

Advice trends

2011-2015

A four-year snapshot of client statistics of the Citizens Advice service in England and Wales



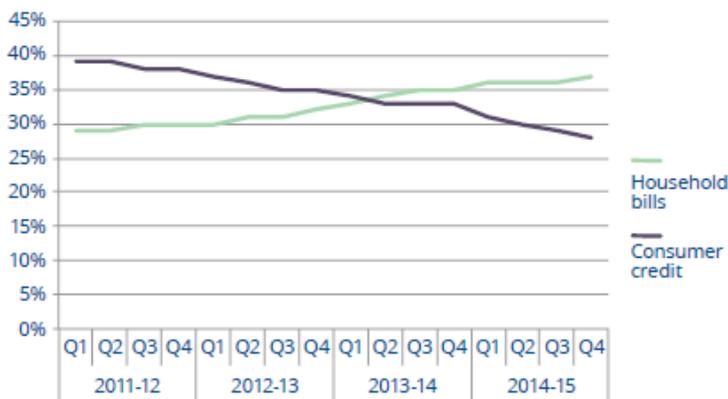
**citizens
advice**

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In 2014/15 over 2.5 million people came to Citizens Advice for help on issues ranging from debt to employment, accessing health services to problems with energy companies. As the new Government establishes its priorities, Citizens Advice presents some of the key issues affecting the lives of people who turn to us for advice.

Debt




21%
rise in council tax arrears issues



11%
drop in credit, store and charge card issues

The type of debt problems people are coming to us with is changing, with proportionally more household bill debt issues and fewer consumer credit problems. This reflects constraints on consumer credit and incomes not keeping pace with rising household bills.

Employment

841,000 people looked up 'basic rights at work' on the Citizens Advice self-help website.

210,000 people turned to a local Citizens Advice for help with an employment issue.

Since 2011 Citizens Advice has seen:



36%
drop in combined overall cases involving jobseeker's allowance, dismissal and redundancy



50%
increase in the proportion of in-work clients who are self-employed

Welfare

Over the last three years, benefit-related problems have overtaken debt issues as the largest category of issues we deal with.

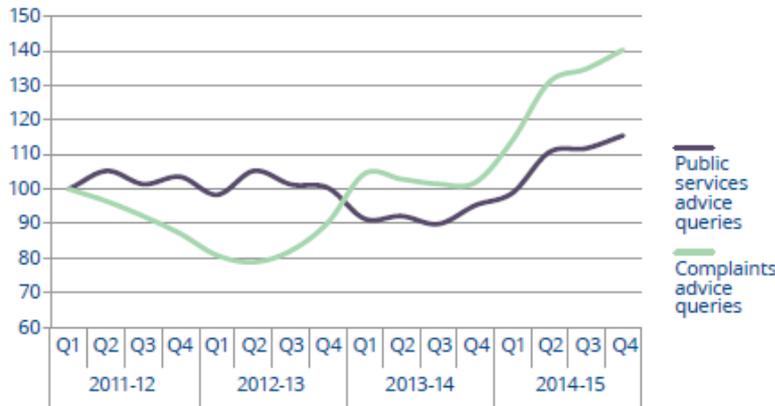
22% of clients who came to us for advice with their ESA claim also had problems with debt.

As universal credit rolls out, Citizens Advice is well placed to help Government support claiming the new benefit.

Top issues people in universal credit rollout areas are turning to Citizens Advice for help with:

-  **1. Delays to awards**
-  **2. Access to budgeting advances**
-  **3. Difficulties evidencing claim**

Public services

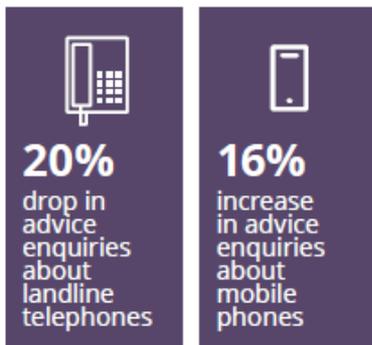


People come to Citizens Advice seeking support around a wide range public services with a growing number of people wanting help with a complaint. Queries about public services include health (hospitals, general medical practice and dentists), education (schools), housing (local authority housing and homelessness services), social services (local authority) and tax.

In the last year:



Consumer/household bills



Hits on the energy switching page of our advice website have increased from 4,000 to over 170,000 over the last four years.

The number fuel issues (gas, electricity, oil and coal) is going up.



“As the economy continues to recover Citizens Advice is seeing a shift in some of the types of issues 2.5 million people turned to us for help with last year. Queries around unemployment are decreasing, mirroring the fall in national figures, and the number of people seeking help for debts like credit cards, mortgage arrears and personal loans is also down.

But we know that despite this many people still have day to day worries about their finances and an increasing number of people are seeking our help about accessing public services. The Citizens Advice service is helping people help themselves, with our free, confidential and impartial advice helping 2 in 3 people solve their problems.”

Gillian Guy
Chief Executive of
Citizens Advice

Introduction

Families feeling the pinch

Over the past two years we have presented our advice data each quarter alongside an in-depth look at a particular issue. With the election of a new Government, our regular Advice Trends publication takes stock of how people are faring and a more general view across a number of areas of the challenges people are facing.

Although the economic recovery is under way, and there are more people in work than ever before, new research shows that the majority of people still have worries about day-to-day finances and living costs. Although these issues are more pronounced amongst those with the lowest incomes, money concerns are present across all swathes of society, age groups and income brackets.

This report presents the latest Citizens Advice data in the following areas:

1. Employment
2. Debt
3. Welfare
4. Public services
5. Consumer issues and household bills

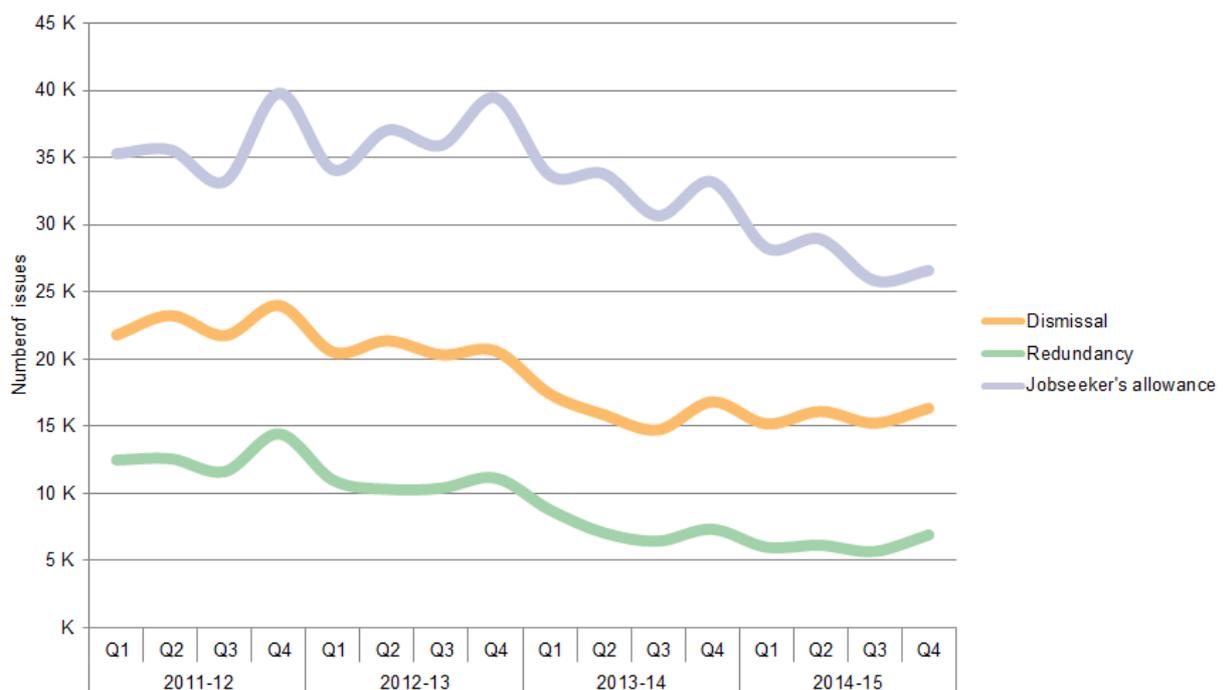
Almost a third of people report they face a daily battle to make ends meet, 40 per cent are concerned about having enough money saved for a rainy day and 61 per cent of parents worry about having enough money to provide for their family's future. Only a quarter of people indicated they had no concerns and were generally happy with their life.

