



Working for a Debt Free London

July 2019



“The advice I received changed my life. It felt like a lightbulb had been switched on. Thank you for the work you do.”

Suresh, Debt Free London client



Debt Free London is a partnership of 26 charities led by Toynbee Hall and funded by the Money and Pensions Service.

Toynbee Hall is a registered charity (211850) and a company limited by guarantee (20080).

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Our ambition: A Debt Free London

A staggering **1.6 million Londoners** live every day with problem debt. They might face arrears for punishingly high rent or for council tax.

They might be struggling to pay off high interest loans, store card or credit card debts, or owe money to friends and family who've helped out. Or it might be a combination of all these things. Whatever the reasons, it's a bleak picture, with huge consequences for ordinary Londoners, their families and communities.

Our ambition is for a Debt Free London, and our partnership of 26 charities works in every community across the capital to help people find ways of getting themselves out of the trap of debt.

Last year, our partnership worked directly with over 25,000 Londoners. It was a year in which demand for our services reached record levels and we helped more people than ever deal with debt and the difficulties it brings. Yet these numbers alone don't tell the full story. What's struck us most in

recent times is the rising complexity of cases we're seeing – people getting ever deeper into debt, experiencing mental health issues or even contemplating suicide as a result of the financial problems they face.

90% of the people we see say that debt has affected their health.

More and more single people are coming to us for help because the funds they have – whether from universal credit, other benefits, or low-paid work – simply aren't enough to cover their basic living costs.

Against this troubling backdrop, we've been doing everything we can to be there for those who need us and offer the sustained, long-term help that can change so many lives.

I'm immensely proud that our partnership includes a holistic set of services – providing not only traditional debt management

assistance, but also help with housing, employment issues, disability and illness. When someone comes to us we consider the whole picture and prescribe the course of action that most closely fits an individual's needs. It's not a 'one size fits all' approach, it's personal. That's why I believe it's so effective.

We're prioritising the training of new advisers, so more people can have help when they need it. We're making our services more accessible and visible through a new website, advertising campaign and helpline, so people know where to turn. And we're focusing on quality so that people really do get the best possible support and advice to help them break free from debt.

Now – as we look to the future – we're determined to keep up the momentum and encourage even more people to come to us for help. In this report you can discover what we've learned over the last 12 months and read real stories of struggling

Londoners who were supported by our partnership and given the chance to turn things around.

But there are still huge challenges ahead and we need the Government, local authorities, banks and financial institutions to play their part and share our commitment to making London debt free.

Our vision is to make getting out of debt no more complicated than getting into it – to make debt advice services as approachable, modern and responsive as they can be. On pages 23-25, you'll see some of the ways we're working towards that vision.

We hope you share that vision and belief that together, we can make it a reality.

With heartfelt thanks to everyone involved in our partnership.



Matt Dronfield

Head of Debt Free London,
Toynbee Hall



A message from the Money and Pensions Service

The purpose of the Money and Pensions Service is clear: to help create **‘a society where everyone makes the most of the money and pensions.’**

We recognise this is no easy task – financial wellbeing is increasingly recognised as one of the biggest socioeconomic challenges that our society needs to crack. While the problems we face are great, if we harness the collective expertise and resources, we can rise to the challenge and make a real difference to improve people’s financial wellbeing.

Knowing that only by working together can we meet the challenge is why we have set out to work in partnership with stakeholders throughout the UK. We want to develop through collaboration and together deliver solutions to these problems and begin to ‘move the dial’ in the right direction. We want to work with organisations who are passionate about ensuring people have access to the information

and guidance they need to enable them to make the right financial decisions throughout their lives.

Clearly, one of the biggest issues we face is helping those who fall into debt.

We know around
9 million people
in the UK are over-indebted,
1.6 million
of whom are in London.

When people struggle with debt it can be overwhelming, and it’s vital they have access to the right support and advice to help them manage their debts.

With this in mind, we are pleased to continue to fund the Debt Free London Partnership.



Since 2012, we have been working together in partnership and seeing this relationship go from strength to strength. Each year, more people are able to access free, high-quality debt advice through our delivery partners in London, but there is still more to do.

One thing I recognise and value is that – the Debt Free London Partnership has the people they serve right at the heart of their services. I know that the work they do helps to make a real difference to the lives of those who are affected by financial difficulties, something this report helps shine a light on.

On behalf of the Money and Pensions Service, I would like to send my thanks to all those involved for their efforts in helping thousands of people across London.

We look forward to continuing our relationship with the Debt Free London Partnership for another year, as we work together to deliver our vision of everyone making the most of their money and pensions.



Caroline Siarkiewicz

Acting Chief Executive,
Money Advice and Pensions Service

Fighting debt for 13 years

Debt Free London is a partnership of **26 charities** led by Toynbee Hall that provides free, local advice sessions across London. Ever since we were **set up in 2006**, we've been fighting for those trapped in poverty and debt. And today, we estimate that over **1.6 million** Londoners are desperately in need of our help.



High costs, low wages

In recent years, the income of less well-off families has been hit by cuts and austerity measures, higher rents and increased energy costs. These days, work doesn't guarantee a route out of poverty, since wages have failed to keep up with the cost of living. And with the rise of the gig economy and zero-hours contracts has come greater financial uncertainty – meaning many families don't know how much money they'll have from one month to the next.

