



# The Northern Ireland Economy: **Women on the Edge?**

A Comprehensive Analysis of the Impacts of the Financial Crisis

## Section 11: Debt and Credit



# Debt and Credit

## Gender disaggregated information

While there is little gender disaggregated information on women and debt in Northern Ireland there have been some pointers in various studies. Research carried out by PSC Management in 2009 for Citizens Advice Bureau indicates that while men tended to have higher levels of borrowing women made up the majority of those in debt.<sup>1</sup> A report by PMC Management Consultants for the Office for the First and deputy First Minister identified two-thirds of those in debt as female and one-third as male. The report went on to say that the majority had significant debts over £10,000 and the majority were expected to pay considerable sums to service the debt.<sup>2</sup>

Your Money Garden is a Women's Financial Education Project that was established in 2009 to provide women with the skills and knowledge to manage and budget their money effectively. It has delivered financial capability sessions in a number of women's centres and groups throughout Belfast and surrounding areas. It commissioned Trademark to carry out a qualitative study interviewing twenty-eight women in Northern Ireland about debt and credit in 2010. It appears that this small project is the only investigation dedicated to how debt impacts on women specifically. Their work has been of great assistance to this project.

A number of advice agencies assisted this research. During the course of interviews with the Housing Rights Service, Advice NI and Citizens Advice Bureau, there were some pointers to specific impacts of financial stress on women. For example, casework shows a consistent recording of domestic violence as an element (see following chapter). Interviews with women in Footprints Women's Centre and with Women's Aid as well as individual interviews and focus groups with women in a range of circumstances helped to gender this work.<sup>3</sup> Where possible, efforts were made to see the debt issue through the eyes of women and the stories they told of their situations during the research.

Women live their lives in the context of all the debt and credit challenges outlined and there are specific gendered impacts. They are on lower incomes than men generally, a primary cause of debt. The woman is often the one in the couple lowering her income further by sacrificing income in work-based salary sacrifice schemes for childcare, taking unpaid flexitime in the school holidays or bridging the gap between the 70% childcare support through Working Tax Credits and the actual cost of childcare. Women are likely to be the parent at home with the children depending on having enough money for the electricity meter and juggling the family budget along with the debt problem.

## Recession and debt arrive together

The Institute for Public Policy Research (IPPR) notes that in the decade to 2008 average household debt in the UK grew from 93% to 161% of disposable income and widened to include low-income households who are the most vulnerable to debt problems: 'This is the first time the UK has entered a recession with families from all income groups in considerable debt.'<sup>4</sup>

The UK officially entered recession in the October to December quarter of 2008. During the 2008-2009 year there were increased redundancies, mortgage repossessions and numbers of people relying on social security benefits. At the first quarter of 2009 Northern Ireland had the lowest employment rate in comparison to England, Scotland and Wales at 66.9% and the largest fall in employment at 2.7%.<sup>5</sup>

In Northern Ireland in 2008 there were 2,777 confirmed redundancies, an increase of 45% on 2007 (1,912). A total of 3,628 notices of mortgage arrears were issued to people struggling with repayments, a rise of 64% on the previous year. In February 2010 the number of people claiming unemployment related benefits increased to 54,000 up from 42,000 in February 2009, itself an increase on the previous year.<sup>6</sup> MLA Lesley Cree noted that the economic crisis was crossing all geographical areas, industries and social groups.<sup>7</sup> There were unprecedented increases in electricity, heating oil and gas prices and the average grocery bill rose by 30%.<sup>8</sup>



Citizens Advice Bureau (CAB) and Advice NI centres offer money advice services. At the frontline of helping increasing numbers of people to manage their debt, they witness first-hand the results of mortgage repossession actions, redundancies and unemployment. The number of clients coming to them continued to rocket during 2008-2009. The Housing Rights Service had a 300% increase in demand for its specialist debt service.<sup>9</sup> The agencies expect to see even more people coming to them as a result of welfare reform and ongoing public expenditure cuts.