These statistics provide the backdrop for the issues that over 2.5 million people sought advice on last year from Citizens Advice. We present five stories of emerging challenges that the Government should review and respond to. This isn't intended to be an exhaustive analysis but it helps to paint a picture in some important areas. Over the next few months, forthcoming work from Citizens Advice will explore these areas in more detail, to draw out implications for policy and practice.

Employment

Job seeking issues down, problems at work up

Over the past four years we have seen some positive news on employment, with fewer people reporting problems associated with losing their jobs and fewer people having trouble looking for jobs. As Figure 1 shows, issues relating to job seeking and job losses have been falling steadily. There has been a 36 per cent drop in combined overall cases involving jobseeker's allowance, dismissal and redundancy since the number of those cases peaked in Q4 2011/12. This fits with ONS figures showing that unemployment has fallen by 680,000 in the same period. But positive headlines belie some growing trends which may be of concern. These are set out in more detail below.

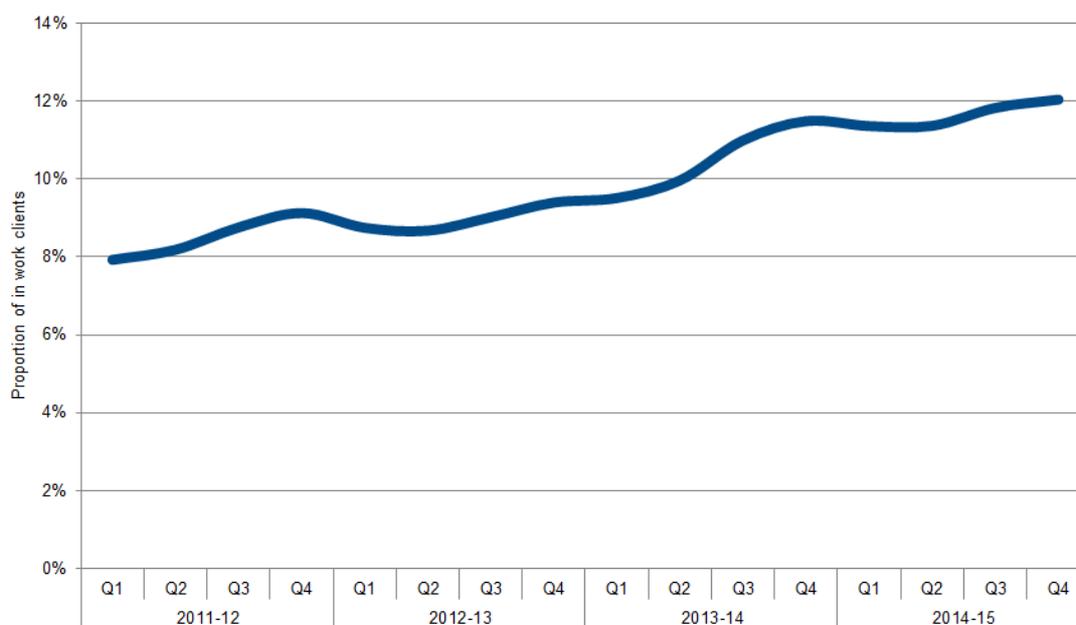


▲ Figure 1: Issues relating to job seeking and job losses

Self-employment

Self-employment works well for millions of people, who enjoy the freedom and flexibility that it can afford. However, it's crucial to remember that this is also the employment status with the weakest protections. The self-employed are not guaranteed the minimum wage, they don't get sick or holiday pay and don't benefit from auto-enrolment or employer contributions into pensions. At local Citizens Advice services, self-employed clients are more likely than employees and also more likely than workless people to report debt problems. They are also more likely to have problems with consumer goods and services, legal issues and family and relationships than our overall client base.

The growth of self-employment has been one of the main stories of the labour market in recent years. As Figure 2 illustrates, Citizens Advice has seen a 50 per cent increase in the proportion of in-work clients who are self-employed, rising from eight per cent to twelve per cent in the past four years. This fits with ONS figures showing that an extra half a million people have found work through self-employment since Q1 2011/12.



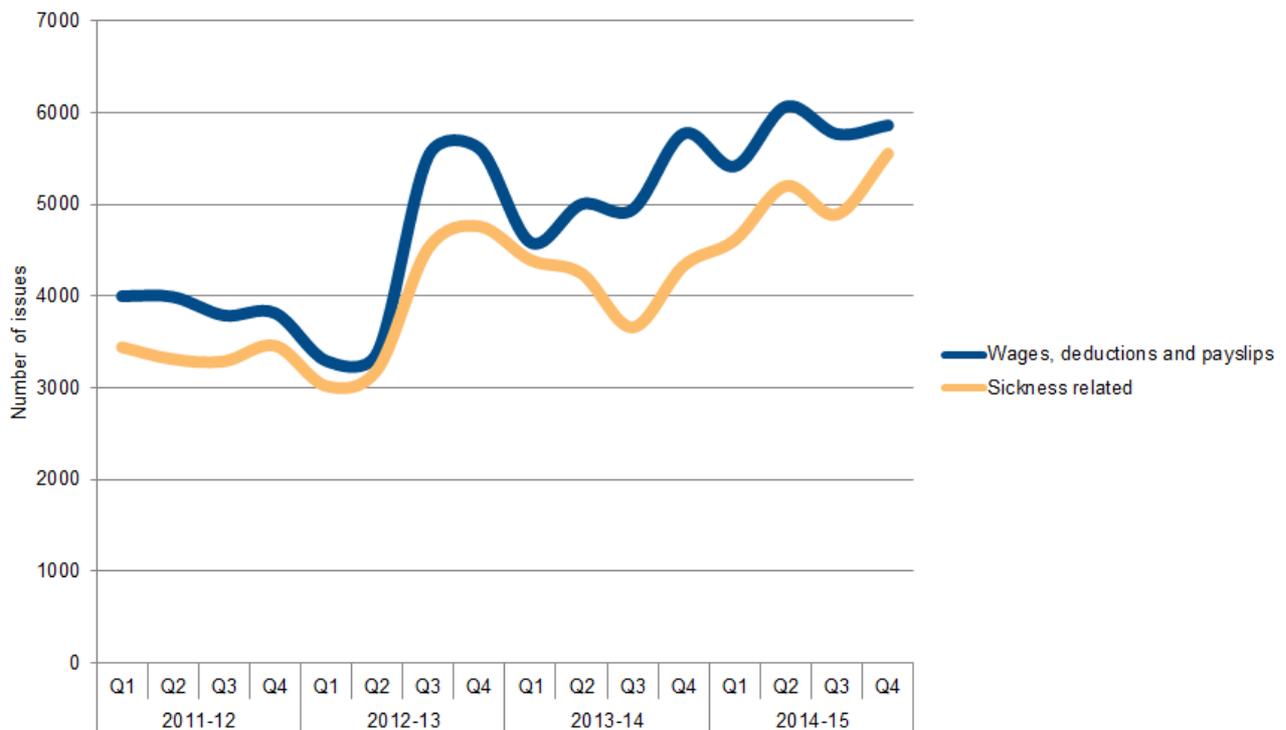
▲ Figure 2: Proportion of in-work Citizens Advice clients who are self-employed