Child poverty is the 'new normal'

As a result of all these factors, more people are sliding into debt and child poverty is on the rise, especially in low income areas. In some parts of London, more than half of all children are now living in poverty. And in Tower Hamlets in East London – home to Toynbee Hall, the leading organisation in the Debt Free London partnership – child poverty rates are the highest of any local authority in Britain at a shocking 56.7%.

Growing up in poverty restricts children's chances of doing well at school, living healthy, happy lives and finding well-paid work as adults. That's why we're doing all we can to intervene in this vicious cycle and help families find a way out of financial difficulties.

How we're helping

Our trained and accredited advisors are based all over London and help with all types of money worries, from rent and council tax arrears to credit card and catalogue debt. We work with clients to prioritise their bills and debts, write and talk to their creditors, and help them take positive steps to becoming debt free.



250,000+

people have benefited from our free, expert advice since our launch in 2006

6.4%

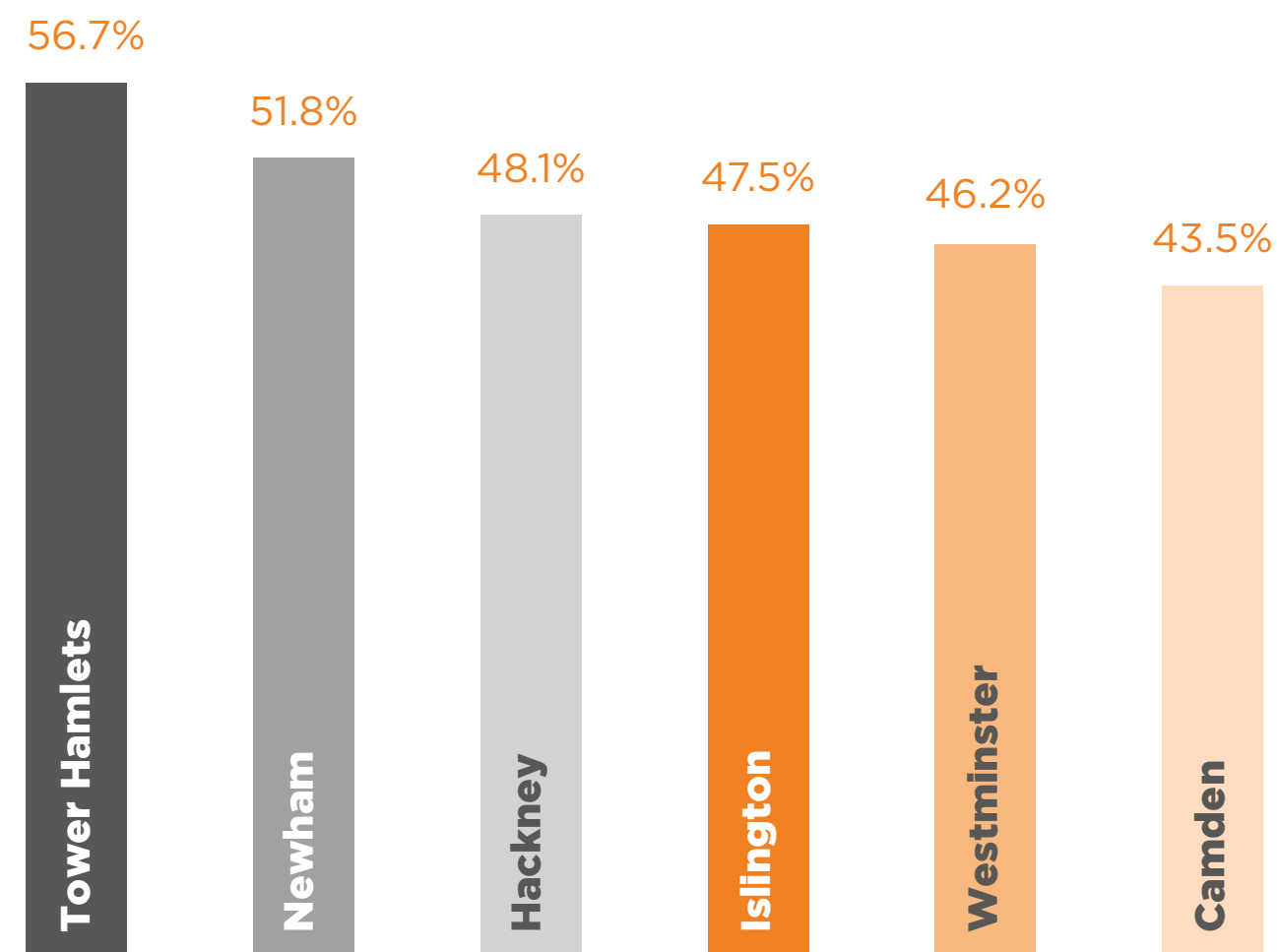
more people work uncertain hours and earn variable wages than four years ago

90%

of clients say their health has been affected by debt and money worries



London local authorities facing the highest levels of child poverty*



(*After housing costs are considered)

Source: <http://www.endchildpoverty.org.uk/chid-poverty-is-becoming-the-new-normal-in-parts-of-britain/>

Who are we helping?