Enquiries to Advice NI members jumped 13% over the year to 227,800. Social security benefits (51%) remained at the top of the list, with housing (15%), debt (9%) and employment (8%) all showing increases.<sup>10</sup> CAB's total enquiries were almost 317,500 and included almost 65,000 new clients.<sup>11</sup> Redundancy enquiries (3,333) rose by 42%, a sign of the economic downturn, and accounted for 19% of all their employment-related enquiries. While benefit queries continued to be the largest area of work at 56.5%, debt cases were up 21.3%, over five percentage points on the previous year (16%).

As testified to by advice agencies, the impact of the economic downturn on individuals has been extensive and substantial with a daily and weekly struggle to meet fixed outgoings on reduced incomes. The recession brought in a new group of stressed and anxious clients unfamiliar with the benefits system, representing individuals and families who had never been in this situation before. Both Advice NI and CAB report that the impact of the recession and the contraction of available credit have propelled more affluent as well as low income clients through the door seeking debt advice. Significantly, 56% of CAB clients were owner occupiers, an increase on 45% in 2008-2009 but continuing the upward trend.<sup>12</sup>

### Behind the debt problem

Most debt is owned by high income earners but problem debt is associated with those who have a low income; those who are on low wages, who have a sudden fall in income or whose benefits are inadequate. Poverty, job insecurity and low wages increase vulnerability to debt problems.

IPPR noted that the 'over-indebted' include a higher proportion of single parents and families with a single earner and that those most likely to borrow to make ends meet after a drop in income are low-income households and people who already have high levels of unsecured debt and mortgages.<sup>13</sup>

Loss of wages can arise from a range of circumstances: unemployment, sickness or injury, reduction in pay or hours worked or self-employed income. Income can be lost through relationship breakdown or bereavement. Women are particularly vulnerable to income reduction from relationship breakdown. Their income falls on average by around 12% while the separating father's increases by 31%.<sup>14</sup> Your Money Garden's study found that while some women had made consumer purchases they later acknowledged as unwise, a majority of the women had got into debt due to a serious financial crisis such as loss of their own or their partner's employment. When this loss happened, their debt spiralled out of control quickly from reaching borrowing limits on credit cards to going to loan companies.<sup>15</sup>

### PMC Management Consultants Report for OFMDfM

*"I was offered credit and took it and got into debt because I wanted to get things for my kids."*

*"I am a lone parent and my salary was too low and because I broke up with my partner. Loans were too easy to get and I didn't think of the implications of paying it back – you don't think about it if you can afford it."*

*"I gave up work to look after my children because the cost of childcare was too expensive."*

*"I'm a single parent with 2 kids – I can only do 16 hours and I'm working to pay my rent – so it doesn't make sense to work."*

*"Because I split up from my husband and with 2 boys I felt I had to buy them things."*

*"I had a part-time job which I lost and it became a big problem."*

*"I became pregnant and my hours were lowered."<sup>16</sup>*

Low pay and contractual conditions such as temporary and zero-hour contracts<sup>17</sup> can create considerable financial insecurity. So too can requiring people to undertake regular work on a self-employed basis, which does not provide



entitlement to sick leave and pay, for example. Research by IPPR shows that low quality employment increases vulnerability to cycles of debt: the problem of high levels of low pay and in-work poverty; and the persistent lack of secure jobs in low-paying sectors such as security, catering, childcare and retail – the last three employing large numbers of women – where workers often find themselves in a cycle between work and benefits.<sup>18</sup>

Interviews and focus groups with a range of workers during this project revealed considerable insecurity and changes to work contracts being negotiated. Unison reports that some women providing community care on zero-hours contracts are getting very few hours per week; an example was given of a zero-hours worker getting five hours per week. In the health care sector there are reports of redundancies in catering and cuts in hours for domestics and receptionists and reductions in nursing cover at night.<sup>19</sup> Most of these are women and many are lone parents.

Debt can mount up when trying to meet household costs in the transition periods between work and unemployment, especially where gaps in income occur for people caught between waiting to receive backdated wages and eligibility for benefits. When finances are strained, everyday occurrences can become a crisis: a slate off the roof, a leaking pipe, a repair to a fridge, a cooker that needs to be replaced or a child who needs new shoes. Many women have no financial resilience to these 'shocks', not due to 'bad' budget management but often to insufficient income. It is not always possible to save 'for a rainy day' on a low income. In any event where there is a sustained reduction in earnings, savings are quickly used up and replaced by debt and arrears.