Later this year we will be publishing research into improvements that could help more self-employed people benefit from their work.

Problems at work

Our data suggests that the overall increase in job numbers may mask a decline in job quality in certain areas. Over the past four years, for example, we've seen a 60 per cent increase in clients reporting sickness-related problems at work (sick leave and sick pay). This is more likely to be an issue when people are in jobs which leave them unsure of their employment status or rights.¹

As Figure 3 shows below, we've also seen an almost 50 per cent increase in problems with wages, deductions and payslips over the period. Similarly, '[Basic rights at work](#)' was the most viewed page on our online Adviceguide website last year, with 841,000 visitors. These figures are symptomatic of the prevalence of what we've termed 'second choice jobs', where staff have fewer or less clear-cut employment rights. For more detail on the types of problems associated with second choice jobs, see [our recent report](#).

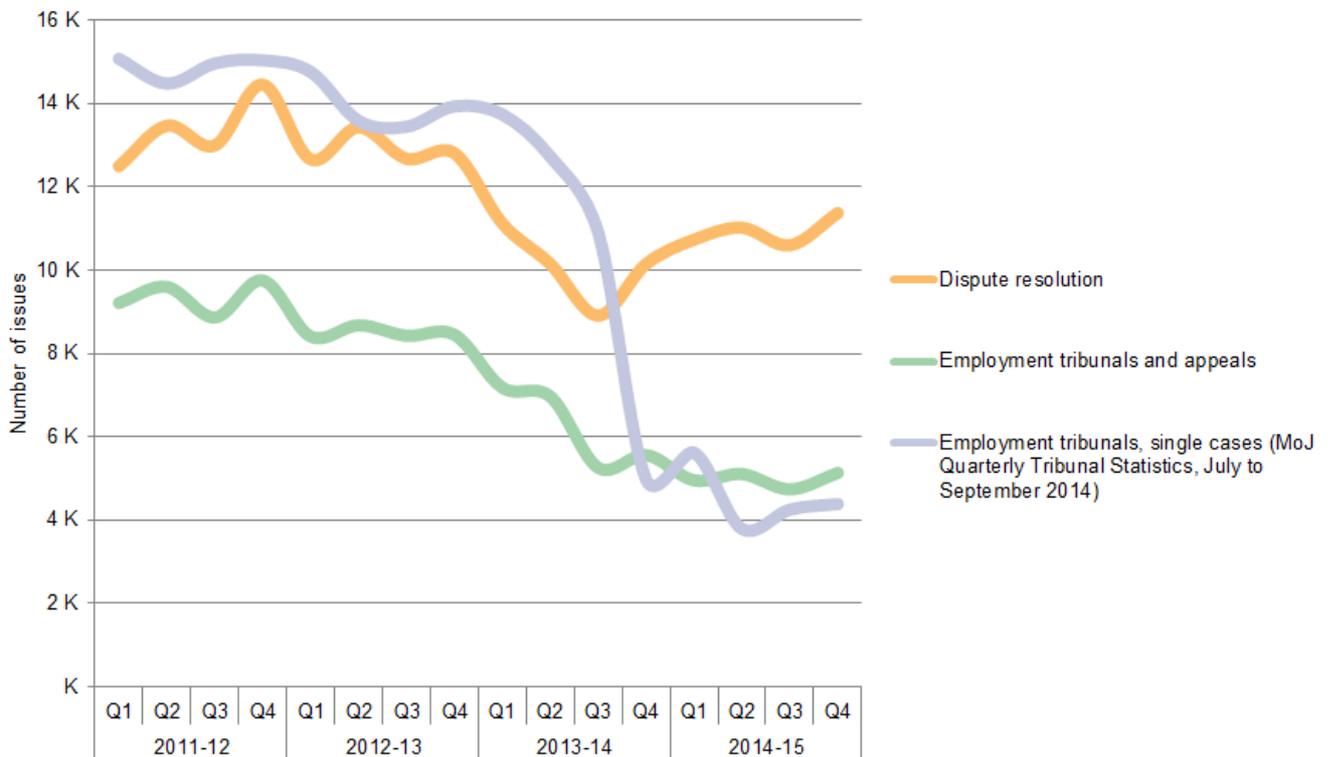


▲ Figure 3: Issues relating to wages, deductions and payslips, and sickness-related issues

¹ See K. Hignell, *Second Choice Jobs: The real life impact of the changing world of work - notes from the frontline*: www.citizensadvice.org.uk/global/migrated_documents/corporate/second-choice-jobs-final--1-.pdf

Employment tribunals

The impact of employment tribunal fees took effect in Q2 of 2013/14, as shown through official figures in Figure 4 below. Citizens Advice data echoes this, showing a rapid decline in employment tribunal cases and dispute resolution cases following the start of 2013/14.



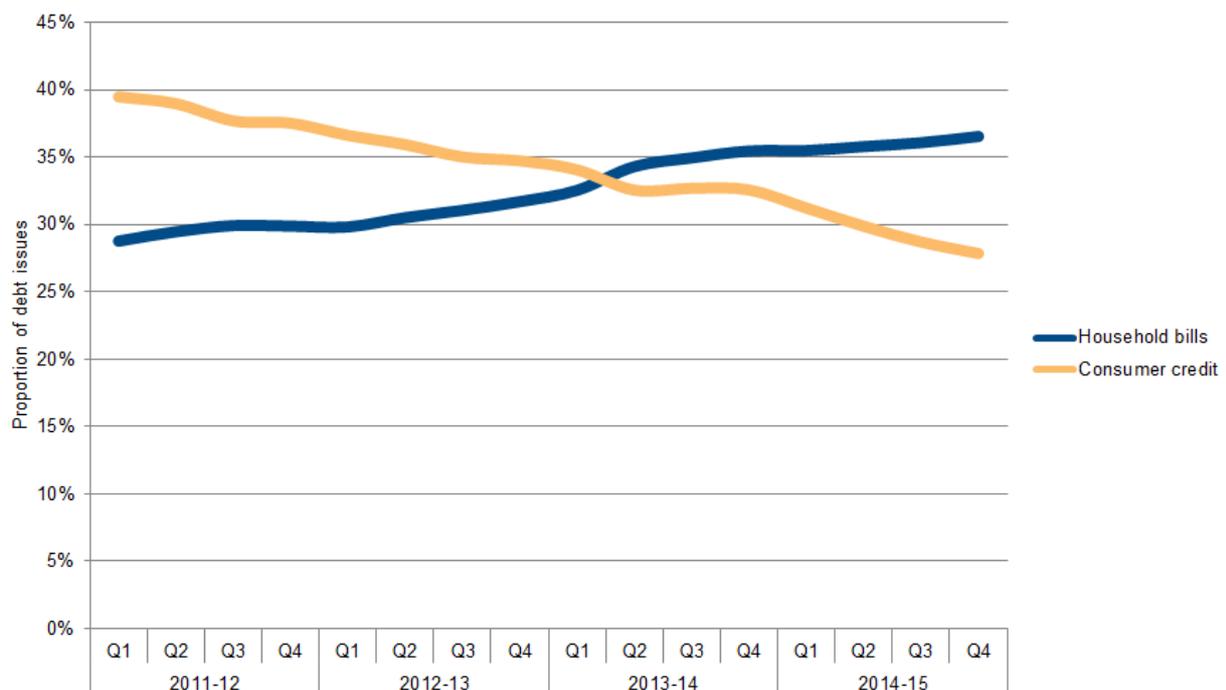
▲ Figure 4: Issues with employment tribunals and dispute resolution