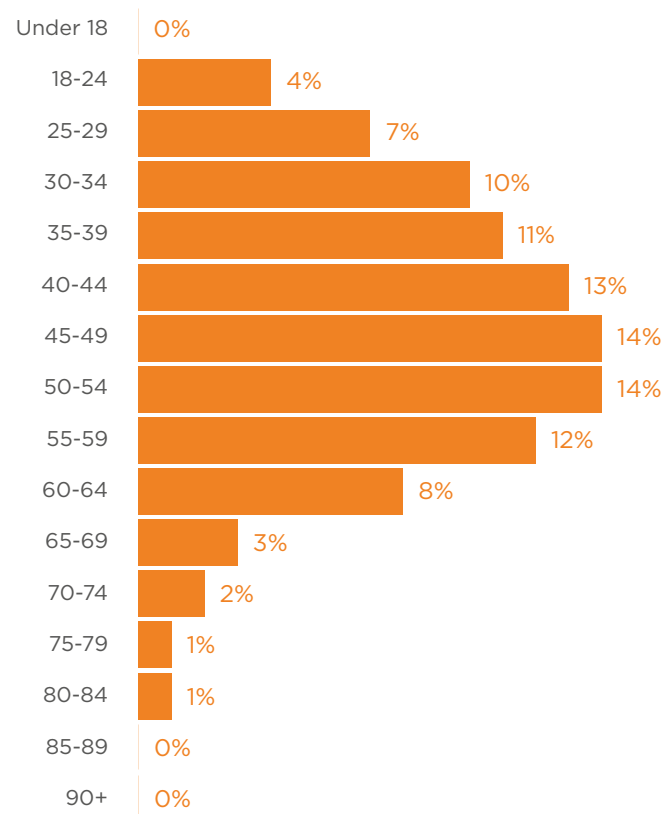
Gender and age

Last year, the majority of people using our services were female (**57%**), followed by male (**39%**) and those preferring not to disclose (**4%** – four times as many as four years ago).

The largest proportion of clients was between the ages of 30 and 54 years old. But it's interesting to note a consistent increase in the proportion of under-40s accessing our help in recent years, with the biggest increase in the 18-24 age group (**up 1.4%**).

These years are understandably tough for many young people, as they struggle to get their first jobs, survive on entry-level wages, or pay the high costs of further education or training.

Age of Service Users (2018/19)



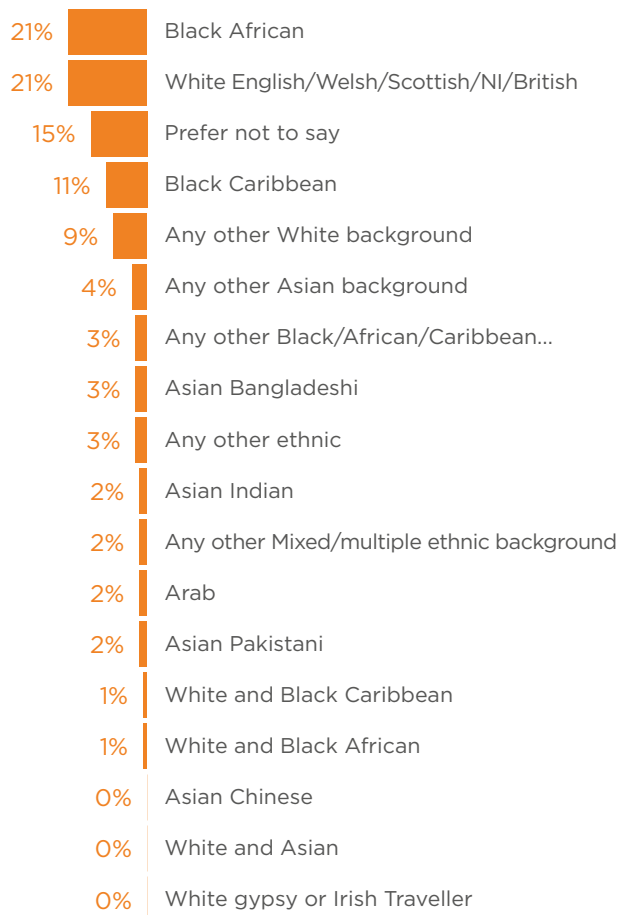
Who are our ‘priority groups’?

-  People at risk of homelessness – including those leaving hostels or prison.
-  Parents of 3 or more children – children must be under 16, or under 20 if still in education or training.
-  People experiencing domestic abuse – and those with recent experience of it.
-  People with a newly diagnosed long-term health problem – which is expected to last more than a year and seriously impact household finances.
-  Single people with severe mental health issues – whose lives are significantly affected by their condition.
-  People with variable incomes from employment – who can’t foresee or control their pattern of income.

Ethnicity

When it comes to ethnicity, more than half of our clients are Black African (**22%**), White British (**22%**) or Black Caribbean (**11%**). But as we saw with gender, more people are preferring not to disclose their ethnicity than in previous years (**15%**). In fact, this is now the third largest group – more than double the number on non-disclosers in 2015/16.