Much of the money women borrow is for family expenditure, to meet household bills, and to spend on children – for clothes, school uniforms, birthdays and Christmas. This is a constant theme across the Your Money Garden report. It also came up during the course of work on this report: several women told the author proudly that, while they did not have savings, they had managed not to go into debt for Christmas for the first time. This had been their financial goal for the year.

### Your Money Garden Interviewees

*"I use my credit card for food, heating, bills. I never get into debt for luxuries but there's always more going out than coming in ..."*

*"I got a loan to get a loft conversion as my young daughter of 15 announced she was pregnant, that was a very stressful time, this was a necessity ..."*

*"I get into debt every year, Christmas, birthdays and even July (new clothes for the kids for the 12th) ..."*

Retaining work may be difficult for people with caring responsibilities or those with a disability or health condition; and research conducted in 2008 by Carers UK, shows that almost a third of carers who pay rent or a mortgage struggle to meet the cost, three out of four carers struggle to pay their utility bills as a result of caring and over half cut back on food to make ends meet.<sup>20</sup>

The profile of advice agency clients evidences that debt is linked to social need and dependence on benefit income. Forty-three per cent of those seeking advice from CAB relied on benefits as their main source of income while 58% received some type of benefit; 32% have some form of disability.<sup>21</sup> Their debt situation is made worse when they do not receive all their entitlements. An estimated £30million in unclaimed income was identified by Advice NI over the year.<sup>22</sup>

### Advice NI

*The total amount of Pension Credit unclaimed annually is between £57m and £134m. The average number of pensioners entitled to but not claiming it is between 39,000 and 74,000.<sup>23</sup>*

The availability of Working Tax Credit has influenced women's decisions to go back to work. However, the cut-off point for tax credit can cause hardship for many women and make it more likely that they will fall into debt despite their best efforts. Moreover, the impact of Childcare Vouchers and Salary Sacrifice Schemes on tax credit awards has led to numerous problems with claimants not understanding how one affects the other, leading to debt. It is likely that it is women more than men who are paying the cost as women are usually in charge of covering the childcare costs.



### Project Interviewee

*The interviewee used to receive working tax credit of £150 per month but she got a small salary increase in 2009 and since April 2010 no longer qualifies for the payment. Her small salary increase does not make up for the £150 per month (£1,800 per year) which she has lost. For the last three years she has been debt-free after Christmas. Prior to this she had started each new year with a Christmas debt. She has opened a savings account but has been unable to put aside any savings yet, but is going to try to start in 2011. Each month she looks forward to the end of the month when her wage comes in. She receives £50 per week child tax credit which she describes "as a lifeline. Otherwise I would have to make my wages elastic. Now, I can buy the odd thing with the £50."*

### Citizens Advice Bureau

*Kerrie returned to work in December 2008 after maternity and contacted Tax Credits to provide them with an estimate of earnings, showing a reduction in household income due to Statutory Maternity Pay and the increase in childcare costs. She finalised her tax credits award in July 2009 and then received a renewal pack and guidance notes and became aware that the Salary Sacrifice Scheme she had with her employer may affect her tax credit award. She was then told she was in an overpayment situation. In August a finalised award notice showed an overpayment of £2,146. It also showed no childcare costs from November 2008 to April 2009. On review, the Tax Credits Office had made a mistake in leaving out the childcare costs and made this adjustment to the claim, but still required repayment of £796 for overpayment.<sup>24</sup>*

In the twelve months to March 2010 CAB helped vulnerable people to identify and claim £6.1 million in benefits which will amount to £38.8 million over the length of the claims.<sup>25</sup> While gendered statistics are not available, its benefit uptake drive focused on Attendance Allowance, Pension Credit and on carers and families with children, areas in which women predominate. CAB enabled clients to increase their incomes by an average of £55 per week and on average an arrears payment of £535 due to them. This is a significant boost for vulnerable women, but also

illustrates why so many may find themselves in debt.

