

MALG South West

The Local Picture

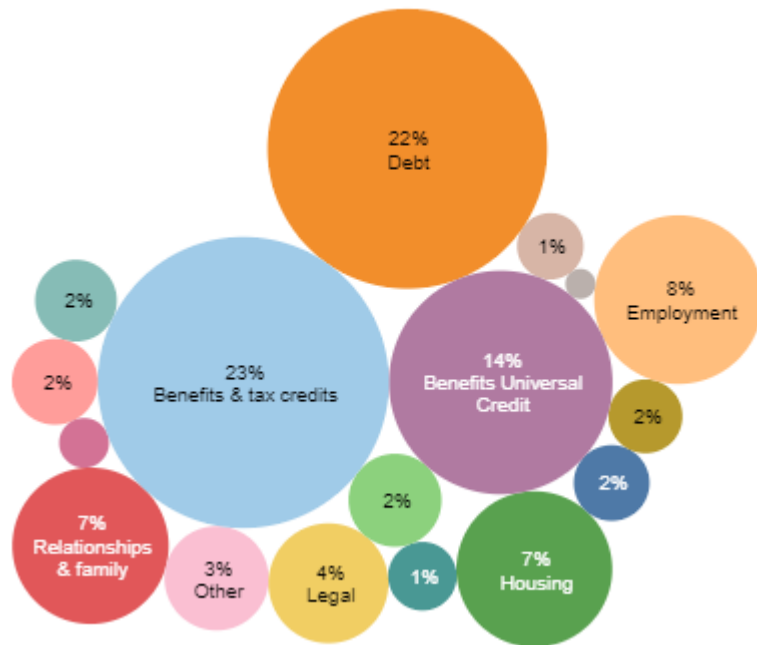
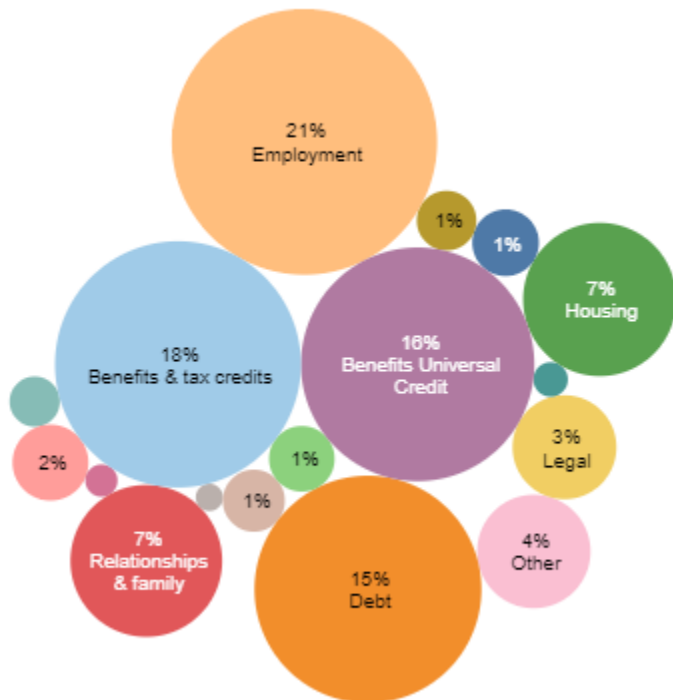


Suzanne Wigmore
22nd July 2020

Wiltshire Citizens Advice

Advice Trends Covid -19

Part 1 issues %



Numbers Impacted - Wiltshire

- December 2019 - 186,300 employed and 46,300 self employed
- May 2020 - Universal Credit claims 28,111 increased from 16,226 March 20 - 73% increase
- Job Retention Scheme “furlough” 54,600
- Self Employed Income Support Scheme 17,300
- Total of 84,000 direct impacts
- 36% of working population

Protections and prospects

Universal Credit

- Work Conditionality now applies

Income

- Self Employed Income Support extended to 19th October -70%of trading profit.
- Furlough - with conditions to 31st October

Debt Recovery and Credit

- Credit deferral extended to 31st October

Housing

- Protection from eviction action to 23rd August , mortgage possession to 31st October