Ethnicity of Service Users (2018/19)



Disability

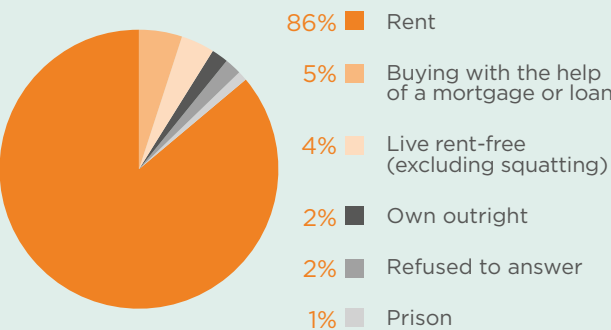
The majority of our clients have no disability (**52%**) But there’s been a noticeable increase over the last four years of people reporting mental health disorders (**7%**) and long-term health conditions (**5%**).

Household composition and housing tenure

With property in London amongst the most expensive in the UK, it’s no surprise that an overwhelming number of clients rent their homes (**86%**), rather than owning them. Indeed, there’s been a **2%** decrease in those buying homes with a mortgage or loan in recent years.

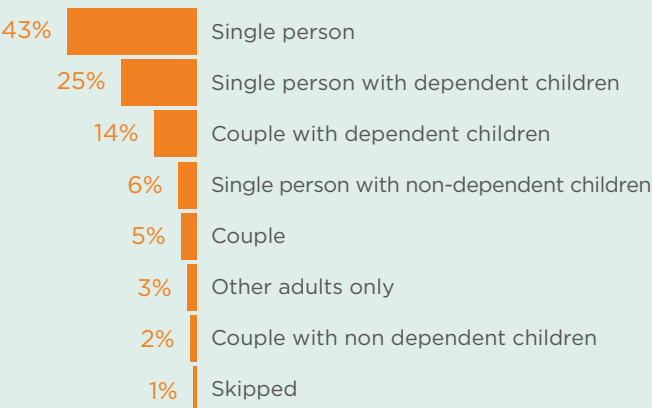
Amongst those renting, most are in the social renting sector and are tenants of their local authority, council or housing association.

Housing Tenure of Service Users (2018/19)



Almost **75%** of our clients are single – **43%** of whom have no children. This pattern of household composition has remained consistent over the past four years.

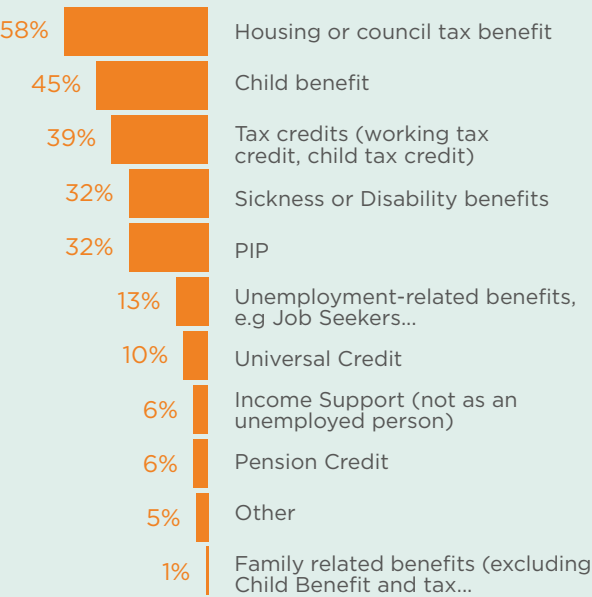
Household Composition (2018/19)



Income and benefits

The top sources of income for our clients are state benefits (72%, up 6% in the last four years) and earnings from work (41%).council or housing association.

Percentage of Respondnets Claiming State Benefits (2018/19)