### Citizens Advice Bureau

*"The impact of £6.1m on the local economy in a recession cannot be understated. This is money which will be spent in local businesses and the exercise [benefit uptake drive] has made a significant impact on poverty in Northern Ireland."<sup>26</sup>*

### Analysing the debt

Citizens Advice Bureau dealt with over £33 million of debt to March 2010, helping more than 2,500 people with financial problems.<sup>27</sup> CAB has five years of debt statistics which reveal significant trends: mortgage debt, for example, that was £475,000 in 2006-2007 and 2007-2008 is now £4.5million. Credit card debt was the most common problem accounting for 30% of overall debt and almost 40% of the number of debts. The three largest sources of debt – credit cards, personal loans and mortgage debt – all increased over the year.<sup>28</sup> The sums are considerable: almost £10m in credit card debt, £5.7m in personal loans and almost £5.5m in mortgage debt. Among other debts there is £2.4m in business debt.<sup>29</sup>

This confirms Your Money Garden findings in late 2010 on women's relationship with credit and debt. Your Money Garden found that credit and store cards were the most common form of debt among the women interviewed who reported debts ranging from several hundred to many thousands of pounds. A significant number had loans from other lenders such as banks, building societies and private loan companies. There were repayments for items bought by hire purchase and from catalogues. A large proportion had problems with utility payments while a smaller number had rent and mortgage arrears. Half of the women reported debts in excess of £10,000, exclusive of mortgage debt.

CAB converted almost 33,000 records of advice sessions into a database of almost 6,000 clients to analyse the debt problem in Northern Ireland. Those in full-time and self-employment had higher levels of debt and those with earnings had higher borrowings than those living on benefits.



Higher levels were also more characteristic of owner occupiers. CAB suggested the data pointed to two kinds of debtor: those in difficult circumstance falling into debt from deficiencies in income while trying to maintain spending and/or to deal with unforeseen expenditures; and those higher up the income scale who availed of cheap and easy credit.<sup>30</sup> CAB found that unemployed people were over-represented in the indebtedness group while over half of the group were on benefit.<sup>31</sup>

Men tended to have higher levels of borrowing (around £680 higher on average) but women made up the majority of those in debt with an average female debt of around £15,400.<sup>32</sup> Women who were employed or self-employed tended to have the same levels of debt as men did.<sup>33</sup> Around 1,800 people reported over 5,000 different debts and 69% reported experiencing more than two debts and over a quarter (27%) seven or more.<sup>34</sup>

An individual can be considered to be indebted if spending more than 25% of gross income on monthly repayments servicing consumer credit commitments. A second, more indebted, indicator is when an individual is spending more than 50% of gross monthly income on total borrowing repayments (consumer credit and mortgages). In research conducted by OFMdfM women formed the great majority of those in debt: they were 60% of the indebted group on the 25% indicator and 73% on the 50% indicator. Those with dependents were more likely to be indebted on both measures. More than two-thirds of the indebted were on lower incomes.<sup>35</sup>

The 25-49 age group formed more than 60% and 77% of those under the respective indebted measures, and around 20% of older citizens over sixty-five years were over-committed. Servicing mortgages was difficult for almost half of debtors overall and almost three-quarters of the highly indebted group on the 50% indicator. People who owned their house outright were the next group in most trouble and it could be assumed this group contains a high proportion of older people, the majority of whom are women.

Thirty-nine per cent of all individuals in the survey – not just those who are indebted

according to the two indicators – always, often or sometimes run out of money before the end of the month. Forty-three per cent, said they never, hardly ever or only sometimes had money left at the end of the month. The Family Resources Survey estimated that 13% of Northern Ireland households have no type of savings or bank account, twice the UK rate, thus reducing their ability to access credit.<sup>36</sup>

Interviews and focus groups for this report back up these findings. Many young women and lone parents said they had no savings and had difficulty in making their money stretch to the end of the payment period. In different locations and independently from one another there were several stories, even from those with their own children, of returning home to mother for meals until the wage or benefit payment arrived or to sleep over to save on heating costs during the winter.