Council Tax

- Reminders from July

Thank you

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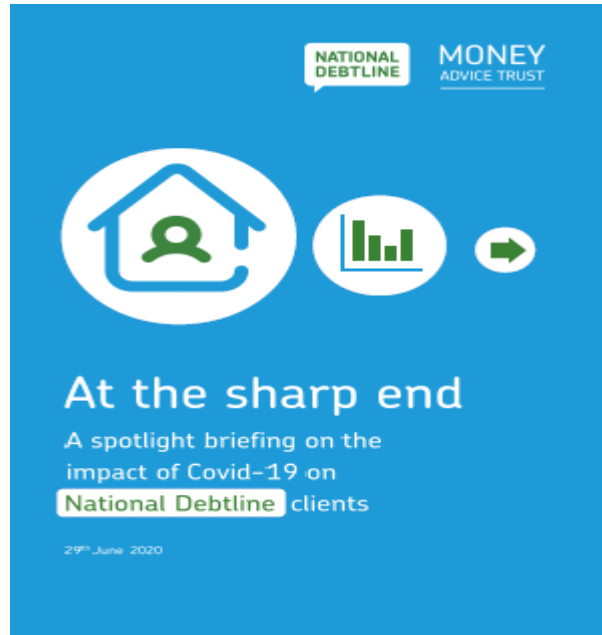


Impact of Covid-19: Insights from our services

Matt Vaughan Wilson
Partnerships Manager

Money Advice Trust
22 July 2020

At the sharp end



- Latest briefing, [At the sharp end](#) published 29 June
- Draws on Survey of people who contacted National Debtline between January 2019 and March 2020
- Also includes insights from National Debtline advisers
- Explores impact of covid-19 on people who were already in financial difficulty and those new to debt
- Companion piece on self-employed Business Debtline clients forthcoming

Some key points

Almost half of respondents had a drop in income due to Covid-19 (most commonly due to furlough or job loss).

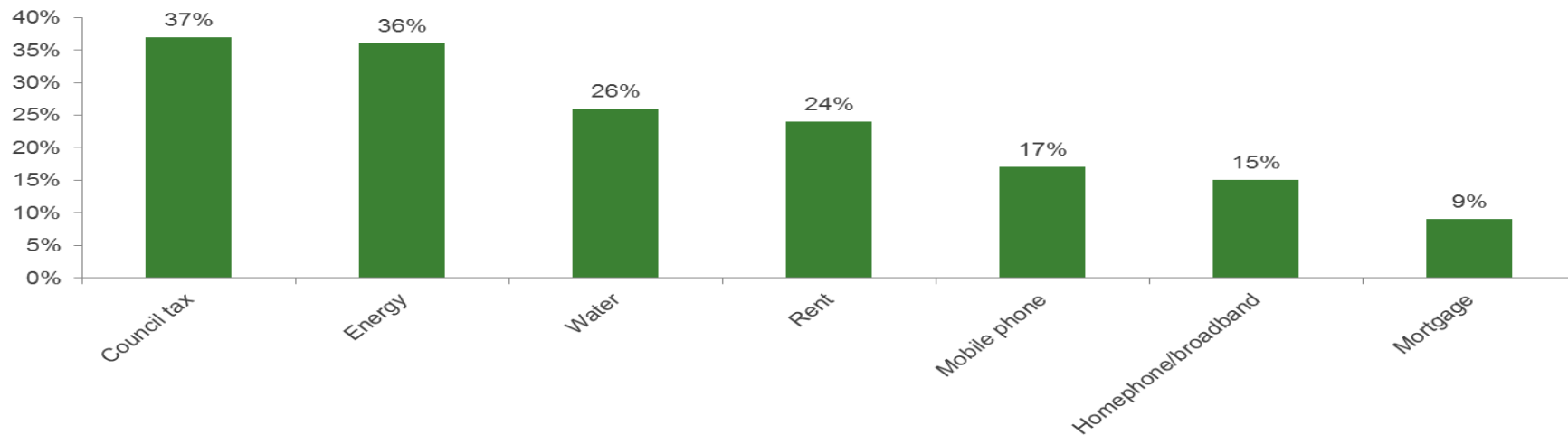
Of those whose income had dropped, 28% experienced a drop of up to a quarter but over a fifth (21%) had experienced a drop of 50% –

75%

A third (33%) were behind on at least one household bill before the outbreak, but the same proportion were fully up to date.

