



Consortium for the Regional Support for Women in Disadvantaged and Rural Areas

Response to: Call for Evidence – Debt Respite Policy Proposals for Northern Ireland

Issued by: Department for Communities

January 2023

**Prepared by: Siobhán Harding
Women's Support Network
Email: policy@wsn.org.uk**



Foyle Women's
Information
Network



Women's Regional Consortium: Working to Support Women in Rural Communities and Disadvantaged Urban Areas

1. Introduction

1.1 This response has been undertaken collaboratively by the members of the Consortium for the Regional Support for Women in Disadvantaged and Rural Areas (hereafter, either the Women's Regional Consortium or simply the Consortium), which is funded by the Department for Communities and the Department of Agriculture, Environment and Rural Affairs.

1.2 The Women's Regional Consortium consists of seven established women's sector organisations that are committed to working in partnership with each other, government, statutory organisations and women's organisations, centres and groups in disadvantaged and rural areas, to ensure that organisations working for women are given the best possible support in the work they do in tackling disadvantage and social exclusion.¹ The seven groups are as follows:

- ♀ Training for Women Network (TWN) – Project lead
- ♀ Women's Resource and Development Agency (WRDA)
- ♀ Women's Support Network (WSN)
- ♀ Northern Ireland's Rural Women's Network (NIRWN)
- ♀ Women's TEC
- ♀ Women's Centre Derry
- ♀ Foyle Women's Information Network (FWIN)

¹ Sections 1.2-1.3 represent the official description of the Consortium's work, as agreed and authored by its seven partner organisation

1.3 The Consortium is the established link and strategic partner between government and statutory agencies and women in disadvantaged and rural areas, including all groups, centres and organisations delivering essential frontline services, advice and support. The Consortium ensures that there is a continuous two-way flow of information between government and the sector. It also ensures that organisations/centres and groups are made aware of consultations, government planning and policy implementation. In turn, the Consortium ascertains the views, needs and aspirations of women in disadvantaged and rural areas and takes these views forward to influence policy development and future government planning, which ultimately results in the empowerment of local women in disadvantaged and rurally isolated communities.

1.4 The Women's Regional Consortium appreciates the opportunity to respond to the Call for Evidence on Debt Respite Policy Proposals for Northern Ireland. This is particularly the case because of the endemic nature of mental health issues in Northern Ireland and the well-established links between debt and mental health problems. We also want to ensure that the gendered nature of borrowing and debt is highlighted in our response considered as part of any new debt respite scheme.

1.5 Throughout this response the Consortium has sought to ensure the voices of women are represented. We believe that it is essential for policy makers and Government to listen to the voices of the women who live here and for whom debt and mental health problems have such significance in their lives. We have attempted to include throughout this response some of what local women have said at focus group sessions in relation to these issues and which detail their lived experience. Their words are included as quotes throughout this document.

1.6 We wish to endorse the report into the Breathing Space Scheme made by MindWise (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022). We fully support their recommendations in relation to the introduction of a debt respite scheme in Northern Ireland. We refer to this report on a number of occasions throughout our response.

2.0 General comments

Format of the Consultation

The Women's Regional Consortium has concerns about the format of some of the consultation questions. It asks a number of questions within each chapter with 'yes/no' options followed by a space to expand the answer. As WRDA guidance on public consultations² states: "*the binary 'agree/disagree' nature of many questions hides the complexity of how people feel about different issues.*" We would urge extreme caution on using statistics on responses to these questions as the basis for making conclusions on the proposals.

The answer to these 'yes/no' questions needs careful analysis alongside the accompanying text. Careful consideration must be given to the fact that respondents may select one of these options but provide further clarification in the text. They may have several qualifications to their answer and if these are not addressed their answer may be different. The results from the 'yes/no' answers must not be considered in isolation or presented in such a way that they paint a misleading picture of responses. We would encourage the Department not to use results from these check box questions as the basis for any decision making. If they are to be used, they should not be used in isolation from any information given within the accompanying text.

The online questionnaire to respond to this call for evidence available through Citizen Space does not provide the ability for people to make additional comments they may wish to make in relation to the debt respite scheme overall or on the format of the consultation. There are also a number of areas where an answer may need further clarification or explanation and the facility is not available to do so. For example, Question 16 asks 'Should all debts be eligible for Breathing Space?' We wish to answer 'yes' to this question as we believe that all debts should be eligible, however, we want to add information about illegal lending here and how this could potentially be considered within this Scheme. However, in order to do this via the

² Women at the Heart of Public Consultation, A guide for Public Authorities and Women's Organisations, WRDA, November 2017
https://wrda.net/wpcontent/uploads/2018/10/WRDA_WomenAtTheHeartOfPublicConsultation.pdf

online questionnaire we would need to answer 'no' to expand the extra space to be able to add further comments.

We are concerned that those who respond via the online questionnaire may not therefore be able to provide the full information they would wish to contribute to this call for evidence due to the structure and format of the questionnaire. That is why we have chosen to submit a written response which not only provides wider comment around the issues but also answers the specific questions within the call for evidence and expands on these where we wish to do so.

Mental Health Problems in Northern Ireland

Figures show that *“Northern Ireland has the highest prevalence of mental health problems in the UK, with a 25% higher overall prevalence of mental health problems than England.”* The legacy of the Troubles is recognised as having a significant impact on mental health in Northern Ireland: *“39% of the population in Northern Ireland reported experiencing a traumatic event relating to the Troubles.”*³

The figures for young people are equally concerning showing the likelihood of continuing high levels of mental health problems long into the future in Northern Ireland: *“anxiety and depression is 25% more common in children and young people in Northern Ireland compared to other parts of the UK.”*⁴

Figures from the Department of Health⁵ show that women are more likely than men to experience mental health problems. 20% of women scored a high GHQ12 score (indicating a possible psychiatric disorder) compared to 16% of men with those in the most deprived areas more likely to record a high score compared to those in the least deprived areas. The age groups most likely to report a high score were women aged 55 – 64 followed by men aged 16 – 24 and women aged 45 – 54. Research

³ <https://www.health-ni.gov.uk/sites/default/files/consultations/health/doh-mhs-draft-2021-2031.pdf>

⁴ Ibid

⁵ Health Survey Northern Ireland 2018/19, Department of Health, January 2020
<https://www.health-ni.gov.uk/publications/health-survey-northern-ireland-first-results-201819>

shows that women are more likely to suffer from depression than men⁶ with 22% of men and 28% of men over 65 suffering from depression.⁷

There are a number of factors affecting women's mental health. Women are more likely to live in poverty than men and women are more likely to be providing care either for their children or for other family members. Poverty and working in the home can mean that women are more likely to be isolated and social isolation is linked to mental health problems. In addition, women are also more likely to be exposed to gender-based violence than men which can have long-term impacts on their mental health. When women find it hard to talk about difficult issues or are not given the support they need to deal with mental health issues they can internalise these issues and this can lead to depression, eating disorders and self-harm.

LGBTQ+ communities in Northern Ireland experience mental health issues at disproportionately high levels due to widespread social stigma, abuse and institutionalised homophobia, biphobia and transphobia. This combined with chronic underfunding of mental health services and a lack of cultural competency within these services makes the situation for LGBTQ+ communities even worse.

