



dealing with | debt

in Northern Ireland



PSC Research Report

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First published by NIACAB (Northern Ireland Association of Citizens Advice Bureaux)

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Printed and bound in the UK by PT Design & Print, Moira, Craigavon, County Armagh

ISBN 978-1-902313-10-8



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Foreword

Citizens Advice is very pleased to have been able to commission this detailed analysis of its client database in respect of debt, and hopes that the report will shed further light on the task of mapping the structure and profile of debt in Northern Ireland. In this respect, we are pleased that the report points to some synergies with research on debt undertaken by the Office of the First and Deputy First Minister (OFMDFM) and we hope that those synergies can be taken forward. Mapping the problem accurately is essential to tackling it effectively, with 39% of the total debt coming from credit cards and personal loans.

The report shows that half of the clients come from the three most deprived deciles in Northern Ireland, confirming that the Dealing with Debt initiative strongly complements the Northern Ireland anti poverty strategy, and government objectives on targeting social need. The project is therefore, as the report notes, a good example of “government money being targeted for the benefit of a specific group most in need.”

In the context of the global contraction of credit, the finance industry itself must surely be heading for a more closely regulated future. Citizens Advice would welcome that, as we would welcome a contribution from the industry to match government support towards the cost of dealing with the problems which the practices of the industry create.



Derek Alcorn, OBE, Chief Executive



Preface

I warmly welcome the publication of this report, which substantially enriches our understanding of over-indebtedness and the profile of debt advice clients in Northern Ireland. The report also confirms some UK-wide debt patterns, such as a relatively low incidence of debt problems among the under-25 age group, with debt levels, however, rising with age within this cohort. Additionally, one particular feature touched on by the research, which is worthy of further development in future work across the UK, is an examination of the relative propensity to over-indebtedness among rural and urban populations.

Another significant finding, common to research from across the UK, is the identity of the two socio-economic groups most susceptible to debt, namely people on very low incomes susceptible to 'expenditure shock' and those with relatively high incomes and high levels of commitment. In these credit crunch days, it will be important to ensure that efforts to assist the latter group do not reduce our commitment to continue supporting the former.

Finally, it is gratifying to note that public funding has enabled the targeting of services to the communities most in need of debt advice. However, as those of us in the field are all too aware, levels of need for face-to-face advice services consistently outstrip supply. We believe that the findings in the following pages make a strong case for further financial support from a range of sources to meet this unmet need and reduce the misery caused by over-indebtedness.

Jim Fearnley
Head of Research & Policy
Money Advice Trust



Jim Fearnley
Head of Research & Policy
Money Advice Trust

1. Executive Summary

This report provides a description of nearly 6,000 clients who availed themselves of CAB debt advice in Northern Ireland over a four year period. It did so by converting almost 33,000 records of advice sessions into a database of 5,778 clients. This is undoubtedly the largest dataset of people with debt problems in Northern Ireland which has been analysed in this way.

The characteristics of the client group could be summarised as follows:

- While there were more women than men in the database, the latter tended to have higher levels of debt. Moreover, the middle range of age groups tended to have higher debts than either the young or the elderly. Equally, the debts of married clients tended to be greater than those of single clients;
- While all categories of economic activity experienced debt, those in full-time and self employment tended to have higher debt levels. Correspondingly those with earnings tended to have higher levels of debt than those living on benefits;
- Again debts were spread across all tenure types, but higher debt levels were more characteristic of owner occupiers and those in the privately rented sector than tenants of social housing;
- Reflecting the distribution of the service offered by CAB, clients were not distributed evenly across Northern Ireland. However, when individuals were grouped into population deciles of the Northern Ireland Multiple Deprivation Measure, then CAB clients were disproportionately from higher deprivation deciles;
- It is hypothesised that the data pointed to two kinds of debtor: those in difficult circumstances falling into debt in the effort to maintain spending or dealing with unforeseen contingencies, and; those higher up the income scale who have availed of cheap and easily accessed credit. This division amongst debtors is by no means proved, but is worth further investigation.

With respect to the CAB dataset, despite uneven geographical dispersion, there were substantial similarities between these

clients and those identified as over-indebted in the OFMDFM report on over-indebtedness. This is important because it suggests that the CAB client group can be seen as a surrogate for the over-indebted population generally. That is to say that **the debt advice service provided by the DETI funded Dealing with Debt Citizens Money Advice service is being accessed by similar people identified as over indebted in the OFMDFM Report.**

The service is clearly accessible to those who most require it and is an example of Government money being targeted for the benefit of a specific group most in need.

Accordingly, if CAB were to continue this service and monitor clients in the ways suggested above, it would permit some understanding of the dynamics of debt within the region.

PSc Management Consultants, as an independent research consultancy, has analysed the CAB dataset and it is our conclusion that the Money Advice service is indeed helping very vulnerable people.

As the economic climate becomes more uncertain, additional resources should be committed to meet demand. Economic forecasts have become bleaker in the wake of the Credit Crunch. This implies that individuals will find it difficult to service existing debts and even more difficult to obtain new kinds of credit. The CAB dataset would thus be an important monitor of how turbulent economic conditions are affecting the level and type of debt problems within the general population.