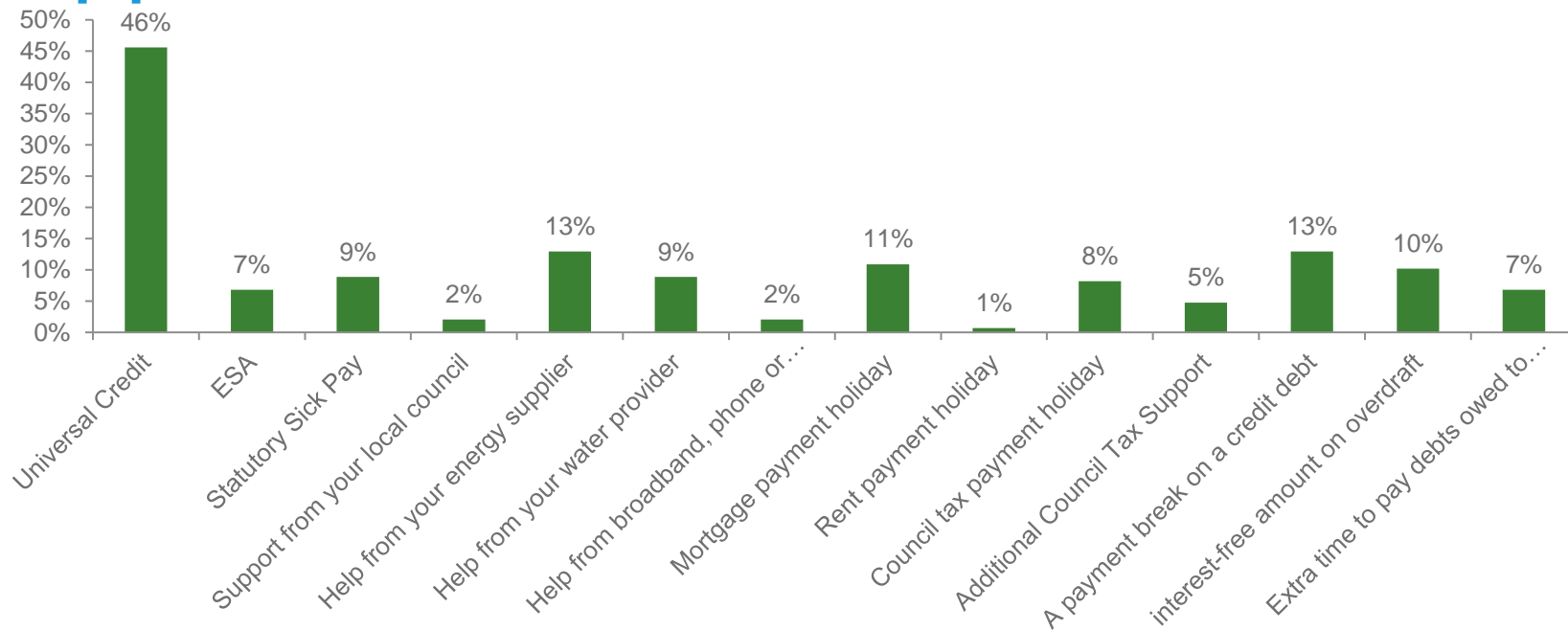
70% of respondents had a household income of less than £20,000 a year.