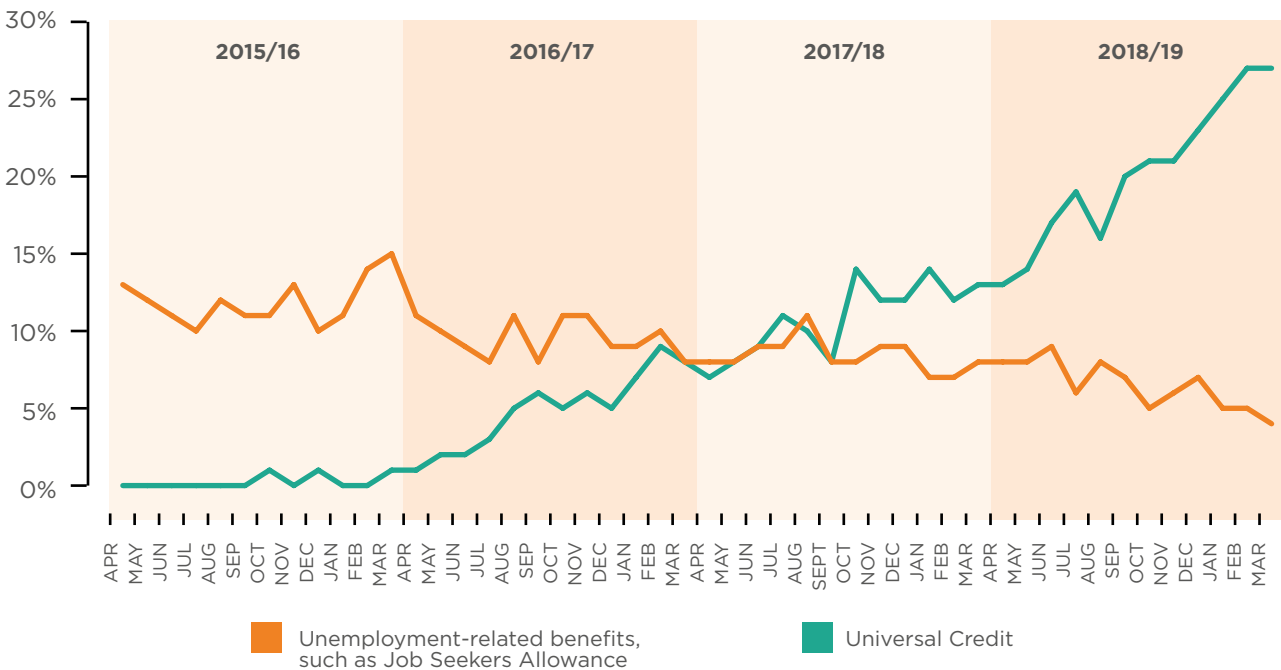


As you can see below, the percentage of clients claiming unemployment benefit has gradually decreased since April 2015, while those claiming Universal Credit has shot up by 27%.

A similar pattern will be evident with all state-run, income-based legacy benefits – including jobseekers allowance, employment support allowance, child tax credits, working tax credits, housing benefits and income.

Last year, 84% of clients claiming Universal Credit came from single households. This is in line with government policy, which first introduced the scheme to single households and then rolled it out to single-income-based benefits claimants. Next year, families receiving legacy benefits are to be migrated to Universal Credit too.

Percentage of Respondents Claiming Unemployment Benefits and Universal Credit (2015/16 – 2018/19)



Daniele's story

45-year-old Daniele comes from Lithuania and has spent 10 years working for a company in the UK. When she started suffering health problems, she was forced to take time off, but was only entitled to sick pay for so long.

Struggling to make ends meet – and totally unsupported by her employer – Daniele's worries started to spiral. She owed money to her room-mate and had a £7,000 bank loan on which she was unable to make the minimum payments. Every time she got a letter from the bank, she was terrified – unable to understand its formal, legal language.

Thankfully, we were there to support her. With the help of a translator, we showed Daniele a way out of her difficulties – calling the bank on her behalf and applying for her debt to be written off due to her health problems. We also helped her get the free prescriptions she's entitled to and put together a budget to cover essential outgoings – meaning she now feels far more secure and positive about the future.



What debts are we helping with?

The three most common types of debt we come across are council tax bills, rent arrears and credit or store card loans.

We’ve seen an increase in each of these types over the last four years and our clients owe two different debts on average.

Priority and non-priority debts

When someone falls behind with council tax or rent, they’re classed as having a ‘priority debt’ – which carries serious repercussions, such as the threat of bailiffs, homelessness or even imprisonment.

Last year, priority debts accounted for just under **47%** of debts recorded, while non-priority debts accounted for **55%**.

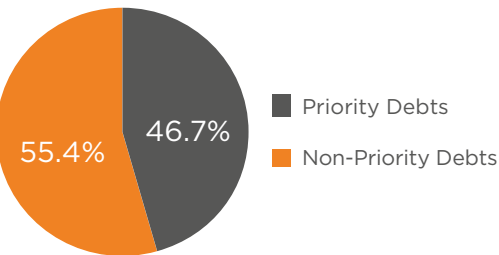
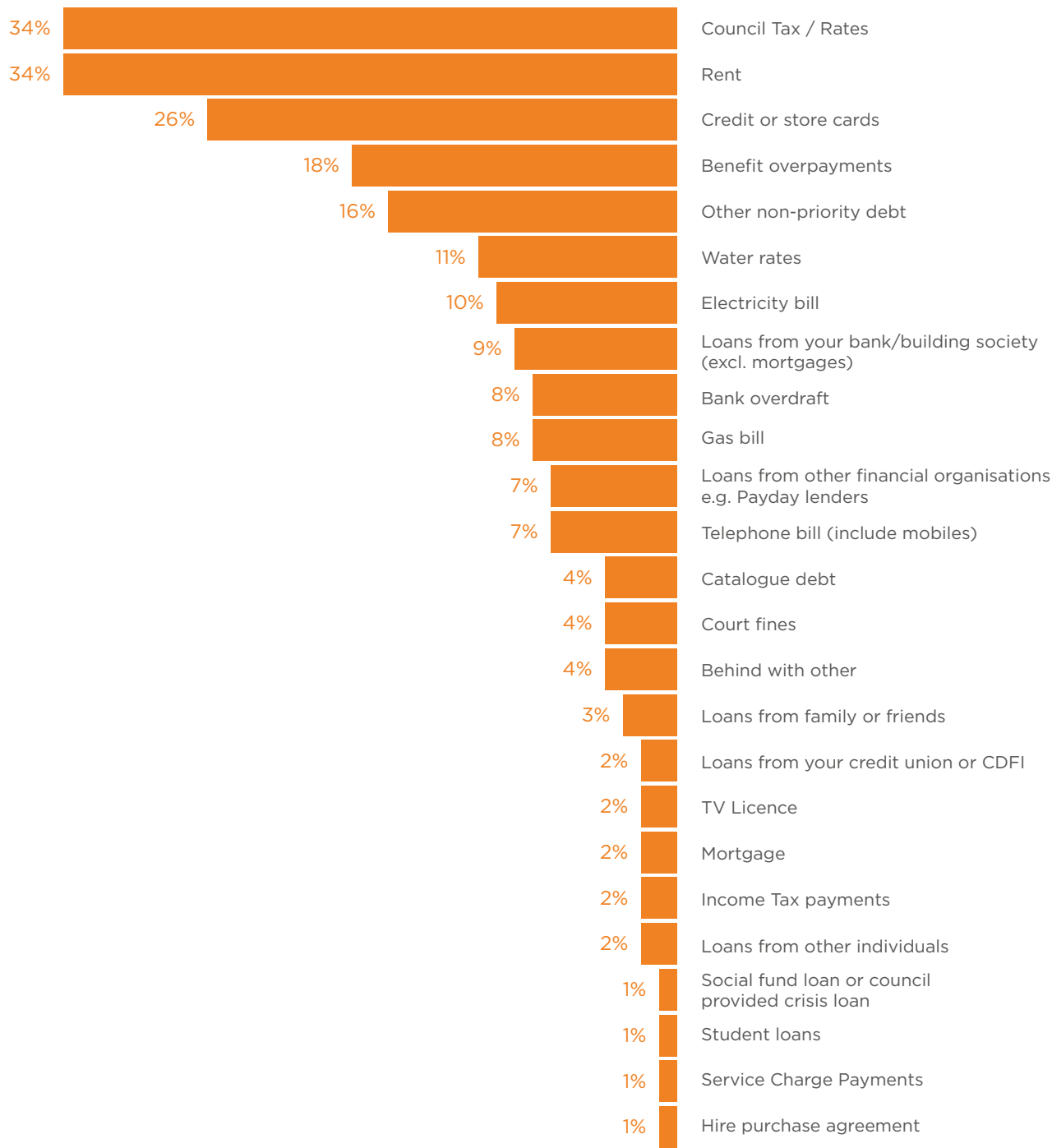