The importance of this function is highlighted in the recent report published by the British Conservative Party – ‘Making British Poverty History’ (2008). The final section of the report emphasises the problem of over-indebtedness as an obstacle to tackling poverty, indicates the need for systematic



monitoring and makes a number of useful suggestions for helping debtors. In that light, the debt-advice role of CAB already usefully contributes to the Lifetime Opportunities, not merely by offering support to the vulnerable, but also by generating information about this specific problem.¹

The following bullet points constitute some of the findings:

- The majority of clients were women, making up just over 55 per cent of all clients. In the OFMDFM survey, over half of those surveyed were women, but women made up almost 60 per cent of the over-indebted group on the 25 per cent indicator and over 70 per cent on the 50 per cent indicator.² Both the CAB and the OFMDFM samples suggest that the majority of those with problem debts are women, notwithstanding the fact that men appear to have higher levels of debt.
- The bulk of CAB clients were aged between 25 and 59, with the 25-39 age group making up over a third of the sample.
- In terms of housing status, the largest single group of clients at 36.5% were owner-occupiers making up over a third of the total. NIHE and private sector tenants were just over 20 per cent respectively. Because the 50 per cent indicator in the OFMDFM survey referred to secured (i.e. mainly mortgages) as well as unsecured debts, it is understandable that those with mortgages made up almost three quarters of the over-indebted on that indicator. At the same time, both exercises suggest that those servicing mortgages make up the largest single group amongst those with problem debts.
- The three biggest groups of economic activity were those in full-time work (27.3%), the unemployed (25.6%) and the long-term sick (18.7%). Those on the margins of the labour market (unemployed, sick and retired) constituted more than half of the CAB sample, but were less than half of the over-indebted group in the OFMDFM sample. It should also be noted that while the unemployed made up a quarter of those on the CAB database, the unemployment rate in Northern Ireland (January 2008) is less than five per cent. **Even allowing for**

the existence of economically inactive groups on the CAB database, it would appear that the unemployed make up a substantially bigger share of people in debt than people in the general population.

- Just over 1,300 clients gave their location as being either rural or urban. Just less than a third of these said they came from rural locations with the remainder indicating an urban location. The Family Resource Survey Urban Rural Report 2005/2006 (table 1.1) shows the Urban/Rural classification for Northern Ireland as 70% Urban and 30% Rural which would indicate that the Debt Advice Service is accessible to both Urban and Rural communities.
- **Those on means-tested benefits made up more than half of respondents.** Those with earnings constituted a further third corresponding to those who reported to be in some form of employment. **The above results could well suggest an indicative correlation between the receipt of means tested benefits and poverty. Given that according to the Family Resource Survey, around 25% of households in Northern Ireland are in receipt of some form of means tested benefit, there appears to be a significant over representation of this grouping within the CAB dataset at 52%.**
- By far the largest number of responses in terms of categories of debt is credit card debts accounting for almost a quarter of all debts mentioned and two thirds of those who responded to these questions. If debts on store cards and debts on catalogues are added to the credit card total, then 40 per cent of the debts mentioned can be accounted for by these three categories.
- **Almost half of all clients came from within the three most deprived deciles in Northern Ireland.** At the same time, the pattern is not entirely one of declining client numbers within each succeeding decile – the sixth decile held a greater share of clients than the fifth. **Still, the overall picture is of client concentration in those areas with highest deprivation scores.**

¹At the time of printing Lifetime Opportunities (formerly Northern Ireland Anti-Poverty Strategy) had yet to be endorsed by the Northern Ireland Executive.

²The 25 per cent indicator and the 50 per cent indicator are the measures used by BERR (Department of Business, Enterprise and Regulatory Reform) to measure over indebtedness.

The 25 per cent indicator measures the number of individuals with monthly repayments on unsecured borrowing of greater than 25 per cent of gross income. The 50 per cent indicator measures the number of individuals with monthly repayments on secured and unsecured borrowing of greater than 50 per cent of gross income.

2. Introduction and Methodology

This project was commissioned to undertake the analysis of the Citizens Advice Bureau (CAB) dataset on client debt. Its findings should be viewed in the context of two previous reports: the first carried out by research staff at the Office of the First and Deputy First Minister (OFMDFM) consisted of a quantitative analysis of a survey administered to a sample of the Northern Ireland population; the second was based on qualitative interviews carried out on clients of Northern Ireland debt advice agencies. Thus, the first report was able to comment on debt characteristics and risks and the second gave detail on the experiences of debtors who had sought help from these specialist agencies. This report also focuses on clients, but through a quantitative analysis of anonymised records. As such, it complements the qualitative interviews of debtors. Through necessity, the latter was based on a limited number of detailed interviews. Here, though the data has less 'texture', it covers a significantly larger sample of debt clients. All were CAB clients who provided information to debt counsellors during advice sessions.

The data was generated from a CAB database that produced an Excel file containing almost 33,000 interview records. Considerable care was taken to ensure that no client could be identified from the dataset. The records contained variables on demographic characteristics, location, socio-economic status and debt. Unfortunately, due to IT developments related to case recording during this period the data set is incomplete. However, it is still probably the most comprehensive and complete dataset on debt problems available for Northern Ireland.

Since the data was generated from interviews, many clients appeared in the dataset more than once. The first task was to convert the data to a form where client characteristics could be analysed – the central purpose of the analytical project. This task was subcontracted to a database programmer who, using Sequel Server, transformed the dataset to one where individuals rather than interviews were the basic unit. This resulted in a dataset with 5,778 cases, each pertaining to an individual. This dataset was also in Excel format, but the data was imported into SPSS to facilitate analysis.