Transgender people in Northern Ireland are currently unable to access life changing gender-affirming healthcare due to a lack of funding and extremely long waiting lists.⁸ Those who are unable to access it in a timely and appropriate manner are disproportionately likely to experience severe mental health problems.

Black and Minority Ethnic (BAME) communities are generally considered to be at increased risk of poor mental health. Some of the challenges they face in accessing mental health services include language barriers, discrimination, difficulty with GP registration and other aspects of accessing care and the stigma associated with accessing mental health services.⁹

⁶ Mental Health in Northern Ireland, Northern Ireland Assembly Research and Information Service, January 2017
<http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2017/health/0817.pdf>

⁷ Mental Health Strategy 2021 – 2031, Consultation Draft, Department of Health, December 2020
doh-mhs-draft-2021-2031.pdf (health-ni.gov.uk)

⁸ [Transgender Healthcare Is at Breaking Point In This Corner of Europe](https://www.vice.com/en/article/transgender-healthcare-is-at-breaking-point-in-this-corner-of-europe) ([vice.com](https://www.vice.com))

⁹ 'Walking this thin line' Black and Minority Ethnic (BME) Experiences of Mental Health & Wellbeing in N. Ireland, Institute for Conflict Research, December 2015

Debt and Mental Health

There are clear and well evidenced links between debt and mental health issues. Research by the Health Foundation¹⁰ shows that 20% of people in problems debt report 'bad' or 'very bad' health compared with 7% not in problem debt. One in two adults with debts has a mental health problem.¹¹

Research by the Money and Mental Health Policy Institute¹² has revealed that during the Covid pandemic people with mental health problems faced a much higher risk of financial hardship compared to the wider population. Their findings showed that people with mental health problems were three times more likely to have fallen in to problem debt than the wider population (15% compared to 4%). They were more than twice as likely to have relied on credit or borrowing to cover everyday spending (26% compared to 11%). Most concerning in the findings is that people with mental health problems are at a high risk of considering suicide when behind on payments. 44% of adults with mental health problems who fell behind on bills last year either considered or attempted to take their own life amounting to 2.5million people in total.¹³ The latest client survey results from CAP show that more than a third (36%) of their clients had considered or attempted suicide as a way out of debt.¹⁴

Research by the Trussell Trust shows that the population of people referred to food banks in their network during the pandemic saw an increase in the proportion of people reporting mental health problems from 51% in early 2020 to 72% in mid-

['Waking this thin line Report' Black and Minority Ethnic \(BME\) Experiences of Mental Health Wellbeing in N.Ireland \(conflictresearch.org.uk\)](#)

¹⁰ Debt and health, Preventing 'problem debt' during the pandemic recovery, The Health Foundation, January 2022

[Debt and health - The Health Foundation](#)

¹¹ [Debt and mental health | Royal College of Psychiatrists \(rcpsych.ac.uk\)](#)

¹² The state we're in, Money and mental health in a time of crisis, The Money and Mental Health Policy Institute, November 2021

<https://www.moneyandmentalhealth.org/wp-content/uploads/2021/11/The-State-Were-In-Report-Nov21.pdf>

¹³ Ibid

¹⁴ On the edge, Client report, Christians Against Poverty, June 2022
[Client Report 2022 On the edge.pdf \(capuk.org\)](#)

2020.¹⁵ Research with food bank users¹⁶ showed that without enough money to cover their costs almost all respondents had accrued debts. It showed that the circumstances they faced were producing a toxic environment for their mental health. Alongside the distress and discomfort of material hardship they were experiencing insecurity, uncertainty, anxiety and a lack of agency.

Women, Debt and Mental Health

Borrowing and debt is far from gender neutral. Women are more likely than men to claim social security benefits, more likely to be in low-paid, part-time and insecure work, more likely to be providing care for children/family members and more likely to have to make up for cuts to services through unpaid work. As women's incomes are generally lower over their lifetimes this leaves them more vulnerable to short-term financial problems or income shocks making them more likely to have to rely on borrowing and debt to make ends meet.

Financial Conduct Authority Covid survey data looking at anxiety levels by gender shows that levels of stress due to negative changes in financial situation were higher among women compared to men (22% compared with 19%) and were generally higher on all measures for women.¹⁷

Local research by the Women's Regional Consortium on Women Living with Debt¹⁸ also highlighted the links between debt and mental health problems. The links between debt and mental health were very evident in discussions with the women who took part in the research - 72% said they were negatively impacted by being in debt mainly around their mental health/wellbeing. The following quotes taken from this research show the impact of debt on women's mental health:

¹⁵ State of Hunger, Building the evidence on poverty, destitution, and food insecurity in the UK, Year two main report, The Trussell Trust, May 2021

[State-of-Hunger-2021-Report-Final.pdf \(trusselltrust.org\)](https://www.trusselltrust.org/state-of-hunger-2021-report-final.pdf)

¹⁶ Pushed to the Edge: Poverty, Food Banks and Mental Health, Independent Food Aid Network & JRF, February 2022

[Pushed to the Edge: Poverty, Food Banks and Mental Heal... \(foodaidnetwork.org.uk\)](https://www.foodaidnetwork.org.uk/pushed-to-the-edge-poverty-food-banks-and-mental-health/)

¹⁷ Gender, personal finances and Covid-19, FCA Insight Article, May 2021

<https://www.fca.org.uk/insight/gender-personal-finances-and-covid-19>

¹⁸ Women Living with Debt, Women's Regional Consortium, September 2022

<https://www.womensregionalconsortiumni.org.uk/wp-content/uploads/2022/09/Women-Living-with-Debt-1.pdf>

“I feel low about my debts.”

“Debt impacted on my wellbeing and enjoying the time spent with my new born.”

“Debt affects my mental health and my relationship with my partner.”

“Low mood, severe anxiety, loss of sleep.”

“Constant worry, stress and panic attacks.”

“Debt causes stress, anxiety and sleepless nights.”

“Debt destroys your mental health.”

“It’s very stressful being in debt. I have had more panic attacks about how I’m going to get through the rest of the week.”

“I will wake up at four in the morning worrying about how I’m going to afford Christmas. It just heightens your anxiety levels. I ended up having to go to the GP to get something for it. Debt is a big part of that. Every time I hear about gas or electric going up I wonder how I’m going to cope.”

“Debt affects your mood and your relationships. You become stressed and have a short fuse and snap at each other about small things.”

Rural Access to Health Services and the impact of social isolation on mental health issues

NIRWN’s 2018 research¹⁹ uncovered that many rural women felt that they were *“becoming more isolated, with many of our support agencies being located in urban settings.”* Health appointments were consistently raised as an issue, both GP and hospital appointments. These are an extra burden to rural women as they are very often caring for both elderly relatives and young children and as such are tasked with organising the transportation to appointments. Transport was also raised as an issue. Those in rural areas said they found it was necessary to have access to their own transport to attend hospital due to lack of public transport and not knowing how long they may be at the hospital making it impossible to plan their return journey.

¹⁹ Rural Voices Report, Northern Ireland’s Rural Women’s Network, 2018
<https://www.nirwn.org/wp-content/uploads/2018/03/NIRWN-Rural-Voices-Research-Report-March-2018.pdf>

Research²⁰ indicates that costs ‘saved’ by the NHS in centralising services are, in reality simply transferred to patients. Rural dwellers, particularly those without private transport, are likely to be most disadvantaged by these changes. A recent study of a remote rural community in Northern Ireland found that district nurses had been withdrawn, GP surgeries had become larger and less personalised and GP out of hours services were located at substantial distances.²¹

Experience of GP services varied greatly depending on location and examining this in the regional context the NIRWN’s observations²² on this issue are that there is no equity across the region in how GP services are delivered. Appointment availability, booking systems, available clinics, etc very much depend wholly on the General Practice and their own systems and guidelines.