Our recent report, [Fairer Fees](#), found that more than four in five people with problems at work are deterred from going to a tribunal by the current level of fees. Dispute resolution cases have been rising for the past 18 months while employment tribunal cases have continued to fall. This, combined with the growth of problems at work (above), suggests that the drop in employment tribunal cases is masking problems in the labour market.

Debt

Consumer credit issues down, household bills up

Citizens Advice figures show the nature of the debt problems people are facing has changed significantly in the last few years, with traditional credit problems being overtaken by a shift to arrears on household bills. Figure 5 below demonstrates this rise in people struggling with household bills and a steady decline in the proportion of problems relating to consumer credit. This reflects the growing numbers of people across the country having difficulties paying for essentials like rent, water and fuel bills. There has also been a particularly marked increase in council tax arrears which has serious consequences for our clients.



▲ Figure 5: Proportion of Citizens Advice debt issues by consumer credit and household bills²

² Household bills include: Rent arrears (LAs or ALMOs, housing associations and private landlords), Mortgage & secured loan arrears, fuel debts, telephone and broadband debts, water supply and sewerage debts, council tax arrears. Consumer credit: Hire purchase arrears, Bank & building society overdrafts, Credit, store & charge card debts, Unsecured personal loan debts, Catalogue & mail order debts, payday loan debts, Logbook loan debts, debts to loan sharks/illegal lenders, guarantor loan debts, pawnbroker debts

Alongside this rise in household bill arrears, we have seen mainstream credit fall as a proportion of the debt issues we see. This is likely due to tighter credit requirements limiting access to more mainstream products like credit cards, overdrafts and personal loans. There has also been a rise in the proportion of problems relating to high cost, short term loans. We are continuing to monitor the impact of new regulations and the cap on payday loans on consumers' problems with these products.

Council tax arrears issues up

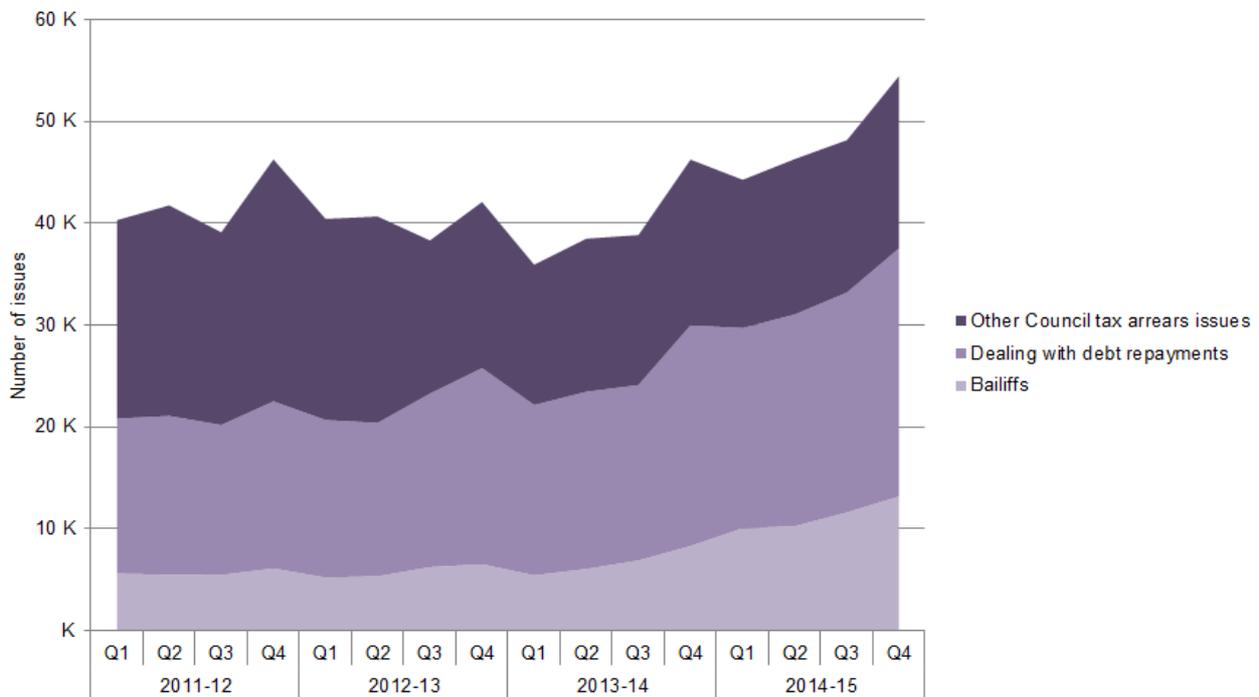
Citizens Advice has seen a sharp increase in people struggling to keep up with their council tax bills. The abolition of council tax benefit in April 2013 and the introduction of its replacement, localised council tax support, alongside low and irregular incomes has corresponded with the rise in these council tax arrears. There has also been a steady increase in problems with bailiffs collecting council tax arrears. As seen in Figure 6, the past year has seen a 21 per cent rise from nearly 160,000 to over 193,000 problems with council tax arrears.

Council tax arrears have emerged as the biggest single debt issue seen by local Citizens Advice, since 2013/14 in England and 2014/15 in Wales.³ National statistics also reveal that council tax collection rates have fallen for the first time in 2013/14 in England, with £152 million additional outstanding in arrears.⁴ This has not been the case in Wales, where collection rates have risen by 0.3 per cent.⁵

³ In Wales, localised council tax support operates differently with very little variation in schemes across each local authority. The Welsh Government has agreed to provide additional funding to local authorities to return the council tax support budget to the level it was before the cuts until at least 2016. This means to date people in Wales previously in receipt of council tax benefit have seen little change in their payments.

⁴ Collection rates for council tax and non-domestic rates in England, 2013 to 2014. Available: <https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2013-to-2014>

⁵ Council tax collection rates in Wales: 2013-14, Statistics for Wales, 11 June 2014.