One of the variables in the original dataset was postcode. Using a translation file, Super Output Areas and District Councils were attached to each postcode. Individuals and debt amounts were also aggregated for each Super Output Area. This permitted an analysis of the geography of CAB debtor clients in Northern Ireland. It should be noted here that the data set was comprised of records taken from those bureaux that had DETI funded money advice posts at some point during the time period analysed (Belfast, L'Derry, Craigavon, Newry, Fermanagh, Cookstown, Dungannon, Ballymena, Antrim, Coleraine). This does not prevent clients travelling to find appropriate advice, but the uneven spread of advice centres militates against the regional representativeness of the dataset.

It should be noted here that, while the dataset referred to 5,778 individuals, there were valid postcodes for 4,922. Of these, there were records for reported debt in 1,783 cases. Accordingly, some cautions should be expressed about the following analysis. In effect, the following analysis is based on a non-representative sample of this segment of the debtor population. The sample consists of those who met with CAB counsellors to discuss their debt problems rather than those with debt problems generally. Of the almost 6,000 individuals, substantial numbers did not provide information across the full range of variables. What is analysed here is thus a sample of a sample – those who visited CAB and provided information on themselves and their circumstances. Nevertheless, the report is based on the analysis of a very large number of debtors which constitutes more than the sample sizes of some regularly undertaken Northern Ireland Government surveys. The characteristics of these debtors are illuminating in themselves while the results are still authoritative and robust.



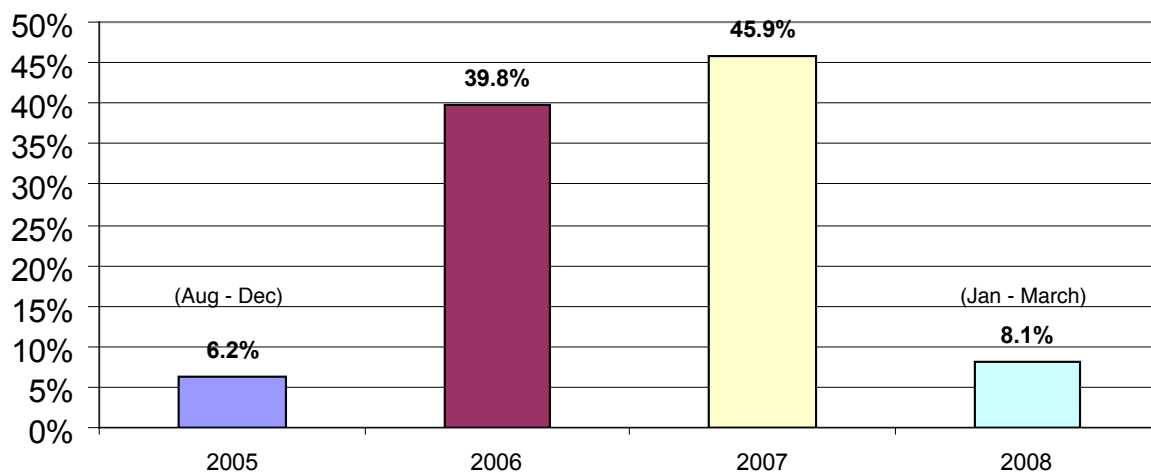
Moreover, the sample consists of those who were sufficiently worried about their debts to consult with CAB. The qualitative research found that, while almost all of those interviewed, felt they should have sought advice at the earliest opportunity; there was some reluctance to discuss their private affairs. Overcoming that reluctance was frequently related to the severity of the debt problem. It is thus likely that these data refer to problem debts.

Almost 85 per cent of the sample contacted CAB in this two year period, which is in line with the funding stream that supported the debt advice programme.¹

Analysis of the dataset was undertaken primarily via frequency tables and cross-tabulation. With the latter a significance level of .005 was applied, i.e. the chance of the relationships revealed in cross-tabulation having occurred by chance was 1 in 200 which provides a relatively high level of confidence.

The data covered a four year period, but, as can be seen below, the bulk of clients presented themselves in 2006 and 2007.

Figure 1 Distribution of CAB Clients over Time

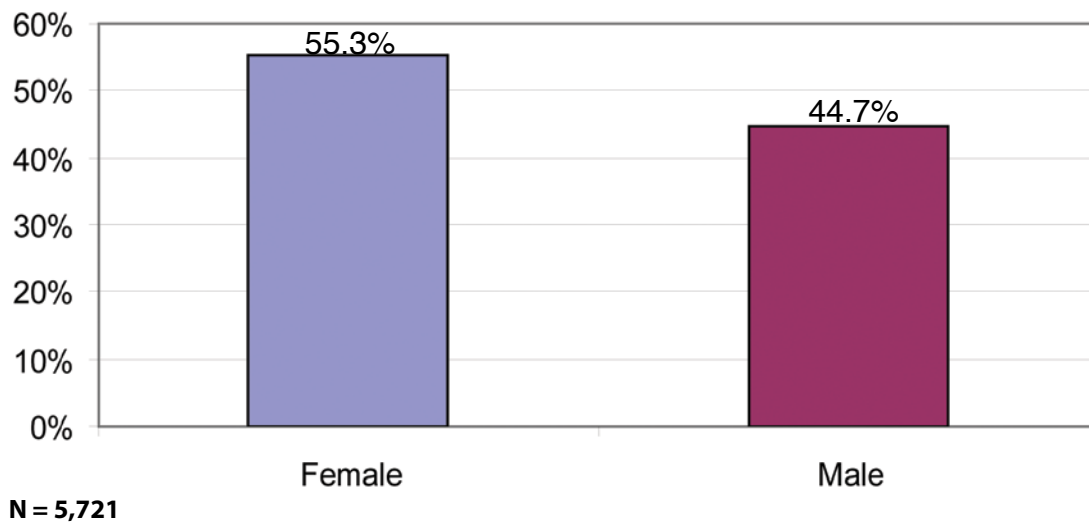


N=5,778

¹ The data for 2005 referred to the months August – December (357 cases) and January – February 2008 (468 cases)