There was a consensus amongst NIRWN research participants that, centralisation of support services was impacting on their communities locally, not just in terms of access poverty but also on exacerbating social isolation.

Whilst the nature of rural isolation and its associated impacts would seem to vary, it is clear that there will be individuals who experience negative impacts such as mental health issues, the risk of suicide and potentially reduced life expectancy.²³ Given these potentially negative impacts, the existence and even apparent growing impact of many of the potential causal factors identified such as the increases in people living alone²⁴ may raise concerns going forward.

²⁰ Trend towards centralisation of hospital services, and its effects on access to care for rural and remote communities in the UK, Rural and Remote Health, Iain J Mungall, April 2005

²¹ Rural ageing in Northern Ireland: Quality of life amongst older people, Professor Deirdre Heenan, March 2010

²² Rural Voices Report, NIRWN, 2018

<https://www.nirwn.org/wp-content/uploads/2018/03/NIRWN-Rural-Voices-Research-Report-March-2018.pdf>

²³ Rural isolation, poverty and rural community/farmer wellbeing – scoping paper, Northern Ireland Assembly scoping paper, Mark Allen, June 2014

<http://www.niassembly.gov.uk/globalassets/documents/agriculture-and-rural-development/reviews/anti-poverty/rural-isolation-poverty-and-rural-community-farmer-wellbeing---scoping-paper.pdf>

²⁴ <https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2019-20>

Social networks and local community support play a critical role in helping people either to avoid or to overcome their experience of disadvantage, by providing emotional or practical support such as help with shopping, transport and money. Research²⁵ has highlighted the increasing importance of lack of community support and social isolation leading to disadvantage, as rural social networks are breaking down. UK research indicates that the additional costs of providing social care for older people may be exacerbating this problem.²⁶

Scottish research²⁷ indicated that stigma related to mental health issues is also particularly problematic. Rural areas are known to have strong communities and whilst this can act as a protective factor for people with mental health issues it can also be a barrier to them seeking and accessing services due to the perceived stigma of their circumstances.

The Cost of Living Crisis

Inflation has risen to over 10% in the UK in the last year its highest level in over 40 years. Inflation has been rising sharply since Covid restrictions ended and the economy reopened on the back of soaring fuel, energy and food costs. The Institute for Fiscal Studies has said that the poorest fifth of households could face inflation of 18% (compared to 11% for the richest fifth) as they spend a larger proportion of their budgets on energy and food, the costs of which are rising so fast.²⁸

Recently released figures from the Bank of England²⁹ appear to show the impact of cost of living increases on borrowing levels with individuals borrowing an additional £1.8 billion in consumer credit in June 2022 which is above pre-pandemic average. Credit card borrowing rose at its fastest annual rate since November 2005 at 12.5%

²⁵ Rural Disadvantage Reviewing the Evidence, Commission for Rural Communities, September 2006 https://www.basw.co.uk/system/files/resources/basw_33716-5_0.pdf

²⁶ Social isolation experienced by older people in rural communities, Commission for Rural Communities, September 2012 http://cdn.basw.co.uk/upload/basw_111815-1.pdf

²⁷ Mental Wellbeing, Social Isolation and Loneliness in Rural Scotland, Voluntary Health Scotland, February 2019 <https://vhscotland.org.uk/wp-content/uploads/2019/11/Key-Messages-Mental-Wellbeing-in-Rural-Scotland-1.pdf>

²⁸ [The long squeeze: rising inflation and the current government support package | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/publications/111815)

²⁹ [Money and Credit - June 2022 | Bank of England](https://www.bankofengland.co.uk/monetary-policy/credit-card-borrowing)

with other forms of consumer credit including unsecured personal loans and overdrafts also rising at the fastest annual rate since March 2020 at 4.1%.

The Rebuilding Britain Index³⁰ has found that the Cost of Living Crisis is having a significant impact on UK households. More than one in ten (13%) of UK households says they will not be able to cope and there is nothing left for them to cut back on. The situation is worse for low-income households - 28% of UK households with an annual income below £20,000 saying they will be unable to cope and have nothing left to cut back on. This research also found that the impact of the Cost of Living Crisis is not being felt equally across the UK with households in Northern Ireland, the South West of England and Yorkshire the least confident that their current income will be sufficient for them to maintain their current lifestyle this time next year.

Analysis of Bank of England research carried out by the Jubilee Debt Campaign³¹ found that in September 2021 almost 10% of UK households reported that loan and interest payments were a heavy financial burden, a 35% increase on the previous year's figures. This was before the winter increases in energy prices and the removal of the Universal Credit £20 uplift. The Jubilee Debt Campaign states that coming on top of years of stagnant incomes and a pandemic that the Cost of Living Crisis threatens to pull millions more people into debt.³²

A report by the Financial Fairness Trust³³ into the financial wellbeing of UK households is giving an insight into new challenges such as the Cost of Living Crisis on households. It has found that one in six households (1.4 million) are now in serious financial difficulties compared to one in ten in October 2021. The report outlines that the Cost of Living Crisis is having an impact on household's ability to pay their bills with 14% reporting they had missed at least one payment of a household bill in June 2022 (up from 9% in October 2021). It also showed changes

³⁰ The Rebuilding Britain Index, Legal & General, July 2022

[rebuilding-britain-index-wave-6-digital.pdf \(legalandgeneral.com\)](https://www.legalandgeneral.com/rebuilding-britain-index-wave-6-digital.pdf)

³¹ [Alarming surge in household debt as cost-of-living crisis bites - Jubilee Debt Campaign UK](#)

³² [Cost of Living Crisis Will Pull More People in the UK into the Debt Trap – Time to Resist - Jubilee Debt Campaign UK](#)

³³ Under pressure: The financial wellbeing of UK households in June 2022, The Financial Fairness Trust, July 2022

[Under pressure: The financial wellbeing of UK households in June 2022 \(financialfairness.org.uk\)](https://www.financialfairness.org.uk/under-pressure-the-financial-wellbeing-of-uk-households-in-june-2022)

in how households are using credit with 7.8% of households having four or more credit cards (up from 5.8%) and the number of households only making the minimum payment on at least one card rising to 14% from 12% in October 2021.

Citizens Advice have warned that low income families, hit by a triple whammy of the £20-a-week Universal Credit cut, soaring energy bills and rising inflation, will face financial hardship. Citizens Advice research³⁴ on the cost of living crunch reveals that one in ten families (3.2 million households) face financial crisis. It found that even if living on a minimal budget (the financial plan its advisers use to support people through a debt management process) more than 3 million households would be in the red or unable to cover the essentials. It also showed that a further 380,000 households have less than £50 spare each month after covering their basic living costs, putting them at risk of hardship if they faced an unexpected bill.

StepChange research³⁵ has found that one in five people (21%) think that external financial pressures such as increases in the cost of living will cause them to go into debt they would be unable to pay back. Further data from StepChange³⁶ shows that the cost of living is now the second most commonly given reason for debt with the number of clients giving cost of living as a driver of their problem debt at 15% more than twice the rate given in 2021.