▲ Figure 6: Council tax arrears issues for Citizens Advice clients

The concern is that there has been a move to people struggling with more ominous debt problems, as council tax arrears have serious consequences for our clients. When people are struggling to pay their council tax, they are at risk of their local authority instructing bailiffs to collect the debt through taking goods - or in rare cases they could face being sent to prison.

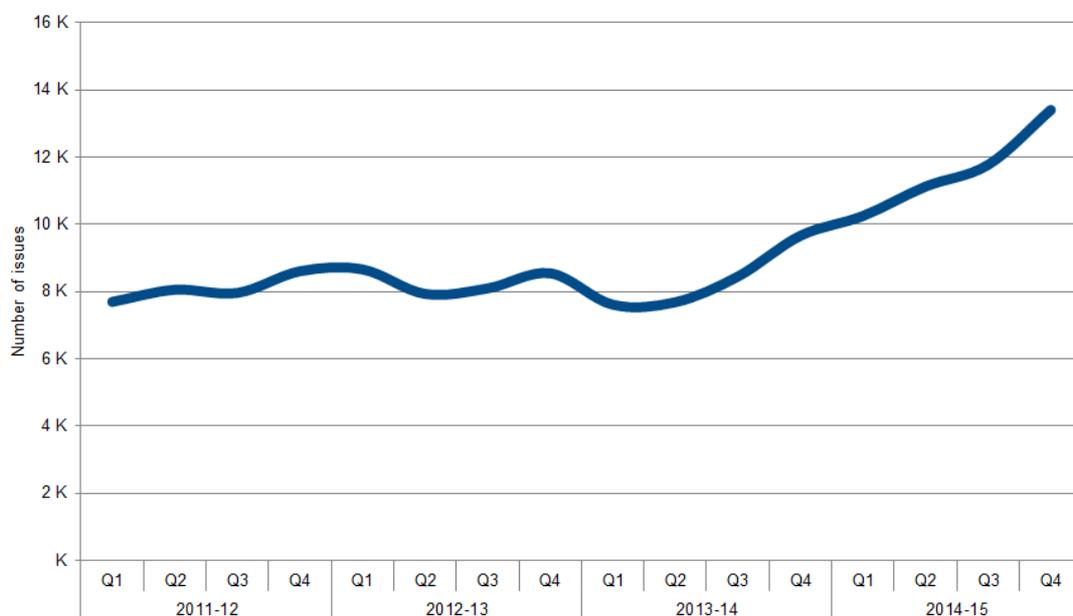
Those facing council tax arrears are also likely to be dealing with other debt issues. Of those who came to Citizens Advice with council tax arrears, 71 per cent also had one or more other debt problem. They were more likely than all our clients to receive housing benefit and more likely to be struggling with household bills including fuel debts, water bills and rent arrears.

 <p>1 in 6 also had a credit, store and charge card issue</p>	 <p>1 in 5 also had an unsecured personal loan</p>	 <p>1 in 20 also had a mortgage and secured loan arrears issue</p>	 <p>1 in 5 also had a fuel debt issue</p>
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They were also more likely to be coming to local Citizens Advice for charitable support, which in practice means needing food bank vouchers. This suggests those with household bills arrears including council tax are struggling with a number of serious problems.

Upsurge in magistrate court fine debts

Magistrate court fines and compensation order debts have also seen marked increases. Magistrate courts can issue fines for matters ranging from committing a driving offence, not paying a fixed penalty notice, not having a TV licence and other criminal offences. This court can then impose a compensation order requiring payment to any injured party. Many of the problems we see with magistrate court fines and compensation orders relate to debts, with clients failing to make essential payments and facing court enforcement.



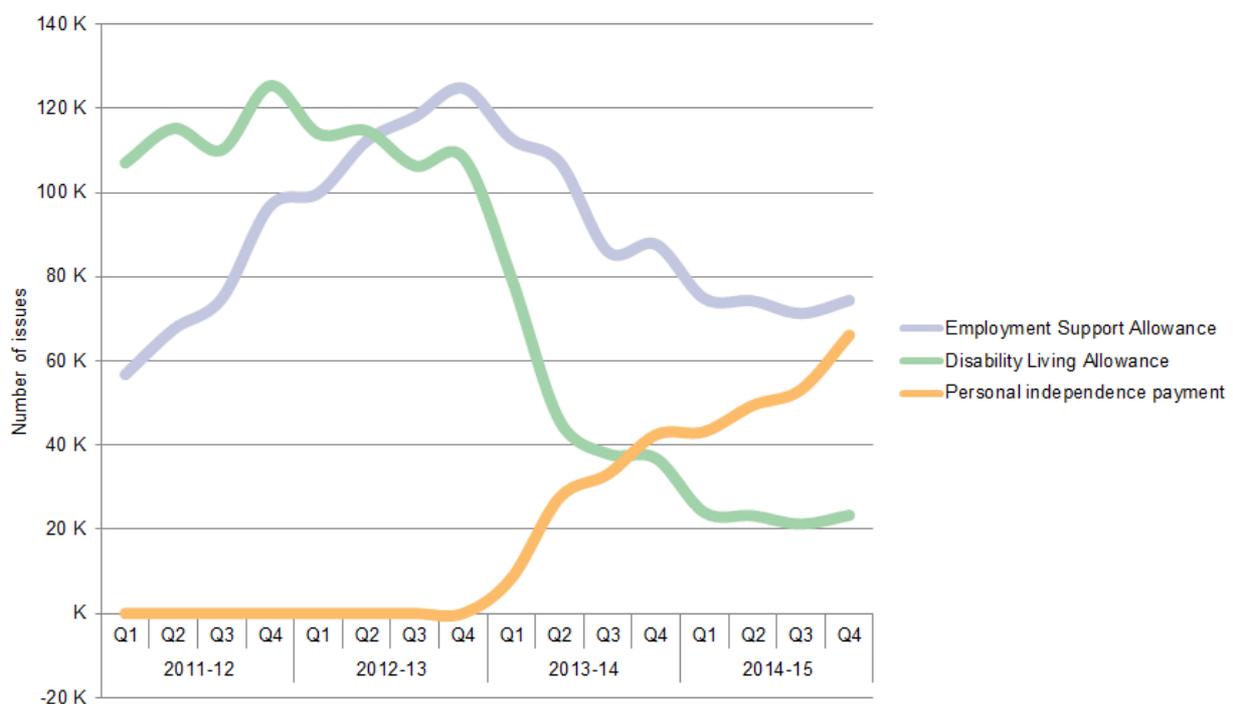
▲ Figure 7: Issues with magistrate court fines and compensation order debts

Welfare

Benefit-related issues overtake debt

Over the last four years we have seen a significant programme of welfare reform. The migration of incapacity benefit claimants to employment and support allowance (ESA) has continued; the personal independence payment (PIP) has been introduced to replace disability living allowance (DLA) for adults; and the roll-out of universal credit (UC) has begun.

The roll-out of new benefits tends to be quickly followed by a rapid increase in the volume of related problems we see at Citizens Advice. As Figure 8 below indicates, the migration to ESA followed this pattern – mainly through a rise in appeals against award decisions and problems with making and managing claims. The move from DLA to PIP has similarly been accompanied by a spike in PIP-related issues, including eligibility concerns, issues with making and managing a claim and an increase in appeals. These problems are not only of concern in themselves, but also due to their knock-on effects – for example, 22 per cent of clients who came to us for advice with their ESA claim also had a problem with debt. Over the last three years, benefit-related problems have overtaken debt issues as the largest category of issues we deal with.