3. Client Characteristics

Figure 2 Clients by Gender



The OFMDFM report on personal over-indebtedness¹ used two objective indicators: individuals paying 25 per cent or more of their gross monthly income on unsecured debt, and; individuals paying 50 per cent or more of their gross monthly income on all repayments. While it was not possible to reproduce these indicators from the CAB dataset, it has been assumed that the clients involved had problem debts and might thus be classified as over-indebted. Accordingly, comparison will be made with the findings of the OFMDFM report.

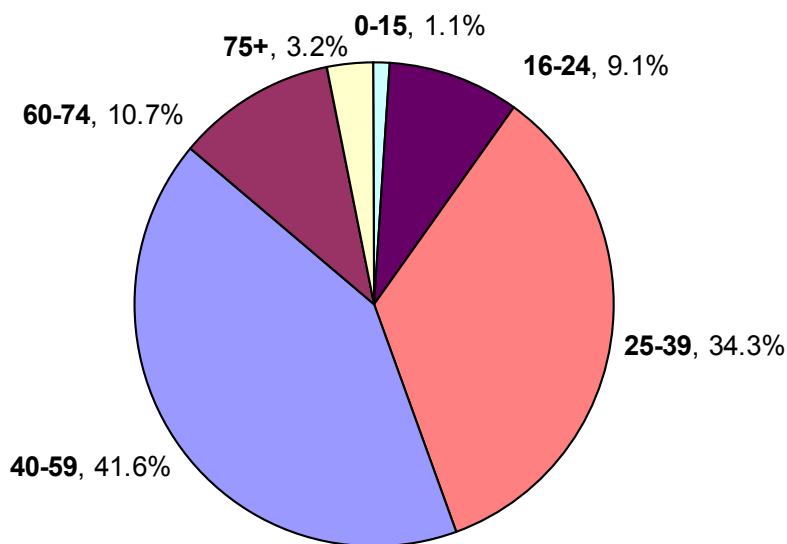
In the CAB sample, the majority of clients were women, making up just over 55 per cent of all clients. In the OFMDFM survey, over half of those surveyed were women, but women made

up almost 60 per cent of the over-indebted group on the 25 per cent indicator and over 70 per cent on the 50 per cent indicator. Both the CAB and the OFMDFM samples suggest that the majority of those with problem debts are women, notwithstanding the fact that men appear to have higher levels of debt.

The CAB sample was also broken down by age group. It should be noted, that from this point on, the sample sizes (N) fall as the provision of optional information is at the discretion of the client.

¹ Woods, M. (Feb. 2006), *Personal Over Indebtedness in Northern Ireland*, Belfast, OFMDFM.

Figure 3 Clients by Age Group



N=2,616

Age

The bulk of CAB clients were aged between 25 and 59. Amazingly, a small number (28) were less than 15 years of age. The OFMDFM survey found that while those aged 25-49 made up about 42 per cent of the sample, this group contributed over 60 per cent and almost 80 per cent of the indebted on the two respective debt indicators. In the CAB sample, the 25-39 age group made up over a third of the sample. Unfortunately, the same age categories were not used in each exercise.

While it is not possible to draw a direct comparison of the representation of the CAB dataset with the Northern Ireland population from the 2001 Census, it is nevertheless possible to combine the three age groupings 25-29, 30-44 and 45-59 to make some kind of a comparison with the two groupings as used by CAB; 25-39 and 40-59:

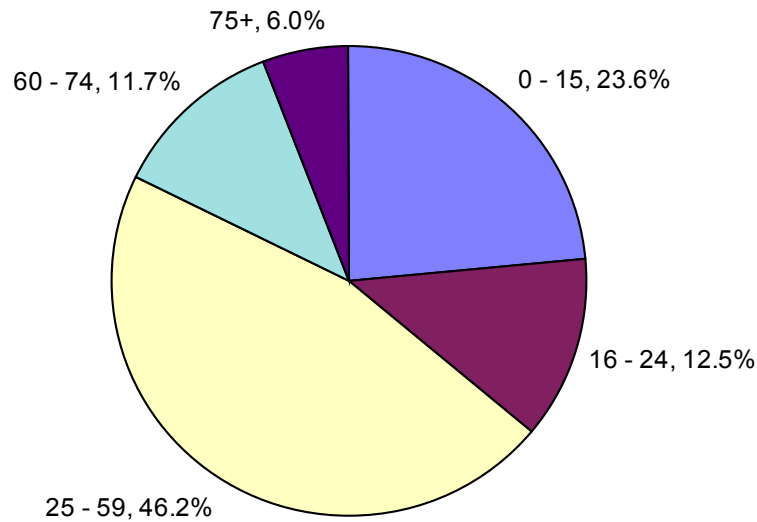
The following age groupings are used by Government statisticians and are taken from the 2001 Census:

2001 Census Age Groupings

Percentage of persons aged:															
0-4	5-7	8-9	10-14	15	16-17	18-19	20-24	25-29	30-44	45-59	60-64	65-74	75-84	85-89	90 and over
6.84	4.29	3.01	7.87	1.61	3.17	2.89	6.49	6.81	22.22	17.19	4.37	7.31	4.56	0.96	0.43

NI Census 2001

Figure 4 NI Census Age Groups



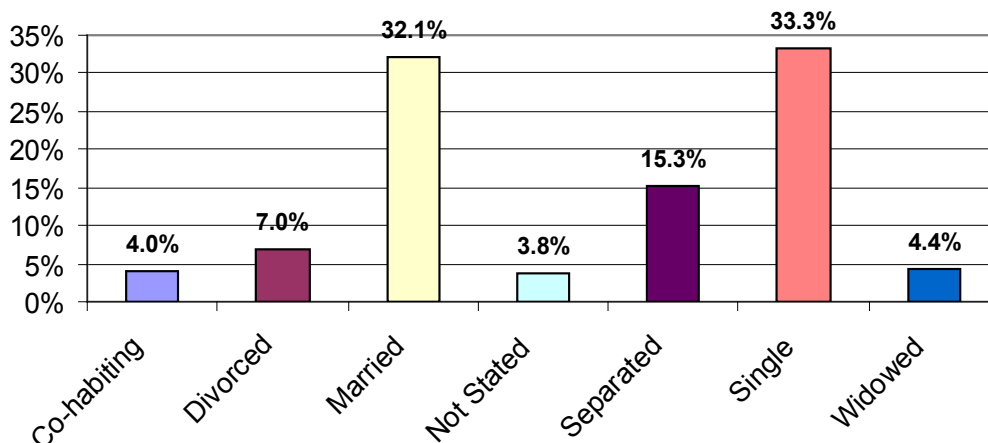
The three age groupings 25-29, 30-44 and 45-59 constituted around 46.2% of the Northern Ireland population in 2001, while the two age groupings as used by CAB 25-39 and 40-59, made up around 75.9% of clients. The number of clients seen for the age grouping 60-74 (11.7%) and for the age grouping 75+ (6%) is commensurate with the figures from the 2001 Census.

Marital Status

In terms of marital status, the largest single category of clients was 'single' (33.3%) followed by 'married' (32.1%). Together these made up just less than two thirds of the total. A further

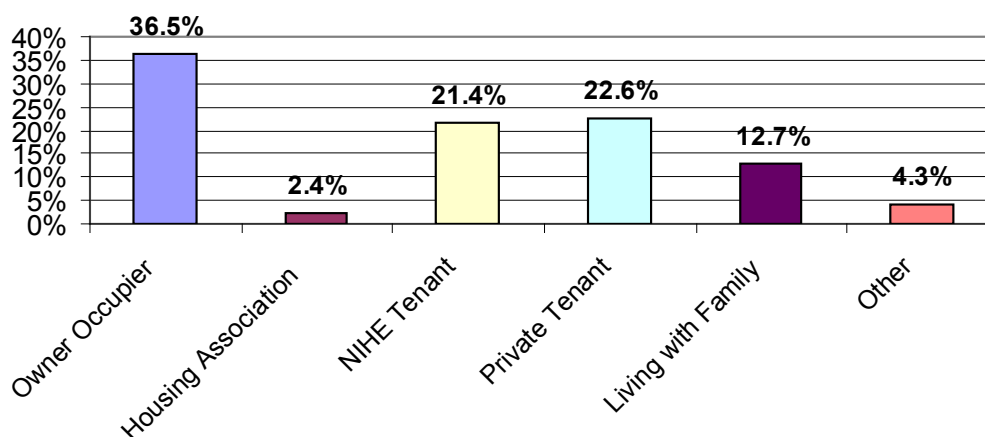
15.3 per cent were recorded as separated. In the OFMDFM survey, the 'married' category included those separated. While this made up about 62 per cent of the sample, it covered almost 70 per cent and over 80 per cent of the over-indebted. In short, those with problem debts were more likely to be married. If the married and separated categories in the CAB sample are aggregated, it makes up almost 50 per cent of all clients – also the largest category. In the CAB dataset, the 'single' made up a higher proportion of clients compared to the OFMDFM survey.