The latest Asda Income Tracker³⁷ has found that across the UK the amount households have to spend on themselves after paying taxes and essential bills fell by 11.4% during the fourth quarter. Northern Ireland saw the largest fall in discretionary household income declining by 27.6% year on year to an average of £93 per week. This is a seven year low with Northern Ireland being consistently at the bottom of the league table. The Consumer Council's Northern Ireland Household

³⁴ Three million families facing crisis as cost of living crunch bites, Citizens Advice Press Release, November 2021

<https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/three-million-families-facing-crisis-as-cost-of-living-crunch-bites/>

³⁵ One in five people expects to be driven into problem debt this year, StepChange, March 2022

<https://www.stepchange.org/media-centre/press-releases/debt-awareness-week-2022.aspx>

³⁶ <https://www.stepchange.org/media-centre/press-releases/april-debt-advice-data.aspx>

³⁷ Asda Income Tracker, Centre for Economics and Business Research Ltd, January 2023
<https://corporate.asda.com/documentsandreports>

Expenditure Tracker³⁸ has found that Northern Ireland's lowest earning households have only £24.41 discretionary income after all their bills and living expenses. Discretionary income has fallen for Northern Ireland's lowest earning households for five consecutive quarters.

The financial health of the Northern Ireland population also gives cause for concern as we face into this Cost of Living Crisis. The Northern Ireland Life and Times Survey found that a quarter of respondents could not afford to pay an unexpected bill of £500. The National Institute of Economic and Social Research estimate 43,000 households (6% of all Northern Ireland households) will see their costs exceed their disposable income and 44% of families in Northern Ireland have no savings compared to 16% of UK families.³⁹

There are clear links between money problems and mental health issues and evidence repeatedly shows that financial worries and poverty are key contributors to mental health problems. Rises in the cost of living add to the pressure on household finances particularly for those on the lowest incomes with resulting increases in anxiety and mental health problems. This toxic cycle of money worries and mental health problems has the potential to create a mental health crisis out of the cost of living crisis as suggested by the Money and Mental Health Policy Institute.⁴⁰ Their research shows that people with mental health problems are more likely to say that the rocketing cost of living has had a negative effect on their mental health and they are also more likely to have borrowed money or cut back on spending in response.

³⁸ NI Household Expenditure Tracker Q2 2022, The Consumer Council, November 2022
[103437 Consumer Council - NI Household Expenditure Tracker Q2 v4](#)

³⁹ The Importance of the Consumer to the Northern Ireland Economy, The Consumer Council for Northern Ireland, October 2022
<https://www.consumerCouncil.org.uk/sites/default/files/2022-12/Importance%20of%20the%20consumer%20to%20the%20NI%20economy.pdf>

⁴⁰ A tale of two crises: the cost of living and mental health, Policy Note Number 23, Money and Mental Health Policy Institute, June 2022
[Cost-of-living-crisis-policy-note-1.pdf \(moneyandmentalhealth.org\)](#)

A report from the Mental Health Foundation⁴¹ which includes Northern Ireland data reveals mental health risk 'red flags' with people less able to do the things that support good mental health and wellbeing due to their financial situation. Their research found that concern about finances negatively affected people's quality of life with people reporting poor sleep and behaviour changes detrimental to good health. Previous research by the Mental Health Foundation found that more than 4 in 10 people in Northern Ireland have been anxious (44%) and/or worried (41%) about their finances in the past month and more than half of younger people (aged 18 to 45) have been anxious (55%), worried (48%) or angry (33%) about their finances.⁴² The Mental Health Foundation has warned that the number of people experiencing poor mental health will likely increase as a result of the Cost of Living Crisis and as more people struggle to make ends meet.

Research by Inspire⁴³ has found that the Cost of Living Crisis is having a profound impact on people's mental health in Northern Ireland with 79% of those surveyed saying that their mental health has been negatively impacted by the rising cost of living and 66% were anxious about how their finances will fare over the next 12 months.

There is a clear need for further Government action to help people through the Cost of Living Crisis. Without this help there are concerns that there will be significant increases in the volumes and severity of debt and mental health issues. Many people on the lowest incomes are struggling to make ends meet and afford the essentials due to the impact of this Crisis and this is causing more people to have to borrow further fuelling an associated debt crisis.

⁴¹ Mental Health and the cost-of-living crisis report: another pandemic in the making?, Mental Health Foundation, January 2023

[Mental health and the cost-of-living crisis report: another pandemic in the making? | Mental Health Foundation](#)

⁴² [New survey finds high levels of anxiety and worry across Northern Ireland due to concerns about money | Mental Health Foundation](#)

⁴³ [The rising cost of living is damaging our mental health - Inspire Wellbeing](#)

3.0 Consultation Questions

1. Are you responding as an individual or on behalf of an organisation?

☐ Individual

☒ Organisation

3. Please include your name, your position in the organisation, the name of your organisation and a contact email address

Your name:

Siobhán Harding

Your position in the organisation (if applicable):

Research & Policy Officer

Name of your organisation:

Women's Regional Consortium

Contact email address:

policy@wsn.org.uk

4. Do you consent to being contacted if we need to discuss your answers further and as part of our ongoing stakeholder engagement process?

☒ Yes

☐ No

5. In your opinion, do you think we need these additional statutory debt protections?

Yes.

The Women's Regional Consortium believes that there is an even greater need for additional statutory debt protections in Northern Ireland given the higher incidence of mental health illness here as outlined in Section 2.0.

There is no doubt that being in problem debt has serious implications for the wellbeing and mental health of people and therefore additional statutory debt protections are needed. The introduction of these protections would provide debt advisers with a tool to protect those who are the most vulnerable and who currently have no protections available to them. It would enable debt advisers to provide some reassurance to those with mental health issues that something can be done to relieve the pressure on them and provide help to address their debt situation.

We also have concerns about the impact of the Cost of Living Crisis on both debt and mental health levels in Northern Ireland. We fear that the Crisis will further exacerbate people's debt issues as more and more people have to borrow to make ends meet. This in turn has implications for their mental health and wellbeing – see Section 2.0 for further information on the impact of the Cost of Living Crisis.

6. Who should undertake this role for a scheme here? The Insolvency Service in Northern Ireland has indicated that it is not in a position to fulfil an administrative role in any local scheme?

Despite the fact the Insolvency Service said they are not in a position to do it we believe that they are in the best position to undertake this role.

The Insolvency Service fulfil this role in England and Wales. They maintain the electronic service used by debt advisers to start the Breathing Space process and send notifications to creditors and agents. They also maintain a private register of client whose debts are in a Breathing Space or who have had a Breathing Space that ended or was cancelled in the last 15 months. They make sure that eligible debt advisers who want to offer a Breathing Space can use the service. They register new debt advice providers for the electronic service and deal with any technical issues. If the Insolvency Service in England and Wales are currently fulfilling this role and have the necessary knowledge, technology and processes in place then

surely there is a means for sharing this expertise with their counterparts in Northern Ireland.

The Insolvency Service in Northern Ireland already have the role of administering and investigating bankruptcy and in the making of Debt Relief Orders so it would seem that fulfilling an administrative role in the Breathing Space scheme would sit naturally with them. It would be safe to assume that the Insolvency Service has the necessary technology to administer the scheme given they do similar work already and there is the potential for sharing resources with their counterparts in England and Wales as previously stated. If this is a resourcing issue then Government and the relevant departments will need to consider how the Insolvency Service can be adequately funded to provide this role as part of the introduction of this Scheme in Northern Ireland.