▲ Figure 8: Main benefit related issues dealt with by Citizens Advice

Examining the causes of problems with administration and delivery of the previous welfare reform programme is vital if the roll-out of UC is to proceed in a fair and cost-effective way. Citizens Advice supports the principles driving UC, particularly in attempting to ensure claimants do not lose out or face financial insecurity when they enter work and in reducing the current complexity of the system. However, effectively delivering such an ambitious programme means doing it safely. Strong support will be required to ensure that the extension of UC to millions of families does not lead to the big increases in problems with claims and appeals we have already seen, as well as the knock-on concerns around hardship and debt. This should include help with finance and budgeting, as well as the day-to-day administrative demands of making a claim.

In light of these trends, our upcoming policy work in this area will seek to ensure that lessons are learned from the programme of welfare reform already undertaken. This will include a focus on the management of the UC roll-out, and on delivery issues in the welfare system more broadly.

Public services

Rising problems and people struggling to complain

Over the last four years we have seen a slow but steady increase in the number of queries about public services, going from an annual total of 105,590 queries in 2011-12, to 115,630 queries in 2014-15; an increase of 10 per cent.

Public services cover a number of advice categories across health (hospitals, general medical practice and dentists), education (schools), housing (local authority housing and homelessness services), social services (local authority) and tax issues.

In the last year:

- Public transport issues are up 21 per cent.
- Education issues are up 14 per cent.
- Community care issues are up 14 per cent.
- Hospital (non-mental health) issues are up 5 per cent.

Education and schools:

- Advice queries about available places, admissions, or appeals are up 81 per cent over four years.
- Advice queries about complaints are up 69 per cent, going from 5 per cent to 10 per cent of composition of the category.

Health (hospitals and GPs):

- Advice queries about complaints are up 62 per cent.
- Over the four years, queries about complaints as a share of this category have increased by 10 percentage points to now make up almost a quarter of all hospital and GP advice queries.

Social care (residential and community care):

- Advice queries about complaints are up 62 per cent.

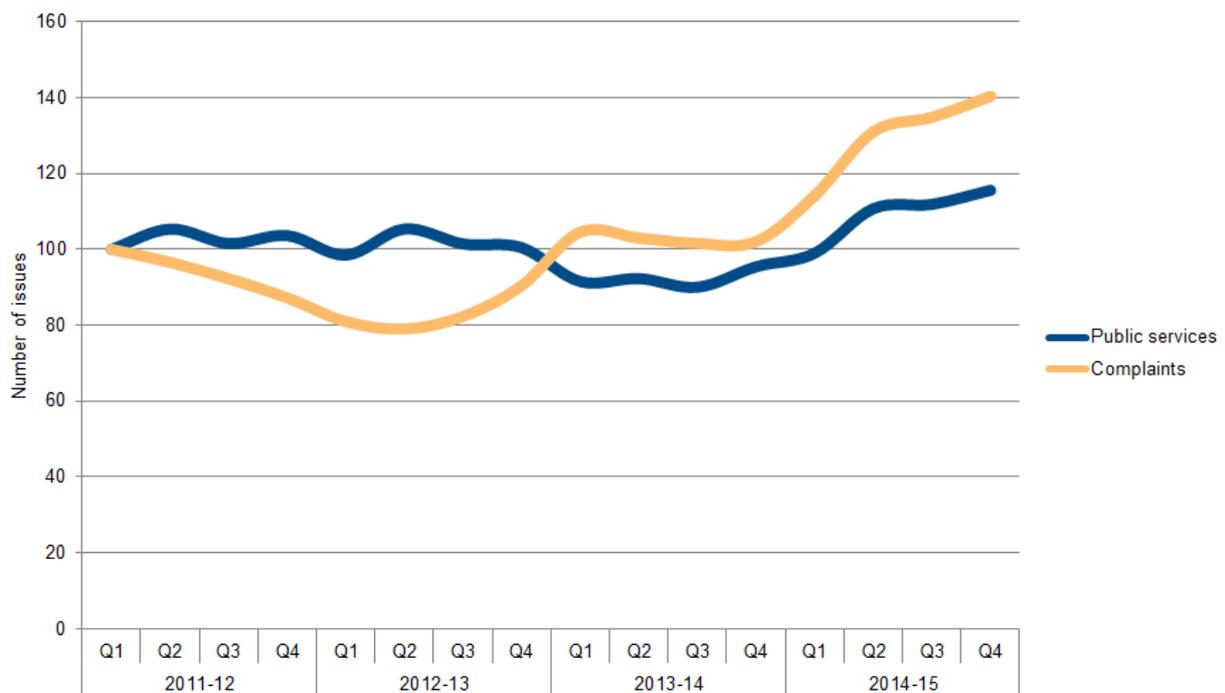
Local authority social services:

- Advice queries about complaints are up 146 per cent.
- As a proportion of the category this has increased from seven per cent to 16 per cent over the four years.

Public transport

- Overall, advice queries are up eight per cent over four years.

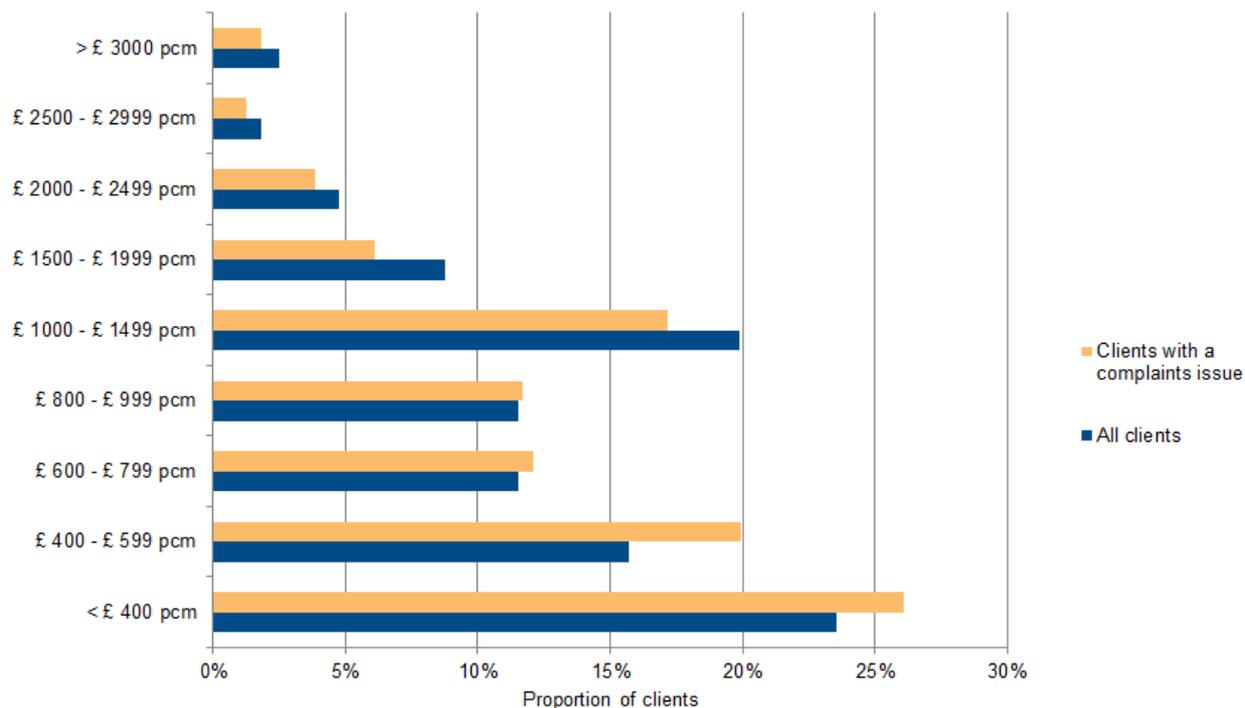
Advice queries for complaints about public services increased by 51 per cent 2011-12 to 2014-15 – see Figure 9. We see key ‘customers’ of public services struggling to get the services they need, and then struggling to complain when they don’t.