Figure 5 Clients by Marital Status



N = 1,761

Figure 6 Clients by Housing Status



N = 1,737

Housing Status

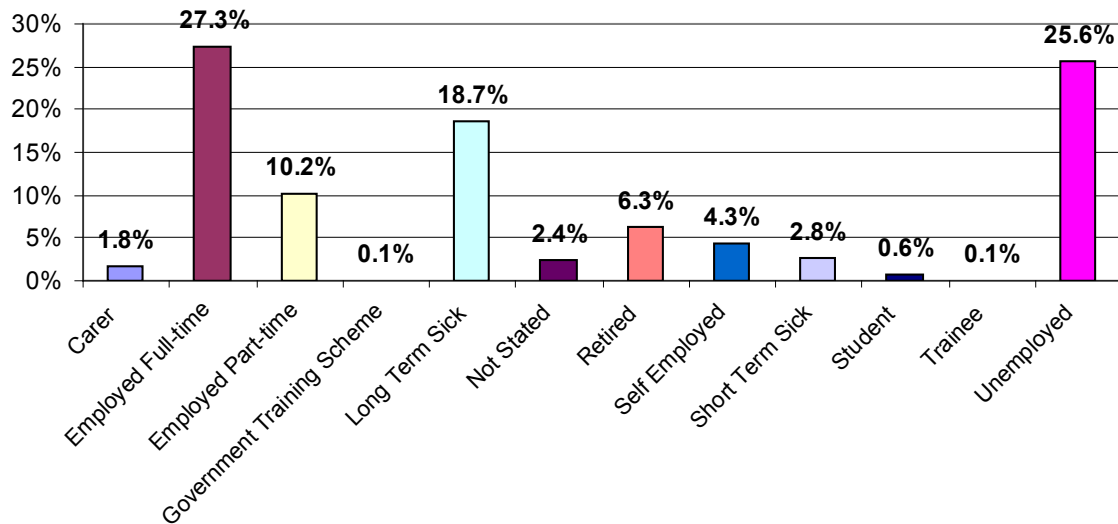
In the Figure 6, the multiple categories used by CAB were aggregated to produce a more manageable set. The largest single group of clients at 36.5% were owner-occupiers making up over a third of the total. NIHE and private sector tenants were just over 20 per cent respectively. Because the 50 per cent indicator in the OFMDFM survey referred to secured (i.e. mainly mortgages) as well as unsecured debts, it is understandable that those with mortgages made up almost three quarters of the over-indebted on that indicator. At the same time, both exercises suggest that those servicing mortgages make up the largest single group amongst those with problem debts.

However, if the three rented categories are grouped together it would show that 46.4% of the client interviewed lived in rented accommodation.

Location (urban/rural)

Just over 1,300 clients gave their location as being either rural or urban. Just less than a third of these said they came from rural locations with the remainder indicating an urban location. In the OFMDFM survey, those from rural locations were marginally under-represented amongst the over-indebted and those from urban areas marginally over-represented.

Figure 7 Clients by Economic Status



N = 1,624

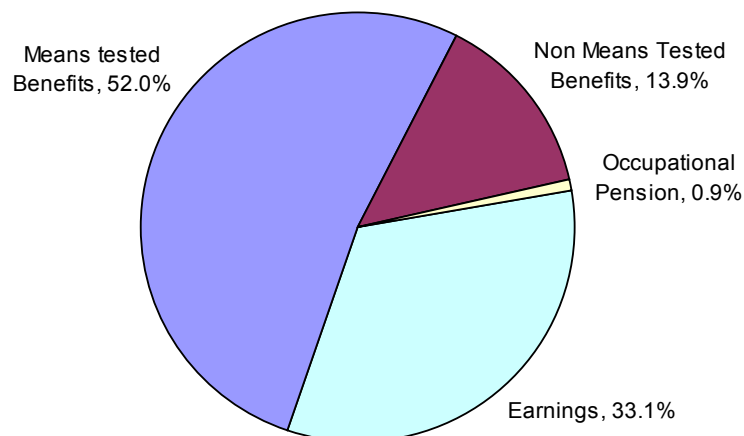
Economic Status

The three biggest groups of economic activity were those in full-time work (27.3%), the unemployed (25.6%) and the long-term sick (18.7%). In the OFMDFM survey, those in paid employment were over-represented on the 25 per cent unsecured debts indicator, but under-represented on the 50 per cent all debt indicator. Indeed, those on the margins of the labour market (unemployed, sick and retired) constituted more than half of the CAB sample, but were less than half of the over-indebted group in the OFMDFM sample. It should also be noted that while the unemployed made up a quarter of those on the CAB database, the unemployment rate in Northern Ireland (January 2008) is less than five per cent.

Even allowing for the existence of economically inactive groups on the CAB database, it would appear that the unemployed make up a substantially bigger share of the CAB database than in the general population.

The CAB dataset contained a variable on source of income on which 1,347 clients provided information. The diagram below represents a shortened version of that variable with some categories collapsed to make up meaningful numbers. Here, income sources have been broken into just four categories of earnings, means-tested benefits, non means-tested benefits and pensions.

Figure 8 Clients by Income Source



N = 1,347

Income Source

Those on means-tested benefits made up more than half of respondents to this question. Those with earnings constituted a further third corresponding to those who reported to be in some form of employment. The above results could well suggest an indicative correlation between the receipt of means tested benefits and poverty.

Given that according to the Family Resource Survey, around 25% of households in Northern Ireland are in receipt of some form of means tested benefit, there appears to be a significant over representation of this grouping within the CAB dataset at 52%.

There were a number of other important variables on the CAB dataset (e.g. highest level of qualification). Unfortunately, small response rates made their analysis impossible – only 127 out of 5,778 clients gave a recognisable qualification. However, on a much more positive note, more than 1,000 clients provided information concerning most other variables.

This number of respondents is therefore highly comparative with the OFMDFM research *Personal Over Indebtedness in Northern Ireland 2006*, and is interesting in its' own right². The picture that emerges is of a group with slightly more women than men, concentrated in a middle range of ages and divided between those in employment and those not, those with mortgages and those in social housing. This division within the group possibly reflects different kinds of debt experiences. One scenario suggests that those in employment have, in previous tax credit regimes, been able to access large debts, particularly in the form of mortgages. The other group being benefit dependent slips into debt owing to deficiencies in disposable income. One indicator of whether this scenario is credible would be the respective levels of debt between these two groups. For that reason, the next section of the report examines the relationship between debt levels and client characteristics.

² For its survey, OFMDFM interviewed 1,092 individuals albeit with rigorous efforts to ensure representativeness.