We strongly object to the inclusion of Insolvency Practitioners as an option to fulfil this role. This would be entirely wrong and we suggest that this role must not be given to any organisation that stands to make a profit in any way from this Scheme.

7. Would the England and Wales model for Breathing Space and plans for a Statutory Debt Repayment Plan as described in the introduction, best meet the needs of people here?

No.

The England and Wales Scheme has been limited by overly restrictive eligibility criteria and access requirements which have been highlighted by MindWise (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022). This has meant that uptake of the Scheme has been poor and lower than anticipated. This makes the case for taking the learning from the operation of the England and Wales model before introducing it in Northern Ireland.

Socio-economic conditions in Northern Ireland are different from England and Wales and this therefore means that any such Scheme needs to operate with these conditions in mind. The health system and waiting times are the worst in the UK,

economic inactivity is higher than other UK regions, wages are lower, the cost of childcare is higher and poor mental health is endemic.⁴⁴

Levels of financial resilience are low in Northern Ireland. Even before the Cost of Living Crisis, a quarter of households in Northern Ireland could not afford to pay an unexpected £500 bill, the most common means of dealing with financial hardship was to borrow from friends and family (44.6%) or to increase credit card debt (26.6%)⁴⁵ and 36% of households have no savings.⁴⁶

It has been widely reported that the health service in Northern Ireland is under extreme pressure and particularly in relation to mental health. A Northern Ireland Affairs Committee inquiry into mental health provision in Northern Ireland reported that spending on mental health accounted for 5.5% of the overall budget in Northern Ireland compared with 13% of total expenditure in England.⁴⁷ Considering that Northern Ireland has a higher prevalence of mental illness (with psychiatric morbidity in Northern Ireland 25% higher than in the UK⁴⁸) then this points to significant difficulties in accessing mental health diagnosis and medical treatment here.

A report produced by MindWise (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022) also highlights levels of unmet need in Northern Ireland: *“A recent review of crisis services in NI revealed high levels of unmet need for people in crisis who could not access secondary mental health services. Of people who died by suicide in Northern Ireland, 72% were not under the care of mental health services in the 12 months prior to their death. Only 58% had a diagnosed mental disorder at the time of death.”*

These statistics and the circumstances that exist in Northern Ireland suggests that the England and Wales model for the Breathing Space Scheme would not work here

⁴⁴ [https://committees.parliament.uk/writtenevidence/114044/pdf/](https://committees.parliament.uk/writtenevidence/114044/pdf/update146.pdf)

⁴⁵ [update146.pdf \(ark.ac.uk\)](https://ark.ac.uk/update146.pdf)

⁴⁶ [The Family Resources Survey for Northern Ireland 2019-2020 \(communities-ni.gov.uk\)](https://communities-ni.gov.uk/the-family-resources-survey-for-northern-ireland-2019-2020)

⁴⁷ [Funding priorities for the 2018-19 Budget: Health \(parliament.uk\)](https://parliament.uk/funding-priorities-for-the-2018-19-budget-health)

⁴⁸ [Review of mental health statistics in Northern Ireland – Office for Statistics Regulation \(statisticsauthority.gov.uk\)](https://statisticsauthority.gov.uk/review-of-mental-health-statistics-in-northern-ireland)

excluding many people suffering from mental health crisis from these important protections.

8. What should the eligibility criteria be for a Standard Breathing Space? Do you agree with the England and Wales model, where to be eligible for a standard breathing space, the client must:

- **Be an individual**
- **Owe a qualifying debt to a creditor**
- **Live or usually reside within the jurisdiction**
- **Not have a debt relief order (DRO), an individual voluntary arrangement (IVA), an interim order, or be an undischarged bankrupt at the time they apply**
- **Not have had a standard breathing space in the last 12 months at the time they apply.**

We agree that the Standard Breathing Space eligibility criteria for England and Wales should be the same for Northern Ireland. In reality we believe that good, responsible creditors already provide this type of moratorium for debtors who find themselves in difficulty. We suggest that this is easy to implement and is fair to both the debtor and the creditor.

9. What challenges would debt advisers face in implementing a Breathing Space for clients?

- **Resources**
- **Training**
- **Funding**
- **Other**

Debt advisers within the voluntary and community sector will discuss with their clients the best ways of dealing with their debts giving their clients the full range of options open to them. They will go through all the options available to them and present clients with the information they need so that they can make an informed choice. The introduction of a Breathing Space Scheme would provide another option for debt advisers to discuss with their clients. This can then be added to their toolkit of potential options for dealing with the client's debts.

We believe the biggest challenge in terms of implementing a Breathing Space Scheme would be knowledge about the Scheme. It would be vital to ensure that all

debt advisers were sufficiently trained in the operation of the Scheme so that they can include it in their toolkit of options for advising their clients. We suggest that this training must be comprehensive, timely (provided before the introduction of the Scheme) and free (particularly to organisations within the voluntary and community sector where funding and resources are under considerable pressure).

10. In England and Wales the standard Breathing Space lasts 60 days. Is this timescale appropriate for Northern Ireland?

Yes.

11. In England and Wales, for those in mental health crisis treatment a Mental Health Crisis Breathing Space (MHCBS) is available and lasts for the duration of the crisis treatment plus 30 days. Is this timescale appropriate for Northern Ireland?

No.

If no, should there be additional protections, such as additional time to engage in debt advice, post treatment? Please explain.

We agree with the timescale for the Mental Health Crisis Breathing Space however we agree with the MindWise recommendation (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022) that depending on the circumstances of each individual case that debt advice could potentially begin while the person is receiving treatment.

In England and Wales there is no engagement around debt advice until the client is released from the care of a mental health professional. However, some clients would be able to engage with debt advice during their crisis treatment. We believe that for some people mental health treatment alone may not be sufficient to help resolve their anxiety issues around their money worries and therefore having access to debt advice could provide the help they need to relieve these anxieties.

We support the MindWise recommendation that the Scheme in Northern Ireland should support debt advice for the client whilst their treatment is being undertaken where this is deemed appropriate. Engaging in debt advice during treatment would allow debt advisers to start the process of relationship building with the client,

information gathering and liaising with creditors on their behalf. This would help to ensure that where money worries were a significant source of distress for clients that this could be resolved more quickly. Early engagement could also help to ensure any entitlements to social security benefits were identified as soon as possible and would help to increase the potential for entering a debt solution.

12. Do you agree this should be the eligibility criteria for a Mental Health Crisis Breathing Space (MHCBS) in Northern Ireland?

In England and Wales to be eligible for a mental health crisis breathing space, a client must meet all the criteria for a standard breathing space, except the criteria on whether they have had a breathing space in the last 12 months. There is no limit to the number of times a client can enter a mental health crisis breathing space. In addition, they must also be receiving mental health crisis treatment at the time of the application.

No.

We do not agree that a client must also be receiving mental health crisis treatment at the time of the application – see answer to Questions 7 and 14.

13. In your opinion what constitutes a mental health crisis?

This is a very subjective question and a mental health crisis is individual to the person who is experiencing it. We do not believe that there is a list of people who can neatly be described as being in mental health crisis. Two people can cope differently with similar issues and therefore it is difficult to put labels on what constitutes a mental health crisis.

