

To: PLANNING & ENVIRONMENT (PROTECTIVE SERVICES) SUB-COMMITTEE		Subject: DEBT COUNSELLING SERVICES 2003/04
From: DIRECTOR OF PLANNING AND ENVIRONMENT		
Date: 5 <sup>th</sup> OCTOBER 2004	Ref: ^	

**1. Purpose**

1.1 This report informs members of the work of the Trading Standards Service Debt Counselling Services for the period 1 April 2003 to 31 March 2004.

**2. Background**

2.1 The Trading Standards Service operates a free, confidential, impartial and independent debt counselling service for the community and employees of North Lanarkshire Council. The department has a complement of two Advice Centre Managers, eight Debt Counsellors and four Debt Advisors.

2.2 Offices are located in Bellshill, Coatbridge, and Cumbernauld with outreach surgeries and home visiting available. Trained professional staff offer a free and confidential service, ranging from basic self-help advice to arbitration between debtor and creditor to legal advice and representation.

2.3 The counsellors will maximise income for clients, negotiate with creditors, with a view to arranging a repayment schedule agreed by both parties. They will also assist with the completion of legal forms and represent clients at related court appearances.

2.4 It is widely recognised that debt has a major adverse effect on health particularly in the form of stress, anxiety and depression. The service aims to address these problems by being pro-active with the local community, providing talks, exhibition and educational material.

**3. Considerations**

3.1 The Debt Counselling service received approximately 10,000 debt-related enquiries last year with 10% requiring lengthy ongoing representation where clients had multiple debt problems. 1,075 new cases were opened, representing a 34% increase over the previous 12 months.

3.2 The rise in the number of new cases dealt with in the last 6 years is shown below.

YEAR	NUMBER OF NEW CASES	AVERAGE DEBT PER CASE (excluding mortgages outstanding)
1998/99	576	£8,800
1999/2000	659	£11,045
2000/01	613	£10,957
2001/02	655	£12,471
2002/03	804	£15,226
2003/04	1075	£13,991

3.3 The total debt (excluding outstanding mortgage balances) presented to debt counsellors in multi-debt cases rose from £12.24 million to £15.04 million last year, an increase of 23%.

3.4 The amount of Council Tax dealt with is shown below:

YEAR	COUNCIL TAX DEBT	% OF TOTAL ANNUAL DEBT
1998/99	£170,386	3.4
1999/2000	£286,245	3.9
2000/01	£409,086	6.1
2001/02	£539,121	6.6
2002/03	£905,886	7.4
2003/04	£1,665,257	11.1

The effectiveness of North Lanarkshire Council's Collections and Debt Recovery sections, allied to the continued inter-departmental partnership initiatives, has resulted in the increase in the volume of council tax arrears recovery that the debt counselling service is involved with.

3.5 Unsecured credit and loans are the main forms of debt and account for around 60% of the total debt as shown below. Such debt is generally not secured against personal possessions and is relatively simple to obtain. However it can also be one of the most expensive forms of borrowing.

YEAR	CREDIT / STORE CARD	%	LOANS / FINANCE HOUSES	%	BANK	%
1998/99	£0.68m	13.4	£1.27m	25.1	£1.25m	24.7
1999/2000	£1.01m	13.9	£1.71m	23.5	£1.45m	19.9
2000/01	£0.97m	14.5	£1.45m	21.6	£1.66m	24.7
2001/02	£1.19m	14.6	£1.72m	21.1	£1.98m	24.4
2002/03	£1.85m	15.1	£2.47m	20.2	£3.00m	24.5
2003/04	£2.19m	14.6	£3.08m	20.2	£3.40m	22.6

3.6 Analysis of the statistics for the debt counselling service shows an increasing demand for the service every year, with easily identifiable periods of sustained demand. Demand is noticeably greater in some areas, such as Mossend and Viewpark wards in Bellshill and Kirkshaws and Townhead wards in Coatbridge, and there is an increasing demand in Cumbernauld. One of the aims of the Review of Advice and Information Services is to identify gaps in provision and look at appropriate measures to overcome them.

3.7 A report containing full detailed statistics for the debt counselling service has been placed in the Members' Library. These provide monthly figures giving a breakdown of the amount of debt by type. Details of the generic structure of the client base are given, showing the more prevalent reasons why clients seek advice and assistance, how the client learned of the service, and the amount of household income. A breakdown of the client base by ward is also given.

#### 4. Corporate considerations

4.1 The debt counselling service contributes to the Corporate Plan priority themes of promoting social inclusion and health, well being and care.

4.2 There are no other financial, legal or personnel implications in this report.

#### 5. Recommendations

5.1 The sub-committee is asked to note the contents of this report.

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