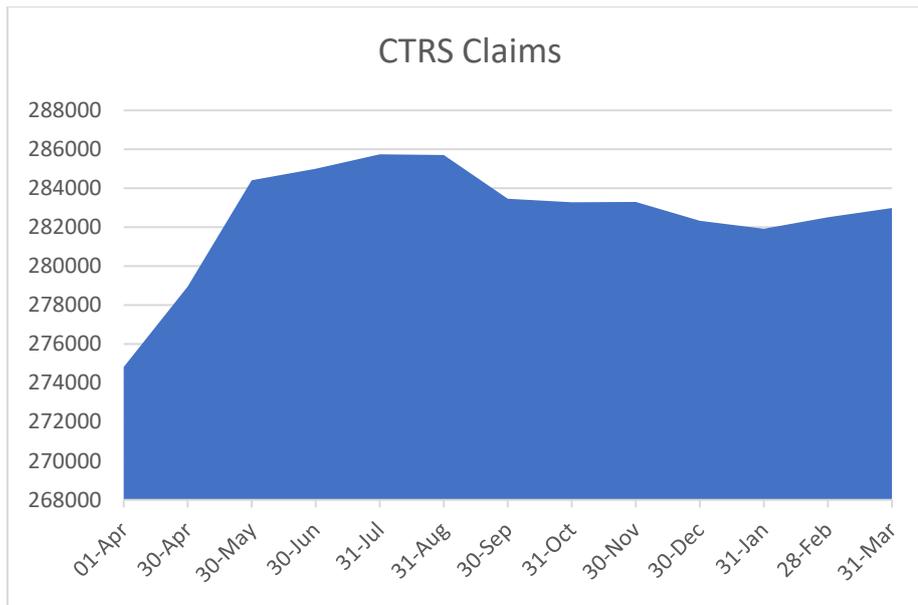


Figure 1 data provided to WLGA from all Local Authorities

The loss of committal in Council Tax proceedings has had an impact here. Whilst no LA was keen to imprison debtors it did provide a valuable tool by 'forcing' the debtor to deal with their financial affairs. In the majority of previous cases a suitable resolution was obtained which benefitted all.

The approach LA's have been taking to debt recovery during the pandemic, including the suspension of recovery activities for a period of six months, is well documented. They are gradually improving recovery rates and continue to work with residents by entering into longer term payment agreements with regard to repayment of arrears and ensuring payment of in-year 2021-22 debts remain the top priority

- **The impact of the pandemic on take-up of debt advice services, and to understand the implications of future demand for Welsh Government policy.**

As stated previously, we remain concerned about the accessibility of debt advice services for those not digitally included or already know to the advice providers.

More than one authority has reported back that strong, national marketing activities work. They are a great way to ensure people are aware of the support available. The publicity generated by Marcus Rashford in England resulted in a change of policy and whilst we have been in a more fortunate position, we cannot underestimate how successful a public figure can be in profile raising (Martin Lewis etc).

We welcome the roll out of the Tenancy Hardship Grant for those who are in Private Rented Sector and suffering financial hardship and at risk of homelessness due to rent arrears. This grant is targeted at those who are not eligible for a Discretionary Housing Payment as they are not receiving Housing support and who are outside of

the welfare system. It is still very early days, and we look forward to receiving updates on scheme progression.

- **How different groups have experienced debt issues throughout the pandemic, and whether Welsh Government policy interventions have met the needs of particular groups.**

In their recent blog 'The 3 D's of Covid' the Money and Pension Service refer to the pandemic as having a negative impact on those with variable income and unsecure employment. Conversely those at the higher income end have benefitted by being able to pay down borrowing and increase savings.

[The 3 D's of Covid | The Money and Pensions Service](#)

The Financial Conduct Authority's Financial Lives Survey (February 2021) notes that as at October 2020:

- 20.0 million people said say their overall financial situation is a lot worse
- 9.9 million saw their unsecured debt increase since February
- 9.8 million cut back on essentials like food and clothing
- 3.2 million took a payment deferral on their mortgage
- 5.9 million borrowed from friends or family
- 2.1 million self-employed adults have seen their income fall
- 18.6 million received an unsolicited approach involving Covid-19 that could be a scam

[Financial Lives 2020 survey: the impact of coronavirus \(fca.org.uk\)](#)

The feedback from local authorities has been that the impact of Covid has been very sector and demographic specific with working age, low income deprived areas suffering the greatest.

- **The effectiveness of mechanisms such as the Discretionary Assistance Fund and affordable credit in providing assistance to those most in need during the pandemic, and what changes could improve future delivery**

The Discretionary Assistance Fund (DAF) has been incredibly responsive – scheme changes and covid flexibility were designed and introduced effectively by 1<sup>st</sup> May 2020.

Significant changes included

1. the introduction of BACS payments (critical for self-isolating/shielding vulnerable groups)
2. cash awards have been vital for anyone on a restricted/religious diet (food bags limited in choice),

3. change of clothing award from love2shop card to BACS,
4. additional winter fuel support,
5. ID & verification changes to overcome accessibility issues,
6. regular partner communications issued to keep the networks informed

It is also worth noting that the partner network expanded in statutory services such as Local authority social services departments and health boards as they maintained service provision throughout the pandemic.

Statistics kindly provided by DAF show:

1. Since May 1<sup>st</sup> 2020 to end of August 2021 over 200,000 Emergency awards paid due to impact from Covid
2. Additional Expenses: Application awarded due to the impact of additional expenses on the household causing emergency need has been significant and the highest award reason throughout the pandemic. This peaked in March 2021 with 15,184 awards for this reason.
3. Emergency need levels as of August 2021 are still higher than in May 2020 (during the first National lockdown).

Lisa Hayward  
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