The following definition from Mind highlights the range of issues which could constitute a crisis and crucially describes that a person may not know why they are feeling the way they are. This points to the complexity and individuality of mental health crises.

Mind⁴⁹ defines a mental health crisis as occurring when a person feels at breaking point and needs urgent help. The person might be feeling extremely anxious and having panic attacks. They might be feeling suicidal or self-harming. They might be

⁴⁹ <https://www.mind.org.uk/information-support/guides-to-support-and-services/crisis-services/>

having an episode of mania or hypomania, or psychosis. They might be dealing with bereavement, addiction, abuse, money problems, relationship breakdown, workplace stress, exam stress or housing problems. They might be managing a mental health diagnosis. Or they might not know why they are feeling this way.

14. Please say what, if any, qualifying criteria should be applied to a Mental Health Crisis Breathing Space?

As previously stated we believe that the requirement that a person must be accessing mental health crisis treatment from specialist mental health services will prevent people in crisis in Northern Ireland from accessing the Scheme. Well documented pressures and demands on existing mental health services shows that many people are not able to access the diagnosis and services they need when they are in mental health crisis thereby excluding them from this Scheme.

Access arrangements for the Mental Health Crisis Breathing Space (MHCBS) were identified as a major reason for the low uptake in England and Wales. Approved Mental Health Professionals (AMHPs) act as gatekeepers for the MHCBS in England and Wales. In their report MindWise (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022) highlighted that the continued use of AMHPs in a gatekeeper role would keep the scope of the Scheme very narrow and act as a barrier to referrals.

The MindWise report detailed that ReThink, CAB and the Money and Mental Health Policy Institute all maintained that other mental health professionals were sufficiently qualified to make these determinations. Their report stated that it was originally intended that evidence of crisis treatment could be provided by any mental health professional or third party nominated by the patient.

Approved Social Workers (ASWs) act as the equivalent of AMHPs in Northern Ireland and are responsible for coordinating assessments for detention under the Mental Health (NI) Order 1986. However, the MindWise report stated that ASWs in Northern Ireland would not have the capacity to undertake MHCBS assessments in addition to their statutory duties. The Mental Health Strategy states that the number

of ASWs in Northern Ireland will need to increase by a further 25% to meet demand so this is not a recommended course of action.

The way the MHCBS operates in England and Wales puts the onus on mental health professionals who do not have the time or resources to deal with this. The Women's Regional Consortium believes that this needs to be opened up beyond mental health professionals. This could include other healthcare professionals such as GPs, nurses and those working for mental health charities who know when someone is struggling with their mental health because they work day and daily with people in these circumstances and know their patients/clients well. Referrals to the Scheme must be simple and straightforward with the least amount of bureaucracy.

The Women's Regional Consortium supports the proposed assessment process for the MHCBS as outlined by the MindWise report in Section 4.1.

We support the suggestion that debt advisers should play a bigger role at the point of referral and as previously outlined should be able to provide debt advice during treatment if appropriate.

15. At what point should the Breathing Space period start?

Once an adviser has confirmed a Breathing Space would be appropriate.

16. Should all debts be eligible for a Breathing Space?

The Department would like to seek views on how a Breathing Space scheme could interact with the repayment of 'priority debts'. These are the debts that have the most serious consequences – such as court action, disconnection, or eviction – if they are not repaid.

Yes.

17. What debts do you think should be excluded?

We do not believe that any debts should be excluded from Breathing Space. However, the issue of illegal lending needs to be addressed as it is very difficult to manage this type of lending.

This issue has added significance in Northern Ireland where the issue of paramilitary lending has exacerbated the secrecy and fear over illegal lending even further. Illegal money lending/loan sharking continues in Northern Ireland, however, it is believed that many of these incidents also go unreported to police. This is often a hidden crime and a practice that is sometimes perceived as normal.⁵⁰ This makes it difficult to understand the true nature and scale of this problem.

This type of lending can significantly add to a person's mental health issues and overall anxiety bringing with it as it often does additional fear, threats of intimidation, lack of control over repayments/interest charges, etc. While it would be difficult to manage this type of lending within any Breathing Space scheme it nevertheless needs to be considered as it potentially could add significantly to a person's mental health worries in relation to their debts.

Research by the Women's Regional Consortium⁵¹ has shown that 51% of the women who took part in the research had used high-cost credit with 6% borrowing through loan sharks including paramilitaries. The following quotes taken from this research show some of the issues around paramilitary lending:

"I have a debt to a paramilitary lender. On every £100 I pay £30. I pay it back every 2 weeks. On £1,000 I pay £300 interest. I work full time but still have difficulty making ends meet on a low income. You ask these lenders can I borrow £1,000 today and they will leave it round to you that night."

"If you don't pay back you get your windows put in first. I heard a local woman got her windows put in for not paying back a loan."

"The local paramilitary charges £40 for every £100."

"You get your knees done if you don't repay – there are so many things they can do to you."

⁵⁰ Organised Crime Task Force, Annual Report & Threat Assessment 2020/21, February 2022
<https://www.octf.gov.uk/files/octf/2022-02/octf-annual-report-and-threat-assessment-2020-21.pdf>

⁵¹ Women Living with Debt, Women's Regional Consortium, September 2022
<https://www.womensregionalconsortiumni.org.uk/wp-content/uploads/2022/09/Women-Living-with-Debt-1.pdf>

“If you can’t get a bank loan, a Credit Union loan because you have to have savings, or payday loans then after that it’s paramilitaries.”

Paramilitary and other illegal lenders often prey on those who they know are vulnerable which could include many people with mental health issues. This was highlighted in a recent BBC Spotlight programme⁵² which detailed how food bank users were being actively targeted by paramilitary lenders after leaving the food bank.

The Women’s Regional Consortium believes that further work is needed in this area perhaps by holding discussions with debt advisers and other groups who work with people in this situation. This may result in suggestions as to how best this type of lending can be managed within the Breathing Space scheme.

18. What activities must the Breathing Space participant continue with to remain eligible? Please select all that apply

- ☒ They should be required to attend advice sessions
- ☒ Seek budgeting/income maximisation advice
- ☒ They should be required to make any repayments during the Breathing Space period, if their financial situation allows it
- ☒ They should not take on further debt

We agree that participants should be required to take all the steps above to remain eligible for the Breathing Space Scheme. Clients should be working to improve their financial situation and not make it worse so all these requirements should help to ensure that this is the case. Once advisers are involved with clients these steps are the normal course of action in dealing with a client’s debts anyway.

19. What challenges, if any, would creditors face in implementing the scheme?

Creditors may fear that large numbers of clients will be put on the Breathing Space Scheme delaying when they will receive repayments on these debts. They may fear

⁵² <https://www.bbc.co.uk/iplayer/episode/m001g75g/spotlight-loan-sharks-and-paramilitaries>

that this will result in them not receiving repayments from clients who are eligible for the Scheme.

We believe that creditors should be reassured if clients enter the Breathing Space Scheme. Entering the Breathing Space Scheme requires clients to engage with a debt adviser. This means that clients are getting all the help and support they need to try and seek a solution to their debt problems. Debt advisers will work with clients on income maximisation and work with clients to make offers to creditors where there is income available to do this. This will seek to ensure that clients are trying to address their debt problems and also increase the likelihood of regular communication and engagement with creditors.