### Impact of debt

The Consumer Council for Northern Ireland found that 52% of the adult population is worried about making ends meet now, and 64% are worried about their finances in the future. Only four in ten are managing to keep up with bills and credit without difficulties.<sup>37</sup> One-third of people believe they are just one month away from financial hardship if they had a sudden drop in income or an unexpected expense were to arise.<sup>38</sup>

#### Your Money Garden Interviewee

*"I'm careful. I've been in debt before, but if I lose my job god knows what'll happen, we can't afford to save as it is."*

Having problem debt can be traumatic, extremely stressful and drive people to the brink of suicide. Serious debt can panic people. Depression is a common feature and can lead to sleepless nights and an increase in drinking and smoking. It can impact severely on children, and mothers' concern for children can double their own distress, and on the wider family circle. Some people feel embarrassed and ashamed and can be reluctant to seek help because they do not want others to know they have a problem. Money advice is very personal and it requires



relationship building and a level of trust between advice agency and client. Some advice agencies expressed concern to the author that while debt was hugely stressful for their clients, people were having to wait a long time for an appointment because of the small size of their staff teams and the volume of clients now presenting with debt.

### PMC Consultants Report for OFMdFM

*"My stress levels went up through the roof. I was living on beans and toast for 8 months. I didn't have a penny to myself."*

*"It's got to the point where we are struggling to feed the child."*

*"Problems with my husband because of it."*

A PMC Management Consultants' report for the Office for the First and deputy First Minister identified two-thirds of those in debt as female and one-third as male. The vast majority had significant debts over £10,000 and the majority were expected to pay significant sums of money to service the debt: 41% had monthly payments of £200-£500 while 19% had monthly repayments of at least £1,000.<sup>39</sup> Women interviewed by Your Money Garden explained their difficulty in making payments, and that the borrowing cycle never seemed to end.

### Your Money Garden Interviewees

*"After I pay out all my month direct debits and money I borrow I'm back to square one borrowing to get me through the month again ..."*

*"The incoming money does not cover all outgoing payment so I have to miss some payments each month, then the debt gets bigger and bigger with the interest added on and the late payment charges ..."*

PMC Consultants noted that some households were 'constantly living at the limits of their resources' and that for one parent households in particular the risk of debt was persistent. Some women told Your Money Garden that they had sold jewellery, including wedding and engagement rings and that they were dealing with partners' gambling debts.<sup>40</sup>

### Your Money Garden Interviewees

*"When you are this deep in debt the thought of a way out seems impossible."*

*"It will be 20+ years before I see the light at the*

*end of this tunnel."*

*"I feel sick at the thought of the amount of interest I have paid to loan companies and the stress I was under at the time ..."*

Many women are afraid to tell their partners about 'their' debts, and many keep it a secret from their families. They feel ashamed that they had not been able to balance the family budget. Some who relied on partners for money and found they did not get enough acknowledged that "some men don't realise the cost of living and that the amount of money simply doesn't cover the costs."<sup>41</sup> Your Money Garden reported relationship pressures and domestic abuse as well as mental health and other quality of life issues.

Footprint's Family Support Worker found that previously it was easier to close case files on cases after three months, but as 2010 progressed more cases have been ongoing as situations at home appear to be getting more difficult. Women's partners' hours are being cut at work so there is less money coming into the house. Schools, whose budgets are under pressure, are asking parents for more contributions. There is an element of domestic violence in very many of the cases and the relationship breakdown can lead to a break in income for women.

### Footprints Case Study

*F is an unemployed lone mother with one small child who had faced a history of domestic violence and separated when her partner was made redundant and arguments increased over money. She had reached her limit on a social security crisis loan and was borrowing from family. She had a loan, which was to have been a joint loan, from a loan company on which the interest had grown to be more than the loan and she found it difficult to repay. F had no money for heating before Christmas but a donation of oil was secured in the interim followed by support from St Vincent de Paul. Prior to this she had been on top of her financial situation, knowing what was in her account and what to set aside.*

In one-to-one meetings in the Footprints Women's Centre many women, the majority of whom are lone mothers, admit that it is very difficult to make ends meet, commenting on how



the price of shopping has gone up, including essential items for children such as nappies. The same issues came up in the focus groups for lone parents and young women. In the run up to Christmas 2010 Footprints made more requests than usual to St Vincent de Paul and the Salvation Army for Christmas gifts for families in need; and continue to make a steady stream of referrals for financial assistance to the South Eastern Trusts' Family Support Panel.<sup>42</sup> Increased reliance on St Vincent de Paul was a common thread across several focus groups and interviews.