Table 1: Priority and Non-Priority Debts

Priority Debts	Non-Priority Debts
Electricity bill	Credit or store cards
Gas bill	Water rates
Council Tax / Rates	Telephone bill (include mobiles)
Rent	Income Tax payments
Mortgage	VAT payments
Hire purchase agreement	Bank overdraft
TV Licence	Catalogue debt
Child maintenance payments	Loans from your bank/building society (excl. mortgages)
Court fines	Loans from your credit union or CDFI
Service Charge Payments	Loans from other financial organisations
Behind with other	Student loans
	Loans from family or friends
	Loans from other individuals
	Benefit overpayments
	Social fund loan or council provided crisis loan
	Other non-priority debt

Below you can see a breakdown of these priority and non-priority debts, as well as an indication of how each has changed since 2015/16.

Percentage of Respondents with Debt Types (2018/19)



In total, **15%** of our clients had a visit from the bailiffs – most often, as a result of council tax bills (**23%**). Although credit card debts are classed as non-priority, they still often result in bailiff action – coming in at number four on the chart below.

Jo's story

Jo lives with her 23-year-old son and suffers ongoing mental health issues. For years, she struggled to pay her council tax and recently found herself in almost £3,500 of arrears, which were passed to the bailiffs for recovery.

When Jo was unable to figure out an affordable repayment plan, the bailiffs started coming to her home constantly and threatening to take away her possessions. She and her son felt really intimidated. They were terrified to be alone at home – and Jo's mental health took a turn for the worse.

It's lucky she came to us when she did. We were able to contact her local authority, who considered her circumstances and called off the bailiffs. We also noticed that her council tax bills didn't include the disability discount she was entitled to, nor her son's student exemption.

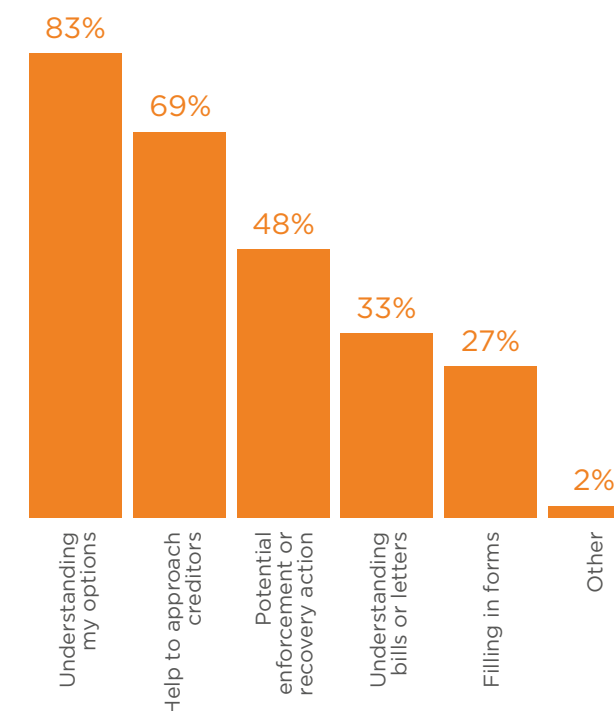
So we helped Jo apply for the relevant discounts and get them backdated, which dramatically reduced the amount of money she owed. Thanks to our advice and support, she's now more aware of her responsibilities and in control of her financial affairs.

What help are we providing?

