

From the Office of the Minister



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13<sup>th</sup> April 2010

*Dear Margaret,*

At the Second Stage of the Debt Relief Bill on 23 March 2010, two MLA's referred during the debate to Social Fund Loans and I responded by saying I would pass on their comments to you.

Ms Jennifer McCann referred to people not being able to afford to heat or light their homes and suggested that social fund loans could be made available to help to buy oil and to pay bills.

Mr Fra McCann stated that there seemed to be a vicious circle involving illegal money lenders and the new rules that stop people accessing the social fund.

An extract from Hansard reporting these comments is attached for your convenience at Appendix 1.

I am also copying this letter to both Ms McCann and Mr McCann for information. I will also arrange for a copy to be placed in the Assembly Library.

*Sincerely*

*Arlene Foster*

**Arlene Foster**  
**Minister of Enterprise, Trade and Investment**

EXTRACTS FROM HANSARD – 23 MARCH 2010

**Ms Jennifer McCann** The House has discussed other ways in which we can combat the problems. For example, tariffs for energy, electricity, gas and oil should be affordable, because some people cannot even afford to heat or light their homes. Also, the small print used by some credit companies does not go far enough to explain the high interest rates that will be charged. The interest on some loans rises every time a repayment is missed. That can result in people having to pay back two or three times the amount that they borrowed in the first place, which may have been a small amount to get them through a particular situation. Such people are increasingly vulnerable to loan sharks, and, indeed, some have been threatened when they cannot afford to repay loans. Individuals are exploiting people who are living in difficult circumstances. Therefore, measures such as the Debt Relief Bill and the face-to-face debt advice that some organisations deliver must be welcomed. Another way in which the issue could be addressed is through social fund loans, which have been mentioned in the House before. At the moment, people who may need a loan to buy oil or to pay bills cannot access social fund loans. **We could look at changing that situation.**

**Mr Fra McCann** My colleague Jennifer McCann spoke about social fund loans. Many families — probably thousands of them — use the social fund to clothe and feed their kids and to buy them stuff at Christmas. Recently, the Committee for Social Development dealt with the issue, and the Department has moved to limit the number of times that people can apply for money to deal with those issues.

The other thing is the increase in the number of people who are involved in illegal moneylending and the amount of money being paid to them. There seems to be a vicious circle involving moneylenders and the new rules that stop people from accessing the social fund. **Will the Minister take that matter up with the Minister for Social Development?** Particularly at the present time, access to the social fund should be relaxed so that people do not have to turn to illegal moneylenders to survive