Household bills



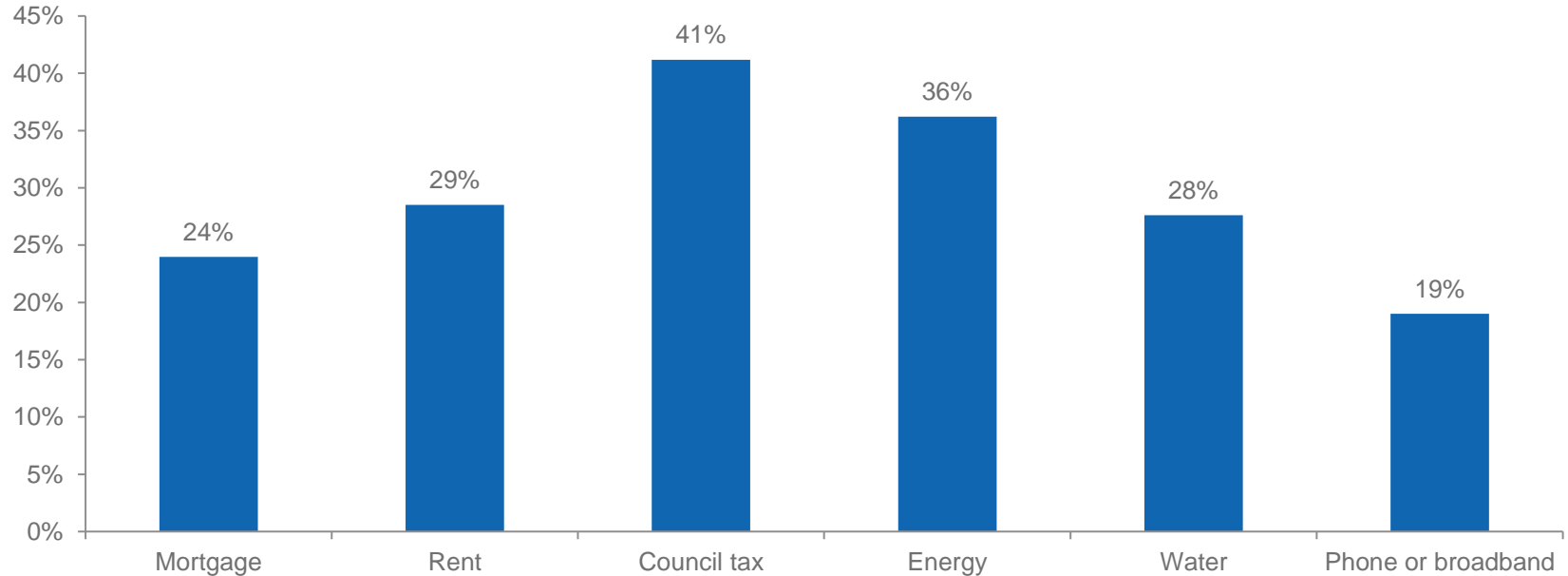
People falling behind with household bills as a result of the impact of Covid-19 (Base 182).

Support received



Support received due to impact of Covid-19 (Base 147)

Household bills: Business Debtline



People falling behind with household bills as a result of the impact of Covid-19 (Base 174).

Challenges for people in debt

- Uncertainty – hard to take long term decisions about debt
- Slow recovery for self-employed people
- Build-up of arrears – multiple debt situations
- Different needs and expectations among people repaying debts

Thank you

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MONEY
ADVICE TRUST



StepChange update

Daniel Woodhead



Last year, 635,091 new clients contacted us for advice with their problem debt. This is equivalent to one new client every 49 seconds.

Life before Covid-19 (2019)

7 in 10

people who came to us said the primary reason they had got into problem debt was because of a life event or shock



Over

3 million people

are in problem debt, with almost 9.8 million showing signs of financial distress.