4. Debt and Levels of Indebtedness

Where clients permitted, CAB debt counsellors recorded the total number of debts, the amount owed and the type of debt. With respect to the number of debts, 1,829 clients reported a total of 5,021 different debts and 1,782 clients gave various debt amounts that could be aggregated to the amount of debt per client.

With respect to different categories of debt, the table below breaks these down. The table records the number of times each category was reported and gives that as a percentage both of the total number of reported debts (5,021) and of the 1,829 clients who responded.

Figure 9 Categories of Debt Reported by Clients

	No of Responses/Debts	% of Responses/Debts	% of the 1,829 Respondents
Secured Loan	70	1.4%	3.8%
Illegal Lender	2	0.0%	0.1%
Mortgage Arrears	132	2.6%	7.2%
Tax Credit Overpayment	16	0.3%	0.9%
Tax	49	1.0%	2.7%
Social Fund	69	1.4%	3.8%
Oil	14	0.3%	0.8%
Bank Loan	275	5.5%	15.0%
Electricity	30	0.6%	1.6%
Store Credit	96	1.9%	5.2%
Cable / Satellite TV	45	0.9%	2.5%
Gas	8	0.2%	0.4%
Maintenance	2	0.0%	0.1%
Benefit Overpayment	100	2.0%	5.5%
Overdraft	273	5.4%	14.9%
Rates	64	1.3%	3.5%
Door Step Lender	120	2.4%	6.6%
Credit Union	178	3.5%	9.7%
Business	40	0.8%	2.2%
Family and Friends	26	0.5%	1.4%
Telephone	151	3.0%	8.3%
Student Loans	22	0.4%	1.2%
Store Card	380	7.6%	20.8%
Fines	13	0.3%	0.7%
Rent	101	2.0%	5.5%
Personal Loan	765	15.2%	41.8%
Catalogue	399	7.9%	21.8%
Mobile Phones	98	2.0%	5.4%
Hire Purchase	125	2.5%	6.8%
Other	148	2.9%	8.1%
Credit Card	1,210	24.1%	66.2%
Totals	5,021	100.0%	

By far the largest number of responses referred to credit card debts accounting for almost a quarter of all debts mentioned and two thirds of those who responded to these questions. If debts on store cards and debts on catalogues are added to the credit card total, then 40 per cent of the debts mentioned can be accounted for by these three categories. A relatively small percentage of the total mentions concerned mortgage repayments (2.6 per cent of all debt categories and 7.2 per cent of clients. Just over 10 per cent of all debts reported concerned bank loans and overdrafts. Indeed, if the phrase 'personal loan' also refers to bank lending, the total raises to 25 per cent of all debt categories.

Just less than a third of respondents reported experiencing one or two debts. Thus, about 1,250 clients reported experiencing more than two debts. Just over 500 declared that they were experiencing seven or more debts and just over 200 experienced ten or more. Two clients reported 27 debts each. This would suggest that the typical client seeking CAB help does not have a problem of a single major debt, but an aggregation of possibly smaller debts ('robbing Peter to pay Paul') that ultimately becomes overwhelming. This can be explored further by examining the amounts of debt owed as seen in figure 11.

The table in figure 9 presents a picture of a client group with multiple and diverse debts. The experience of multiple debts is depicted in the figure 10:

Figure 10 Clients by Number of Debts

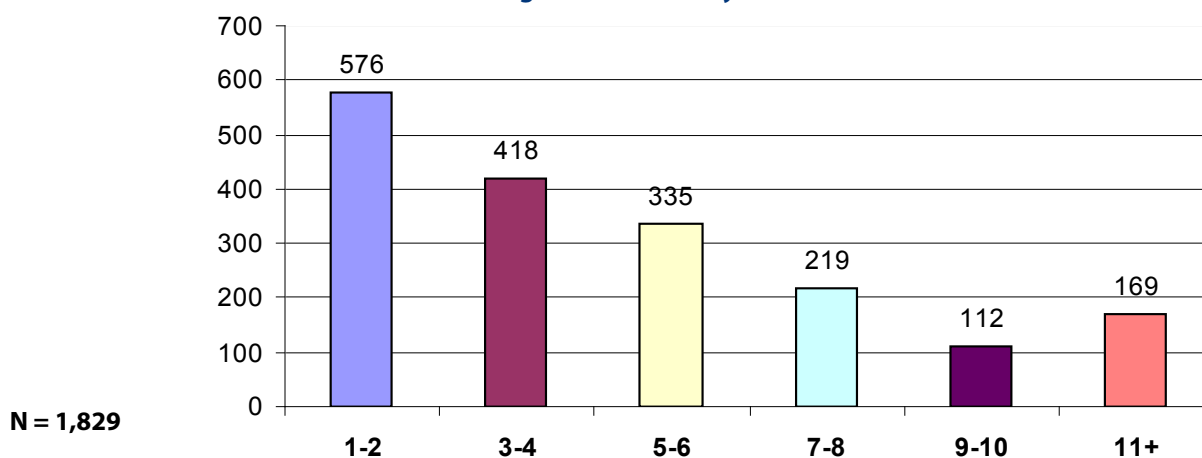
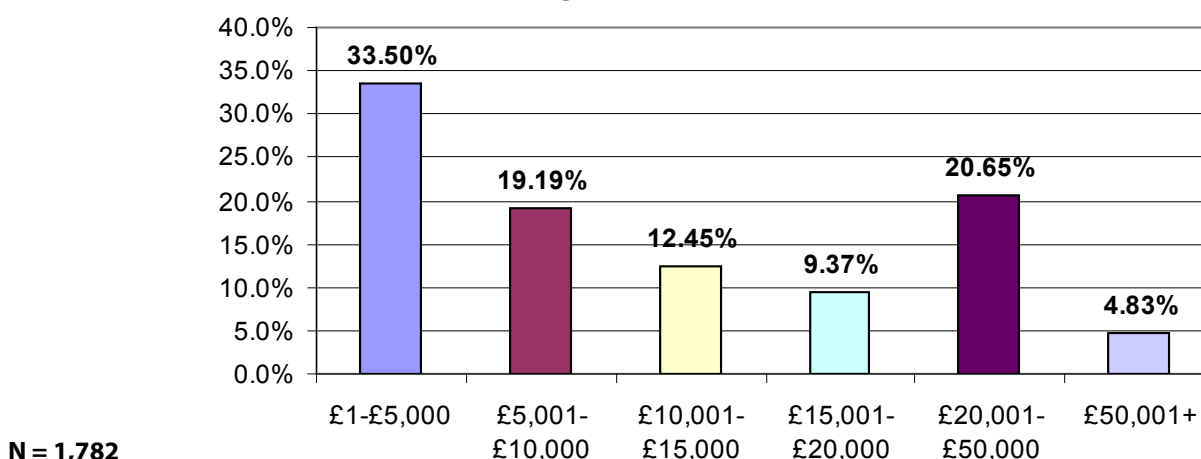