▲ Figure 9: Comparison between advice queries about public services and advice queries for complaints about public services (indexed to 100 at 2011-12)

Almost three quarters of people who came to us with a complaint about public services were also seeking advice on another issue. This highlights how intertwined problems can be, and how other problems can develop before complaints are heard.

In comparison with our clients overall, people who come to us with a complaint about public services are more likely to be male and more likely to be on a lower income. This suggests that people in the lowest income groups are more likely to experience service failures, and then struggle to make a complaint about public services; see Figure 10 below.

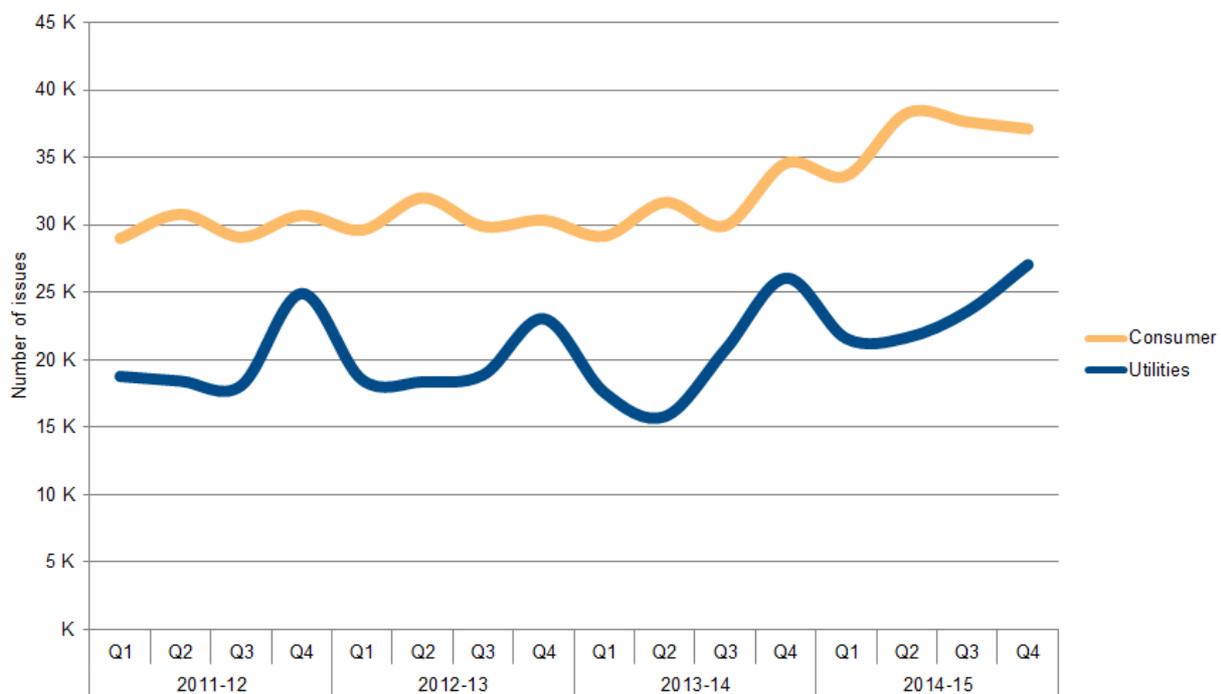


▲ Figure 10: Issues about public service complaints compared across client income groups

Consumer issues and household bills

Consumer issues on the rise

The number of bureaux⁶ queries about consumer issues and utilities remained relatively stable between 2011/12 and 2013/14, despite the numbers falling across advice categories in general. In the last year, however, both these categories have increased by 17 per cent, a sharp rise which is far ahead of the one per cent growth in enquiries as a whole.



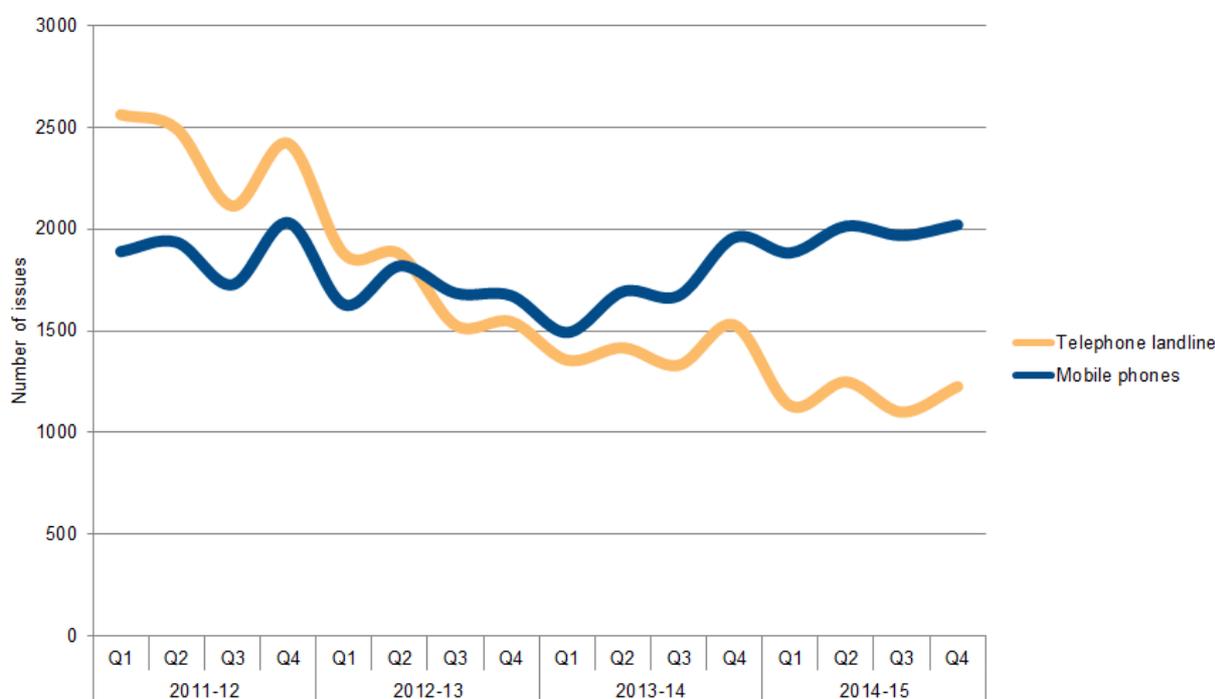
▲ Figure 11: Bureaux consumer and utilities issues

⁶ Citizens Advice also runs the Consumer Helpline Service. Analysis of trends from this service will be forthcoming in a consumer trends document in the next few weeks.

