

CAB Response



Response to the DSD Committee on Citizens Advice views on the draft budget.

26th January 2011

Citizens Advice is pleased to provide its views on the Draft DSD Budget 2011-2015, in response to the letter from the Committee for Social Development. The organisation is in a unique position to respond given the comprehensive nature of its service across Northern Ireland. Citizens Advice provides front line advice and information to over 92,000 people a year with over 300,000 issues including social security benefits, health, housing, employment and money advice. Good advice can be life changing – it has the power to transform people’s health and confidence. CAB makes an economic contribution to their communities, helping residents maximise their income, training people who go on to employment and reducing the strain on other services.

The paper states that ***“the draft Budget requires change to do more to protect those in need and the funding of frontline functions provided across the Department.”*** Citizens Advice echoes this statement made by the DSD, we believe that in the current economic climate, the need for the services provided by the voluntary advice sector has been brought into sharp focus. In the context of the proposed changes in social security benefits, and the restrictions in public expenditure, there is a genuine need for the adequate provision of frontline advice services to continue the fight against poverty and protect the most vulnerable in our society. Fifty seven percent (57%) of all enquiries to CAB relate to social security, indicating that we are well aligned to government priorities in terms of poverty and social need.

In its paper the DSD has acknowledged that the proposed budget needs to take into account a range of factors which will have significant impacts in Northern Ireland including a raft of Welfare Reform changes being introduced by the Coalition Government, protecting the most vulnerable from the effects of these changes, the effect of the economic downturn and the resulting increasing demands being placed on the social security system and increasing housing pressures.

Citizens Advice is currently experiencing an increase in demand to its local CAB offices across Northern Ireland as a result of the above issues. The demand is focused around the following areas:

- changes to benefits
- coping with the effects of debt
- struggling with reduced levels of household income
- concerns about employment
- increased heating costs.

Over the nine months April to December 2010 Citizens Advice saw increases of 12% in the number of recorded issues relating to both employment and housing and 13% with regard to education compared with the same period during 2009. The organisation also dealt with almost 120,000 issues in relation to benefits and almost 45,000 in relation to debt.

Citizens Advice is pleased that the Minister has decided *“that there must be no reduction in vital programmes which target the most vulnerable households, including revenue and capital programmes to address fuel poverty (Warm Homes), supported housing (Supporting People), new build housing, and disadvantaged communities (Neighbourhood Renewal).”*

However, Citizens Advice would urge the DSD Committee to give consideration to the following 4 areas in determining the final budget:

1. Assistance with Mortgage interest

From 1 October 2010 the standard rate of interest for calculating help with housing costs through the SMI scheme changed from the frozen 6.08% to the average mortgage rate published by the Bank of England (currently 3.63%). This means that for many people there will be a shortfall in the amount of help payable through the SMI scheme and the actual amount of interest they are paying on their mortgage. This change has impacted numerous claimants who are paying higher rates of interest than the average mortgage rate, especially those with fixed rate mortgages and many claimants who have borrowed from sub-prime lenders who are more likely to be paying higher rates of interest.

Claimants of income-based jobseekers allowance will no longer receive any SMI if they have been receiving benefit for 104 weeks and made their claim on or after 5 January 2009. CAB has already started to receive cases where clients simply will not be able to maintain payments these will inevitably lead to repossession. These groups need to be considered in relation to examining whether payments can continue from a separate fund.

2. Fuel Poverty

Citizens Advice would recommend that the Warm Homes Scheme is protected in the budget and the level invested in fuel poverty is maintained.

3. Discretionary Hardship Fund

Citizens Advice would recommend that given the future changes to Local Housing Allowance an increase in the discretionary hardship fund should be maintained.

4. Community Support Grant to Councils for Advice provision

The DSD Community Support grant to Councils contains a rate support element for advice provision, which is essential to underpinning the level of District Council support to local advice services. We hope that the committee will use its influence with the Department to ensure that the level of this grant is maintained.

In response to the Draft Budget Citizens Advice welcomes the DSD's commitment to protecting frontline services. Citizens Advice trusts that the DSD will take cognisance of the key issues raised in this response in terms of key issues face by our clients and specific areas to take into account when deciding the final budget. Citizens Advice would be happy to engage with the DSD Committee in further discussion if required.