When we ask our clients about their ability to manage their finances, over half answer that they 'always struggle' or 'sometimes struggle'.

The most common things they require assistance with are understanding their options (83%) and approaching their creditors (69%), as well as dealing with recovery action, understanding paperwork and filling in forms.

Type of Assistance Needed by Respondents (2018/19)



Most of our clients need help with at least two issues, but the percentage

of people needing help with all issues has seen a significant increase. The table below shows how demand for each type of assistance has gone up in the last four years.

Respondents Ability to Manage Finances (2018/19)

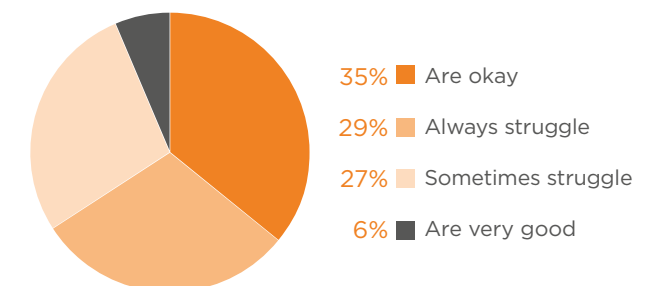
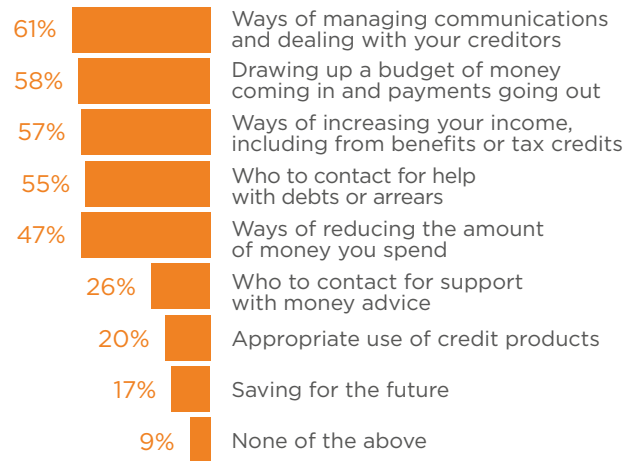


Table 2: Changes in Assistance Needed by Respondents 2015/16 - 2018/19

Help Needed by Clients	Percentage Change
Filling in forms	+10%
Help to approach creditors	+8%
Potential enforcement or recovery action	+1%
Understanding bills or letters	+8%
Understanding my options	+8%

Most of our clients receive several types of advice (more types on average than in 2015/16) – whether that's advice on dealing with creditors, saving or drawing up a workable budget.

Advice Given to Service Users (2018/19)



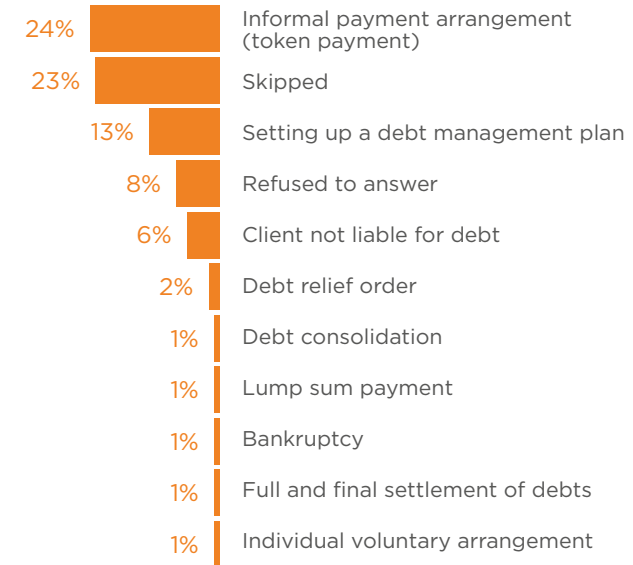
There’s also been a change in the percentage of clients receiving each category of advice – with the largest increases in advice given on ways of increasing income and reducing money spent.

Table 3: Changes in Advice Given to Clients 2015/16 - 2018/19

Advice Given to Service Users	Percentage Change
Appropriate use of credit products	+7%
Drawing up a budget of money coming in and payments going out	+2%
Saving for the future	+6%
Ways of increasing your income, including from benefits or tax credits	+20%
Ways of managing communications and dealing with your creditors	+9%
Ways of reducing the amount of money you spend	+19%
Who to contact for help with debts or arrears	+14%
Who to contact for support with money advice	+11%

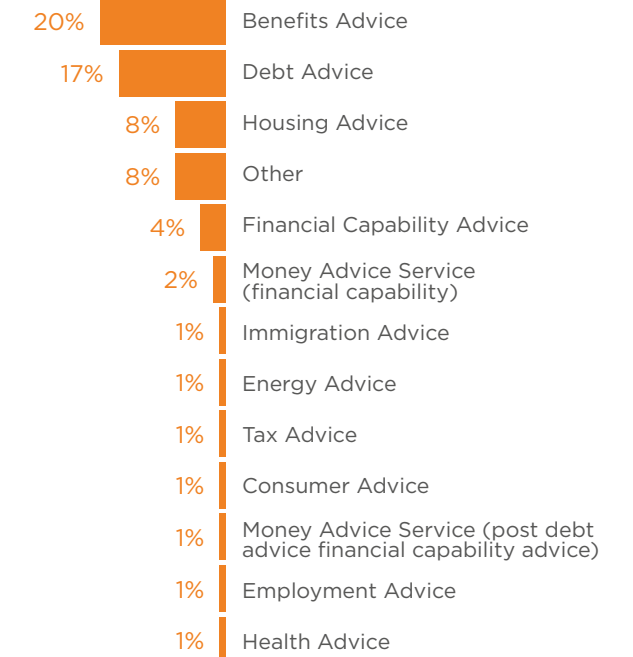
After sessions with our advisors, the most common outcome for clients was establishing an informal payment arrangement between service users and creditors. Other outcomes are listed in the chart below.