9 out of 10

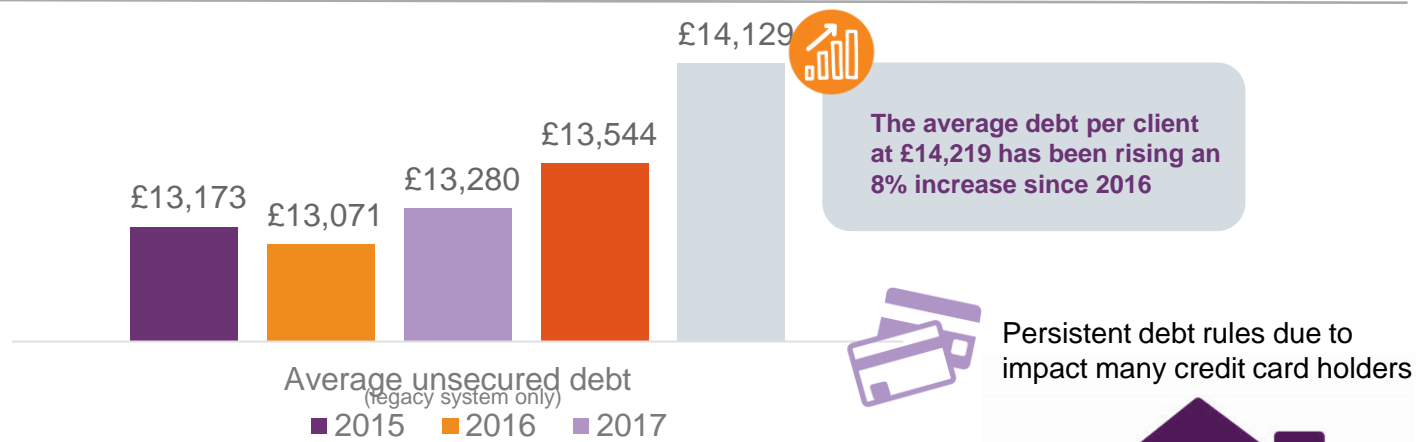
StepChange clients on Universal Credit say the five-week wait caused hardship



<https://www.stepchange.org/policy-and-research/life-happens.aspx>

<https://www.stepchange.org/Portals/0/assets/pdf/social-security-mini-brief-report.pdf>

Life before Covid-19 (2019)



Changing demographics

- We are continuing to see an increasing proportion of clients aged under 40 contacting us for advice, with 66% aged between 18 and 39.
- In recent years, we have seen an increasing proportion of women contacting us for advice. In 2019, this was 62%
- 40% of new clients reporting to be behind on at least one household bill at the time of advice.
- Average arrears and amount per client in 2019 is £2,137, £255 higher than it was in 2014



Q1 2020 in numbers



6,712
clients debt free via
supported solutions



2,020,189
website visits



76,588
clients advised
(68% online)



9,678
DMPs & TPPs activated
with 1,793 in April



£106,070,104
disbursed through DMPs



£15,646
Av. unsecured debt
balance vs £14,058 at end of 2019*

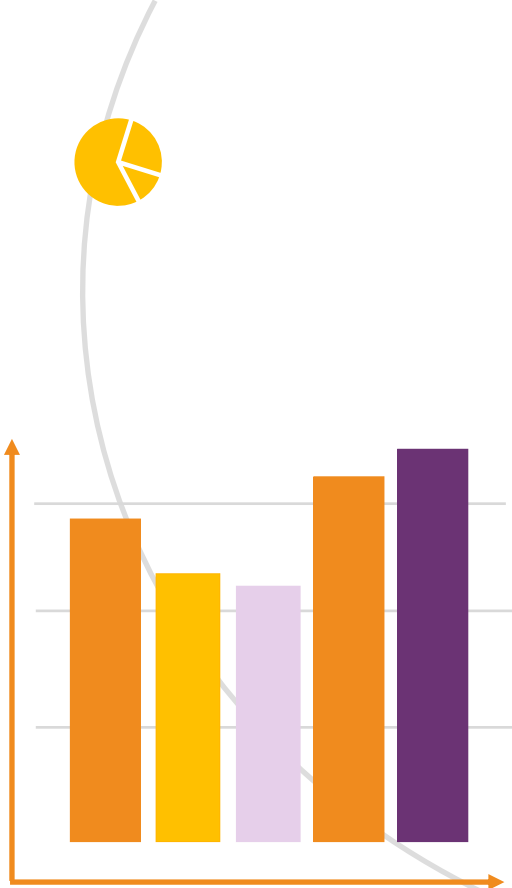


6.6
average amount of
unsecured debts
vs 6.1 at end of 2019



£4.51 billion
debt under DMP
management

* Across legacy and new advice systems



Market update

Consumer trends, insights and our performance





Market update

“We saw large volumes of enquiries in the first few weeks of lockdown, although government support has helped to alleviate some people’s immediate concerns.