If the recommendations to the Mental Health Crisis Breathing Space are implemented as suggested by the MindWise report (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022) then this should also provide reassurance to creditors that advice and support can be provided to them by debt advisers from early on in their treatment. Creditors can therefore be reassured that where action can be taken to resolve the client's debt situation it will be taken. Debt advisers will work to maximise clients's income as well as making offers of payment where possible. The process of good debt advice should offer reassurance creditors that if there is money available then they will receive payments.

As Martin Lewis, founder of MoneySavingExpert.com and the Money and Mental Health Policy Institute, said:

*"It's [Breathing Space] a win-win-win; for individuals who get their finances back on track, creditors who'll recoup more cash in the long run, and the economy as there will be less financial catastrophe."*⁵³

⁵³ <https://www.gov.uk/government/news/new-scheme-to-give-people-in-problem-debt-breathing-space-launched>

20. Should any creditor be exempt due to the size of their business?

No.

Lenders have obligations to deal fairly with customers in arrears or default and they are required to treat these customers with forbearance and due consideration. Responsible lenders are required to carry out the necessary affordability checks and work with customers who are experiencing difficulties no matter what size their business is.

All creditors have duties towards their customers and the size of the business should not detract from these responsibilities towards their customers.

21. What size of business should be exempt?

None.

22. What benefits could creditors see as a result of a Statutory Breathing Space scheme?

- ☒ Regular payments from debtors
- ☒ Less administrative costs in pursuing debt
- ☒ Corporate social responsibility
- ☒ Other

If other, please specify below:

In some cases where clients are experiencing difficulties with debts they can go quiet and ignore the problem, ignoring correspondence and contact by creditors. This can result in debts being passed from one debt collector to another. We believe that creditors could benefit from better communication and contact with clients or the debt advisers acting on their behalf if they take part in the Breathing Space Scheme.

As highlighted in the MindWise report (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale,

Thomas Henry, March 2022) financial capability is impacted during a mental health crisis. Lack of impulse control, difficulties understanding and retaining information, poor reasoning and judgement, altered perceptions, and problems concentrating can all hinder a person's ability to manage their finances. Again, taking part in the Scheme would help to ensure there is contact about the client's debts. Depending on the circumstances the client or the debt adviser acting for them can be contacted and updates given about their case.

23. Do you think the scheme needs safeguards to prevent misuse?

Yes.

It is important to ensure that there are safeguards to prevent misuse. The Scheme will include work with vulnerable people who are in crisis and therefore it needs have all the appropriate safeguards and be transparent in its operation. The safety and wellbeing of the person in crisis should take preference in the operation of this Scheme.

The Standard Breathing Space Scheme has a limit of one per year so this should help to prevent potential misuse of the Scheme. Judgement will be made by relevant professionals as to who should qualify for the Mental Health Crisis Breathing Space so that should also ensure that it is not misused.

After a Breathing Space: A Statutory Debt Repayment Plan

The following questions are centred on the period after a Breathing Space, when someone coming out of a Breathing Space would be entering, or working towards entering, a future plan for dealing with their debts.

The UK Government is committed to introduce a statutory debt repayment plan where appropriate, which would formalise existing debt management plans as a debt solution. A debt management plan can be used as a way of repaying debts. The client makes reduced payments to non-priority and/or unsecured creditors if they can't afford the full contractual payments. These are typically set up by a debt adviser who negotiates a debt management plan with their client's creditors. A debt adviser can also agree a repayment plan for priority debts using the client's disposable income.

In Scotland, statutory 'debt payment plans' offered by the Debt Arrangement Scheme (DAS) are administered by the Accountant in Bankruptcy (AiB), an agency of the Scottish Government. As well as managing the DAS scheme, AiB is responsible for administering the process of personal bankruptcy and corporate insolvency, and for implementing, monitoring and reviewing Scottish government policy in these and related areas.

The following questions are intended to help us consider provision for a Statutory Debt Repayment Plan for people here. Details will be developed using the responses gathered through this Call and further engagement and consultation will follow.

25. In England and Wales, it is the intention that the Insolvency Service will also include provision for a statutory debt repayment plan as part of its administrative oversight role. The Insolvency Service in Northern Ireland has indicated that it is not in a position to fulfil an administrative role in any local scheme. Do you think there should be one oversight body/administrator for both debt respite elements?

Yes.

As previously stated in our answer to Question 6 we believe that the Insolvency Service in Northern Ireland is the best place to provide for the Breathing Space Scheme. We also believe that the Insolvency Service in Northern Ireland is the best place to provide for a statutory debt repayment plan. Given that the Insolvency service have a role in administering bankruptcy and the making of Debt Relief Orders we would assume that they have the necessary technology and systems in place to do this work without huge resource implications. The facility already exists to apply for Debt Relief Orders online through the Insolvency Service in Northern Ireland and these processes will be very similar to that. If similar information is already being gathered within the Insolvency Service then it would be expected that adding on new responsibilities in these areas could be facilitated relatively easily. We acknowledge there will be resource implications particularly in terms of staffing and it would be therefore the job of the relevant Government departments to ensure that the Insolvency Service is adequately funded to carry out this work.

26. How long should the implementation / repayment period be for? For example, should it replicate the England and Wales timescale i.e. seven years with a potential to extend to ten years?

Yes.

We agree that the implementation/repayment period should replicate the England and Wales timescale. Each case will be down to the individual circumstances of the client and their ability to make repayments. This timescale should be sufficient to cover most people.

28. Should the Statutory Repayment Plan apply to all debts?

Yes.

We believe that the Statutory Repayment Plan should apply to all debts and include Government debts. The issue of repayment of Government debt has caused significant issues for many social security claimants causing financial hardship and distress. Research by the Lloyds Bank Foundation⁵⁴ has warned that unfair deductions from Universal Credit are leaving more than two million people unable to afford basic necessities and driving them further into debt. 44% of Universal Credit claimants are having money deducted to pay debts with an average of £78 deducted from their monthly Universal Credit payments.

A Trussell Trust report has shown that almost half of all households at food banks during the pandemic are repaying debts to the Government. The Trussell Trust state that it is now more common for people arriving at food banks to owe debt to the Government than to private lenders or family and friends.⁵⁵ Their figures show that 47% of households using their food banks owed money to the Department of Work and Pensions (DWP) due to loans and overpayment of benefits.

⁵⁴ Deductions: Driver of Poverty, Lloyds Bank Foundation, May 2022
[deductionsreport.pdf \(lloydsbankfoundation.org.uk\)](https://lloydsbankfoundation.org.uk/deductionsreport.pdf)

⁵⁵ Lift the Burden, Tackling the Government Debts facing people at Food Banks, The Trussell Trust, December 2020
[Lift-the-burden-Dec-20.pdf \(trusselltrust.org\)](https://trusselltrust.org/lift-the-burden-Dec-20.pdf)

StepChange research⁵⁶ has also found that excessive deductions from social security payments to repay debt are compounding debt problems. Over half (54%) of their clients who receive Universal Credit have at least one deduction in place compared to 36% of those receiving legacy benefits. This reflects a higher likelihood that those receiving Universal Credit will be repaying an Advance Payment or a Tax Credit overpayment. 40% of their clients had two or more deductions in place and 15% had three or more.