Outcomes of Advice (2018/19)



Often, clients are also referred on to different, complementary services, such as benefits, housing or immigration advice. By collaborating with other partners, we address the precise needs of every individual – and increase the chances of them becoming debt-free.

Total Percentage of Referrals (2018/19)



Victoria's story

Victoria has worked as one of our debt advisors for the last 11 years. As well as meeting clients by appointment at an advice centre, she also spends several days a week at a hostel for homeless people in East London – where she sees dozens of vulnerable people every week and does everything she can to help with their debts and housing problems.

Often, this includes making sure they’re claiming all their benefits and maximising their income, so they can pay rent, avoid eviction and keep a roof over their heads. At other times, it involves liaising with the council on her clients’ behalf, or helping them access the rehoming or rehabilitation services that could help them get back on track.

It’s certainly a busy – and sometimes harrowing – job. But for Victoria, it’s also incredibly rewarding. “We’re showing people that there’s light at the end of every tunnel,” she says. “Giving them hope and seeing them smile really does make my day.”



Looking to the future

As we contemplate the year ahead, we're realistic about the challenges, including the ever-growing demand for our services.

Yet we're also confident in our ability to make a difference. The advice and support we give really does change lives across London – and we're determined to reach even more people in the weeks and months to come.



New ways of communicating

To make sure our services are fit for the future, we're exploring different ways of communicating and making ourselves available to clients.

Traditional drop-in centres with fixed appointment times don't work for everyone. So we're exploring the option of offering support via text and WhatsApp messaging too – allowing us to be more responsive, far-reaching and relevant to younger demographics.

Recruiting and nurturing talent

We're also working hard to recruit new talent to our partnership and maintain the excellence of our debt advisor teams.

Last year, we piloted a three-month traineeship programme from December to March, in which ten young people were given valuable, on-the-job experience in the heart of our organisation.

Many of these trainees came to us without any relevant qualifications or experience – often, they were just starting out in their careers, or looking for a change of direction. So what we looked for in our selection process was common sense, empathy and a passion for helping others. Indeed, all our trainees had excellent people skills – essential for working face-to-face with clients and supporting some of the most vulnerable members of society.

Over the course of the programme, these trainees gained experience in many different areas of our partnership – shadowing debt advisors at appointments, listening into calls to our helpline and even conducting initial client assessments by themselves. They also learned a huge amount about types of debt, their potential solutions and their practical application for clients in everyday life.

Yet it was a great opportunity for us to learn too – a chance to see ourselves through fresh eyes and

bring new vigour to our work going forwards. At the end of the programme, we were able to find jobs for many of the trainees within our partnership and we hope to build on the success of this pilot programme in the future.

But as well as recruiting the brightest and best, we're also consolidating the talent already in our partnership. At our All Partnership Events, we bring together advisors from across London to share best practice and pool their knowledge. And we offer ongoing opportunities for development by delivering many CPD-certified courses every year.



Our seven guiding principles

Throughout next year we'll continue doing everything we can to ensure our services meet the expectations of those who use them.

And in this, we're guided by the principles set out by the Fairer Finance panel – a group of 23 Londoners, who've all sought debt advice at some point in their lives.

They told us that our advice services must:

- 1 Be independent and on their side
- 2 Be visible and easy to find
- 3 Be approachable and clear
- 4 Provide an expert advisor
- 5 Ensure continuity from advisors
- 6 Help them to break the cycle from their own personal debt
- 7 Have a wider impact and challenge the causes of debt

By following these principles, we're helping people across the capital to access quality, socially connected advice when they need it most. And we'll continue to do so – long into the future.



About the Debt Free London Partnership

Debt Free London is a partnership of 26 charities, each with deep roots and strong connections to communities across London, led by Toynbee Hall and funded by the Money Advice and Pensions Service.

Together, the partnership provide free face-to-face and telephone advice to anyone who is struggling with or worried about debt, wherever they live in the capital. The partners work with many other local groups to provide outreach and other services, always trying to help people find solutions to their debts, and any other of the complex factors in their lives which may be contributing to their situation.



About Toynbee Hall

Toynbee Hall is a long-established charity based in East London, working every day to support the local community in finding ways of building opportunity, accessing justice and breaking free from the poverty and uncertainty that can hold them back.

In addition to leading the Debt Free London partnership, Toynbee Hall works with a wide range of organisations, and with government and the local authority, to find solutions to help Londoners get the most from our great city. Central to all our work is ensuring that people who have real, lived experience of poverty and inequality are driving change for themselves, and are supported to influence long-term solutions to the systemic issues which cause such damage to our communities.