However, the initial wait for Universal Credit did leave some in a crisis state.

Support from lenders has been greatly received. As of 12 June 2020, UK Finance members have offered 27 million interest-free overdrafts, provided 961,700 payment deferrals on credit cards and 688,900 payment deferrals on personal loans. The FCA has now announced proposals for further support.

The next key moment will be September/October when further redundancies are expected as furlough ends, when we expect demand for our support to peak.”

Economic outlook



1st time since 1963, debt as a % of GDP has exceeded 100%



Largest YOY increase in debt as a percentage of GDP on record since records began



Annual retail sales are 13.1% lower than compared to May 2019



45% of the UK population are worried about their finances as a result of the pandemic

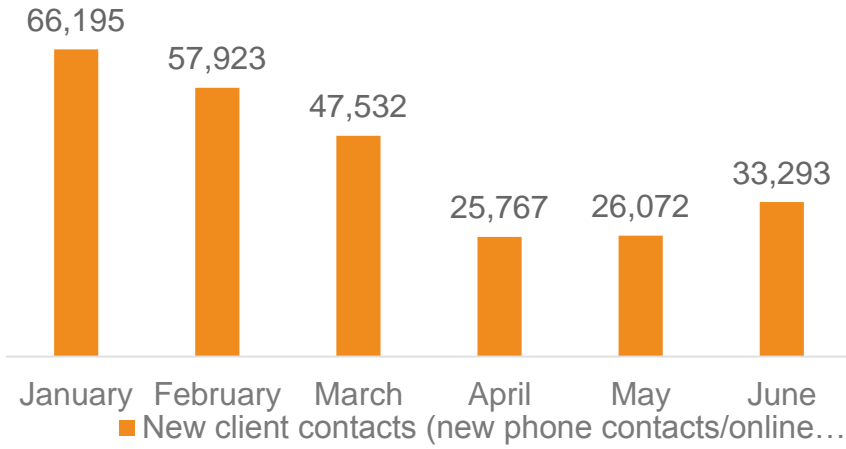


Client insights

[Review our regular monthly reports](#) for insights into the demographic and debt information of clients starting debt advice during the pandemic



Volumes



| | Q1 | Q2 | H1 |
|---------------------|---------|--------|---------|
| New client contacts | 171,650 | 85,132 | 256,782 |
| By phone | 54,238 | 29,819 | 83,057 |
| Online | 117,412 | 55,313 | 172,725 |

New client contacts

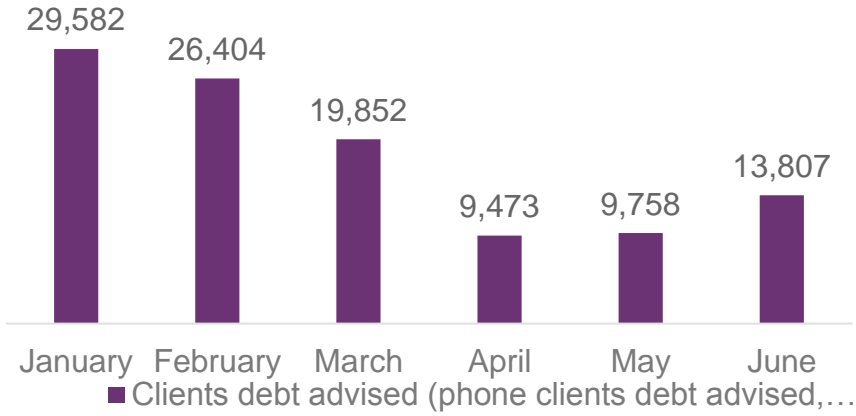
As in previous years, from January to March new client contacts spiked following the financial impact of Christmas.

At the end of H1 we have a 67% to 33% split between clients choosing to engage with us online vs by telephone.