### Credit and saving

#### Your Money Garden Interviewee

*"I think it is much harder for young mothers today, the cost of living is so high, children get so much and mothers feel pressured into buying their children the latest stuff because of pressure from their own children ..."*

Credit was more affordable in the strong economic conditions pre-recession with low interest rates, a strong labour market and a buoyant housing market. Now, many households are under pressure in very changed circumstances with nil or slow economic growth, rising interest rates, higher prices and poor employment prospects in the immediate future. Add to this the cuts to the welfare budget as government reins in spending on the poorest to cut the public debt in the aftermath of the collapse of financial institutions and a severe economic downturn. Income inequality appears to be on a trajectory for a long-term rise.

#### Your Money Garden Interviewee

*"We've no capacity for any increase to be honest, we thought that negative equity was bad enough, but a big hike in interest would finish us off ..."*

Debt and credit are features of every day living. This is so, whether it is those in higher income brackets who take out loans for major items and pay their bills by credit card, or those who borrow to top up their electricity metre in winter or to see them through with food at the end of the month when their benefit payment has run out. Debt has become a central part of the economic survival strategies of those locked into

poverty, where it is used to buy goods and services which are essential.

Generally, low-income families' access to mainstream lenders is limited. It has become increasingly difficult to access unsecured credit and therefore probable that more people than ever are turning to alternatives, to doorstep and other lenders targeting low-income households. The rates of interest are higher but they offer flexible terms and do not have the same qualifying requirements as mainstream lenders.

Doorstep lending or the 'tick man' has always been a regular feature of some women's lives. There is evidence of difficult and threatening relationships between the lender and debtor, and in Northern Ireland there is the added dimension of paramilitary links. At the same time, the Institute for Public Policy Research (IPPR) indicates, weekly payment plans allow poorer consumers to buy goods they could otherwise not afford and to pay in a way that is compatible with weekly budgeting.<sup>43</sup>

Saving is important as it provides a cushion for people in difficult times and increases their resilience to financial shocks, but it is exceedingly demanding for low-income families. In a study on income, spending, saving and borrowing most low-income families, of whom 40% were one-parent families, had a positive attitude to saving but found it difficult to do.<sup>44</sup> Some families can manage short term saving plans for Christmas and birthdays, but cannot build up precautionary savings for unplanned and unexpected events such as major repairs or replacements.

The possibility of asset-building for the future through a savings plan or pension is out of the question. The recession along with budget cuts and higher prices has made the likelihood of saving more remote. IPPR's findings match what women have said during the focus groups for this report.

#### IPPR: lone parent with two children

*"The only time I save is when we are going on holiday. All I do is – it is quite sad really – I put all my change, 20p, 10p, 5p, 2p, 1p, 50p all in a pot. And when we are going, I change it up [sic] and I split that between my kids." <sup>45</sup>*



### Lone Parents' Focus Group

*"I had hoped to take out a pension but I haven't enough money to pay into a company pension scheme."*

IPPR contends that disparity between low-pay structures and consumer driven growth is an integral part of the story of debt in low-income households.<sup>46</sup> Furthermore, that reliance on debt, far from creating opportunity has created vulnerability during the recession. IPPR also argues, however, that low-income families need access to credit. Consumers need to be protected with a combination of market regulation and measures to provide fair, sustainable and safe alternatives to high-end credit.

As Northern Ireland moves forward to rebuild its economy post-conflict and post-recession, arrangements should be put in place that will assist and protect low-income households in regard to credit. The Debt Relief Act (Northern Ireland) 2010 offers some assistance including a one-year moratorium to protect them against legal proceedings or enforcement action by creditors. When steering the legislation through the Assembly, DETI Minister Arlene Foster said she expected around 1,000 applications for debt relief each year and that most of those who would avail of the scheme would be in receipt of benefits.<sup>47</sup>

### Citizens Advice Bureau

*"We believe that the Northern Ireland Assembly could now usefully consider an integrated strategy on debt which would begin in the schools, and which would equip the public to deal with financial issues. The finance industry in Northern Ireland has much to contribute to such a strategy, and should follow the example of the Ulster Bank in making available the finance to bring such a strategy to fruition."*<sup>48</sup>