This increase cannot be attributed to problems with any one particular type of good or services; bureaux are seeing an increasing number of enquiries about a wide variety of markets – from second hand cars to broadband, and from home maintenance and improvement to internet auctions. There is an increase both for products which have risen in price over the past four years, such as energy (up 27 per cent), and those which have become cheaper, such as mobile phones (up 16 per cent).

The changing telecoms market

One notable exception to the general increase in consumer enquiries is the fall in the number of enquiries for landline telephones, which went down by 20 per cent. This is a continuation of a long term trend of enquiries about fixed lines falling whilst the numbers for mobile phones increase.



▲ Figure 12: Issues relating to mobile and landline phones

This reflects a broader change in the telecommunications market, which has seen mobile phone usage overtake landlines in recent years. In 2014, 84 per cent of households had a fixed line telephone, 11 per cent fewer than had a mobile phone. Significantly, low income households are over five times more likely to rely solely on a mobile (26 per cent) than the highest earners (5 per cent).⁷ This means that mobile phones are becoming an essential service, which are becoming more comparable with other utilities such as energy and water. Mobile phones are also

⁷ Ofcom, *The Consumer Experience of 2014* (2015), Figs.42-43

becoming more significant financial commitments, as, despite prices falling in real terms, consumers are increasingly signing up to long contracts.

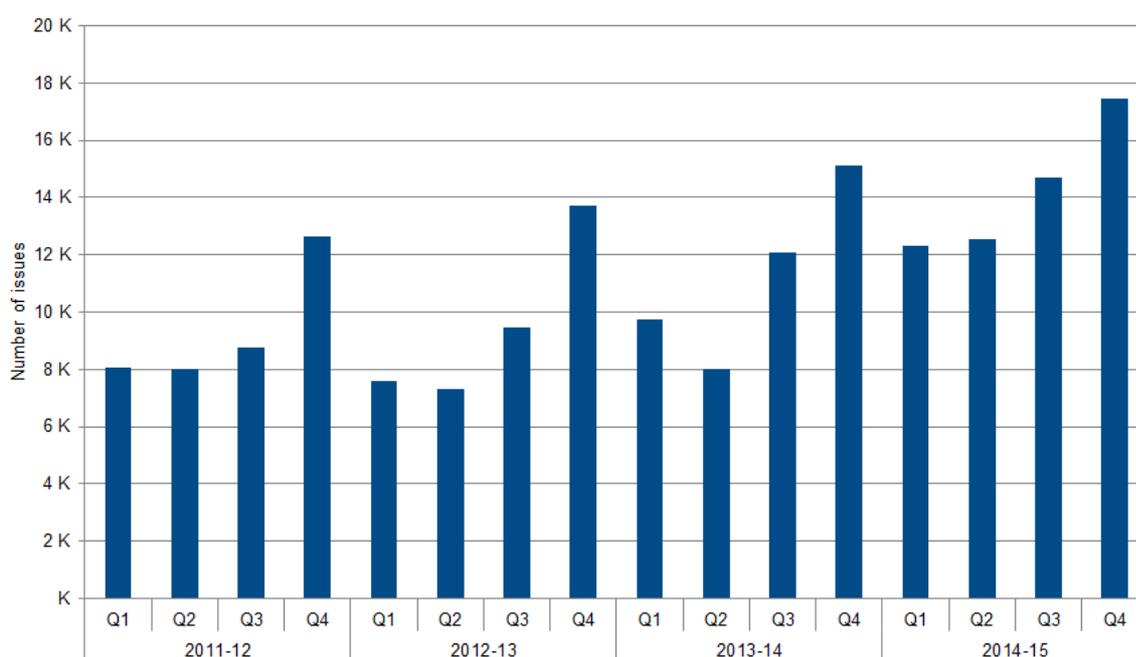
The general increase in mobile phones enquiries included rises of:

- 38 per cent in enquiries about costs, billing or payments
- 18 per cent in enquiries about cancelling and withdrawing from contracts
- 21 per cent in enquires about complaints and redress.

It is questionable whether the current regulation of the mobile phone market is adequate for the task of protecting consumers who have come to rely on this service. In March our report [Calling the Shots](#) highlighted several problems, including: an absence of any clear standards of service, prohibitively high contract exit fees, and unclear demarcation of responsibilities between mobile networks, retailers and phone manufacturers.

Energy

Unlike other consumer and utilities issues, queries about energy have risen consistently since 2011. Rising energy costs have become an increasingly important factor in household spend over the last five years. Energy bills have risen by over 13 per cent from an average of £1,075 in 2010 to £1,216 today, with many households struggling to afford their bills.



▲ Figure 13: Issues relating to energy

In our recent response to the Competition and Markets Authority (CMA) energy inquiry, we highlighted that the market appears to be disadvantaging certain groups of consumers who:

- are on lower incomes and less likely to be working full time
- live in rented accommodation
- pay for their energy using prepayment meters
- do not have internet access
- are more likely to use electric heating
- are from the youngest or oldest age groups.

We have urged the CMA to consider the market and appropriate remedies from the perspective of consumers in any or a combination of these circumstances – any solution which is accessible to these consumers is likely to work for other groups as well, whereas experience shows that solutions designed for the engaged majority have demonstrably not worked for the majority of those in vulnerable situations.

Consumers who are disadvantaged within the energy market are likely to be similarly disadvantaged by other markets. These trends are reflected in the profile of clients who visit our bureaux for support with energy issues. Figures from our bureaux show that 33,653 consumers contacted us for help with fuel debts in 2014-15, and 76 per cent of these clients had multiple debts. The regulator's [latest figures](#) show that 1.5 million electricity consumers (six per cent) and 1.4 million gas consumers (six per cent) were in debt to their energy supplier, up from five per cent the previous year.

Our evidence also shows that problems with billing continue to be the biggest source of consumer queries for the Consumer service and the bureaux, accounting for 37 per cent and 20 per cent of all contacts made in 2014-15. Amongst this group are people seeking help about unaffordable bills or inaccurate bills that have left them in financial difficulty. Others are customers of suppliers who have suffered significant customer service meltdowns due to their billing migrations. Our most recent [company performance league table](#) demonstrates the poor performance of certain suppliers. More consumers are turning to our website for advice on energy issues such as how to switch to a better deal; web hits on key energy pages doubled from 85,000 in 2013-14 to 172,000 in 2014-15.

Conclusion

Recovery is on track, but many still facing hard times

The country's economic recovery is on track, with more people in work. As this report shows, evidence from across the Citizens Advice service reflects this national trend as fewer people come to us for help with issues around unemployment. But our data also reveals that many people are still facing hard times, with particular struggles around meeting day to day costs and getting good services. Citizens Advice bureaux are helping with a growing number of queries around making complaints about public services, and more consumers are reporting problems with mobile and energy companies.

This report presents a snapshot of some of the issues people are grappling with in their day to day lives, to highlight some of the challenges that the new Government needs to address. This is particularly important in light of the Government's reform agenda in welfare and public services, and sheds further light on emerging issues around the changing nature of debt and employment.

Over the next few months, Citizens Advice will publish research and analysis that explores these areas in detail and draw out implications for policy and practice.