Research by the Joseph Rowntree Foundation⁵⁷ found that problem debt and arrears on bills was common among those experiencing destitution and the debts mainly pre-dated the Covid pandemic. These debts were largely 'public sector' debts owed to the DWP, local authorities and utility companies. Further research published by the Joseph Rowntree Foundation⁵⁸ has found that benefit deductions are making life difficult for the worst off 40% of households causing them to go without essentials and food. It found that households with deductions are at least twice as likely to be in arrears compared to households without a deduction. Joseph Rowntree have called on the Government to stop deducting benefits at unaffordable rates and at higher rates than it expects for other creditors.

29. For the included debts, should some debts be prioritised for repayment?

Yes.

We believe that the debts that carry the most serious consequences for non-payment should be prioritised.

⁵⁶ Problem Debt and the Social Security System, StepChange, January 2020
[social-security-mini-brief-report.pdf \(stepchange.org\)](#)

⁵⁷ Destitution in the UK 2020, Joseph Rowntree Foundation, December 2020
[Destitution in the UK 2020 | JRF](#)

⁵⁸ Not heating, eating or meeting bills: managing a cost of living crisis on a low income, Joseph Rowntree Foundation, June 2022
[Not heating, eating or meeting bills: managing a cost of living crisis on a low income | JRF](#)

30. Which of the following debts should be prioritised? Select all that apply

- ☒ Rent/Mortgage arrears
- ☒ Gas/Oil
- ☒ Electric
- ☒ Phone/Internet
- ☐ Other

We believe that any debts that protect the individual should be prioritised, for example, housing debts and energy debts. We also suggest that access to phone/internet should now be classed as an essential service particularly for those who live in rural areas where for some it can be their primary means of communication. In addition, access to phone/internet is essential to the claiming/management of some social security benefits, for example, Universal Credit. Part of the process of debt advice is to maximise income and this includes ensuring the client is claiming all the social security benefits to which they are entitled. This will necessitate the use of phone/internet so it is important that this debt should be prioritised.

Evaluating the impact of a Breathing Space and Statutory Debt Repayment Plan

In implementing a Breathing Space and Statutory Debt Repayment Plan, the Department is keen to identify and assess the impact of such a scheme - both for debtors and for creditors.

32. For each of (1) a Breathing Space, and (2) a Statutory Debt Repayment Plan, please describe in detail, and with supporting evidence, the positive impact expected through:

Improved access: How would it encourage more people to seek debt advice earlier?

It is very difficult to evidence the positive impact on improved access without the Breathing Space or a Statutory Debt Repayment Plan being in operation. We stress the need for an assessment of the operation of any schemes which are introduced to

ensure they are working as intended and providing effective outcomes for everyone involved.

We are in agreement with the recommendations set out by MindWise in their report (Breathing Space: Introducing a debt respite scheme for people in mental health crisis in NI, Michele Loughran, Amy Veale, Thomas Henry, March 2022). If the changes recommended to the England and Wales Scheme are made in Northern Ireland as set out in their report we believe that the introduction of both the Breathing Space Scheme and the Statutory Debt Repayment Plan would improve access and encourage more people to seek debt advice earlier as outlined below:

- Learning from the operation of the Scheme in England and Wales is vital to ensure better access and encourage more people to seek debt advice. Overly restrictive eligibility criteria and access arrangements are severely limiting the scope of the Scheme in England and Wales meaning that uptake has been poor and lower than expected.
- Eligibility for the MHCBS should be extended so that determinations are based on the needs of the person and not on the receipt of services. Limited resources and pressure on services, particularly mental health services, means that people in crisis are often supported in primary care or by Community and Voluntary Sector organisations. Therefore, the eligibility criteria and referral pathways must reflect this in order to ensure access to the Scheme by the people who need it and could really benefit from its protections.
- Access arrangements for the MHCBS need to change including the employment of a suitable qualified professional within the MHCBS service to make determinations. This would ensure a more streamlined approach and encourage referrals.
- The option to receive debt advice during treatment for a mental health crisis should be presented at assessment for a MHCBS where appropriate. This would be an important step in encouraging people to seek debt advice earlier.
- Low uptake of the MCHBS in England and Wales suggests a long lead-in time. In order to help improve access to any Scheme in Northern Ireland

referral pathways should be piloted allowing them to be tested and embedded before the Scheme is launched.

- As identified by MindWise the success of the MHCBS will depend to a large extent on the cooperation of Mental Health Professionals. Consultation with Mental Health Professionals before the introduction of the Scheme will be important to ensure buy-in and knowledge of the Scheme. In addition, early and ongoing communication as well as effective training with Mental Health Professionals should be prioritised to ensure awareness of the Scheme which will be critical in improving access and encouraging more people to seek debt advice earlier.
- Effective training, information and awareness raising for debt advisers about the Breathing Space Scheme will also be vitally important in ensuring access and encouraging people to seek debt advice earlier. This should be planned and resourced so that it can take place before the Scheme is implemented to ensure maximum access to the Scheme once it is operational.

Better support: How would it improve outcomes for customers who are already in problem debt?

Again, it is very difficult to evidence the positive impact on better support and improving outcomes for customers already in problem debt without the Breathing Space or a Statutory Debt Repayment Plan being in operation.

We believe that the introduction of the Breathing Space Scheme would give customers in problem debt time and pause to consider their financial situation and how they might best arrive at debt solutions. It would allow them time to seek advice, consider their options and put processes in place to manage their debts giving them back control of their situation.

Giving customers in problem debt time and space allows them to get the information they need to start to address their issues and start the process of improving their financial outcomes. This helps to prevent them burying their heads in the sand and ignoring the problem which is common when people feel that it is too much of a problem for them to be able to fix. It also helps to ensure they have time to get the

correct information about their debts from a reputable source rather than trying to figure it out themselves and adding to their anxieties by getting the wrong or misleading information.

Having access to a Breathing Space gives them time to get the right information from the right place, the time to digest this information and the time to make decisions which are right for them on the actions they need to take to address their problem debts.

Increased repayments: How will it increase the amount of debt repaid to creditors?

Again, it is very difficult to evidence the positive impact on increased repayments to creditors without the Breathing Space or a Statutory Debt Repayment Plan being in operation.

Having access to the Breathing Space and Statutory Debt Repayment Plan ensures that people are addressing their debt situation and not ignoring their debts. Many people, and particularly those with mental health issues, are reluctant to talk about their debts or acknowledge that they are in problem debt. Having access to this Scheme will help to ensure that they are taking steps to address their debt situation and will therefore mean a greater likelihood of repayment to creditors.

Involvement with Breathing Space and a Statutory Debt Repayment Plan allows debt advisers to help clients fully consider their debt situation and make contact with creditors so they know what their situation is. This helps to ensure that creditors are less in the dark about a client's debt situation, they have a point of contact in relation to these debts and increases the likelihood of receiving payments as the situation is being properly dealt with by a specialist debt adviser. It should help to ease creditors fears about the Scheme knowing that the client is seeking advice and action is being taken to address their debts.

Ultimately this Scheme should be about the client and what is best for their situation. It should help to ensure that the client is not being pushed further and further into debt and possibly to other forms of lending which could make their situation even

worse, such as illegal lending. Stopping their debt situation getting worse is important for their existing creditors to ensure a better chance of them seeing increased repayments.