Volumes



| | Q1 | Q2 | H1 |
|----------------------|--------|--------|---------|
| Clients debt advised | 75,838 | 33,038 | 108,876 |
| Phone contacts | 23,408 | 9,200 | 32,608 |
| Online contacts | 52,430 | 23,838 | 76,268 |

New clients advised

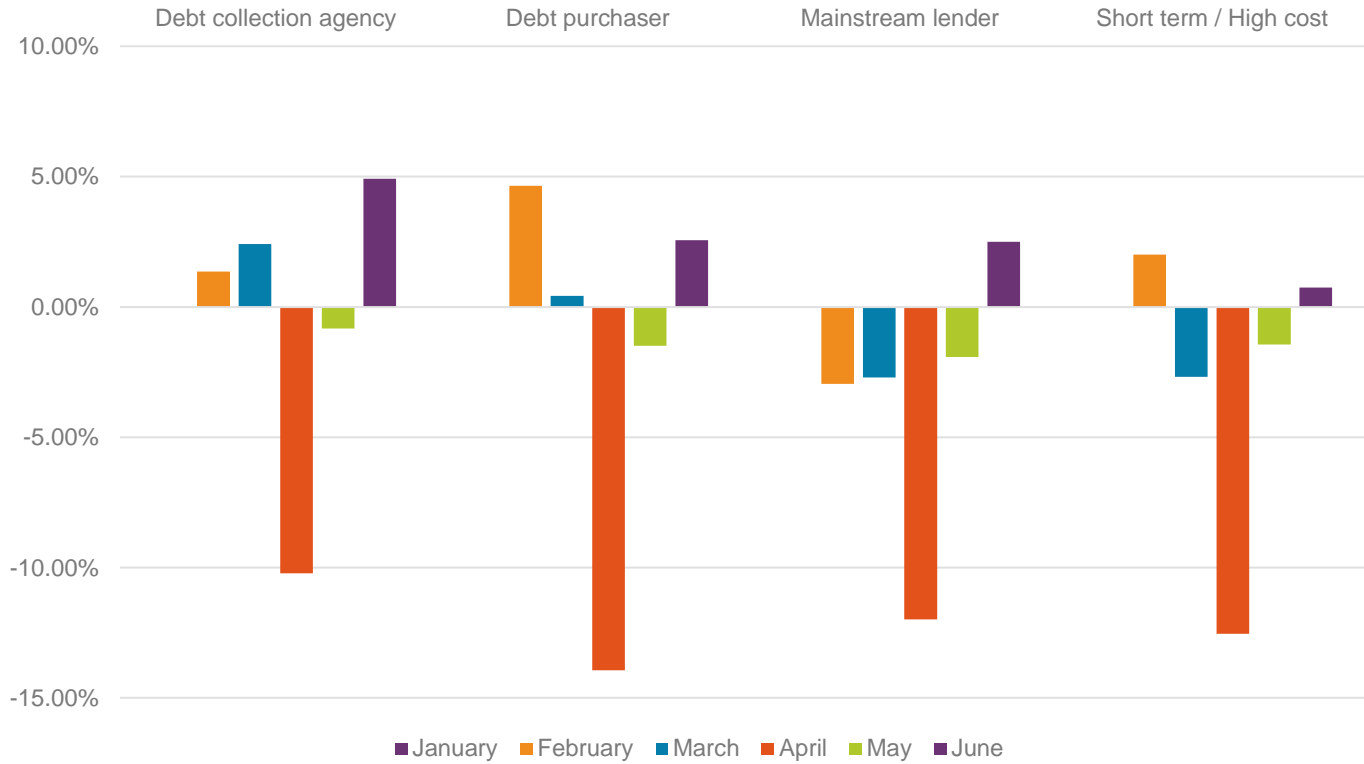
In-line with new client contacts, advice spiked in January, and began to fall again in spring.

At the end of H1 we have an even more pronounced preference for online advice with 70% of clients choosing online advice vs telephone.





Month on month disbursement changes





StepChange Debt Charity, Wade House, Merrion Centre, Leeds, LS2 8NG.
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