## Conclusions

Debt is often not the result of bad financial management. Indeed the evidence from this and other research projects point to women's budget management skills being extremely good; they make a small income stretch a long way. Social Market Research has drawn attention to the fact that poor literacy, numeracy and IT literacy and

the lack of a bank account can increase risk.<sup>49</sup> There may be some room for improving financial capability in Northern Ireland as the Consumer Council for Northern Ireland reported that people in Northern Ireland know less about financial management than people in Britain and this is confirmed in other research.<sup>50</sup>

However, these alone will not resolve the 'problem debt' that many women carry because they work in the low wage economy, or as young women they cannot find a job, or as migrant women they are more vulnerable in under-regulated employments, or as lone parents with young children they are a single earner in part-time work, or as carers they rely on benefit or as older women they may not be claiming the Pension Credit they are entitled to.

There needs to be focus on increasing incomes above the poverty level, ensuring there is safe and affordable credit for low-income households and regulating the finance industry to protect consumers. In making the recommendations below it is important to remember that a greater number of women than men are in debt, and women form the majority of low income people in debt. Therefore these measures will assist women greatly. However, in order to ensure that action will be effective and will reach those who need it most, women should be involved in designing any new strategies and schemes to cope with debt.

A number of steps that need to be taken can be taken within Northern Ireland by the Northern Ireland Executive. Others, some of which are encapsulated in the recommendations, require action by the UK Government. Where this is the case, the Northern Ireland Executive, as one of the governments representing citizens in the UK should make the strongest representations possible to the UK Government, if necessary garnering support from counterparts in Scotland and Wales for the necessary course of action.

## Recommendations

- The Northern Ireland Executive should develop an integrated strategy on debt in Northern Ireland. Women should be involved in designing any new strategies and schemes to cope with debt in order to ensure that



action will be effective in reaching those who need it most.

- The Executive should bring together a forum of banks and other lenders to develop policies of affordable credit with flexible repayment plans and to negotiate an arrangement with them to co-partner the Executive in funding independent debt advice services.
  - The Executive should establish a Northern Ireland Loan Guarantee Scheme to help Credit Unions in Northern Ireland offer affordable credit to people on low incomes, irrespective of whether they have savings or not, based on people's current income and not on past credit history and with flexible repayment plans.
  - The Executive should work with lenders to develop accurate monitoring of the impact of the developing financial situation on borrowers and create a mechanism for offering immediate advice and support for those who get into financial difficulty.
  - The Department for Employment and Learning should oversee the integration of advice and support at the crisis point by ensuring that personal advisors working with the unemployed in any agency are trained to signpost those in need and at risk to independent advice centres and family support and counselling services for debt advice and mental health support.
  - The Executive should prioritise face-to-face advice services as frontline services assisting people in need and ensure that their funding is protected. Advice agencies should be resourced to help to maximise incomes for the vulnerable and assist the Executive in addressing housing and fuel poverty and reducing individual debt, including by providing appropriate assistance for those for whom advice by telephone is not accessible.
  - The Executive should ensure that one of its Ministers and departments regularly monitors the funding situation of local women's centres to ensure that they continue to receive funding as front-line
- service providers offering advice and support to women.
- The Executive should invest in the delivery of sustained benefit take-up programmes that creatively and innovatively target those in need, vulnerable and hard to reach in order to increase incomes, reduce individual debt and bring new money into the Northern Ireland economy from the UK Exchequer.
  - The Executive should liaise with the Scottish and Welsh Administrations to urge the UK Government to address income inequality by increasing benefits, tax credits and the national minimum wage to at least the minimum income standard to allow people to live above the poverty line. The UK government should uprate these regularly to take account of the increasing pressures on incomes.<sup>51</sup>
  - The UK Government should build financial strength and reliance in families by introducing a lifelong savings account for low-income families funded through limiting the tax relief on pension contributions to the basic rate for everyone.



## References

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**Women's Resource and Development Agency**

6 Mount Charles  
BELFAST  
BT7 1NZ  
N. Ireland

e-mail: [info@wrda.net](mailto:info@wrda.net)  
website: [www.wrda.net](http://www.wrda.net)