Figure 11 Client Debt Levels



The CAB data contained information of debt amounts from 1,782 clients. In the original database, these were attached to debt categories, but, from that information, an aggregate debt amount was calculated for each client. This information was then organised into six categories. The distribution of debts within these categories is given in the diagram above.

The largest single category group of debts (just over a third of the total) fell into the £1-£5,000 category – a relatively small figure. However, even this might constitute over-indebtedness – at the annual interest rates employed by credit card companies (around 16%), an individual would have to find around £70 per month to service the debt. As the scale of debt increases, the tendency is for smaller numbers of clients to appear in each category. Thus, the percentage of clients in the £15,001-£20,000 category is about half that in the £5,001-£10,000 category. However, the exception is the £20,001-£50,000 category that accounts for about a fifth of all clients – 386 individuals. Moreover, a further 86 individuals reported debts of over £50,000. In short, a quarter of those who provided information on debt amounts owed more than £20,000. Given that mortgage arrears debt only records the arrears and not the full mortgage amount, this suggests that

a significant proportion of those seeking help have serious problems of debt. Collectively, 65.14% of respondents had debts of £15,000 or less.

It is of some interest to see how these different debt categories played out amongst the different groups that made up the complete client set.

Figure 12 shows debt levels by gender. Although women made up a majority of the clients in the database, it can be seen that their debt amounts were more concentrated in the small debt categories. Thus just less than 40 per cent of women had debts of £5,000 or less compared to less than 30 per cent of men. Over 30 per cent of men had debts totalling more than £20,001 compared to less than 20 per cent of women. The average debt figures by gender are presented here:

Gender	Average Debt
Female	£15,426
Male	£16,105

Figure 12 Debt Levels by Gender

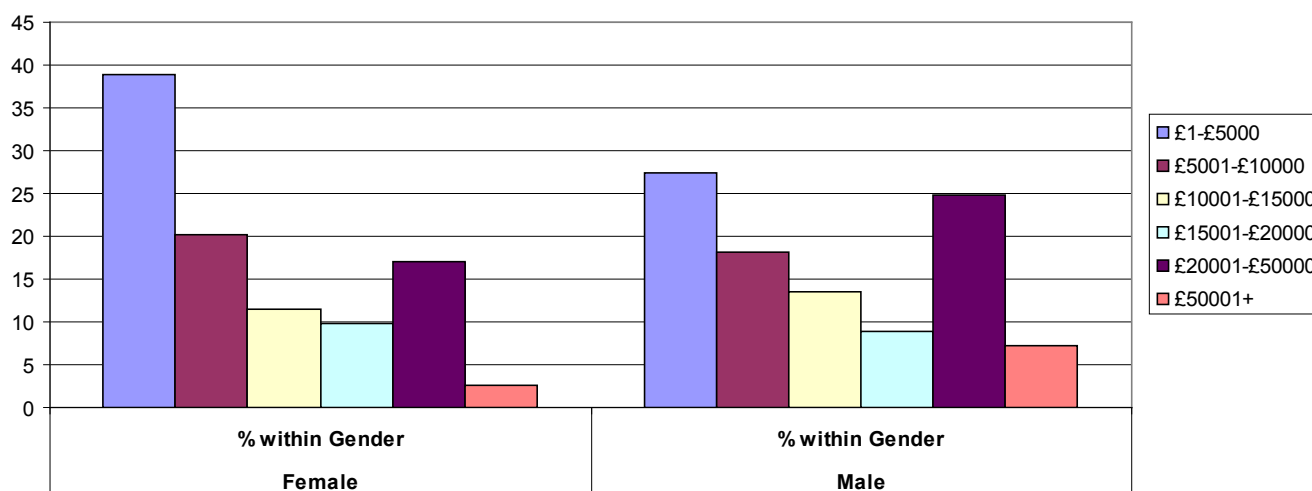
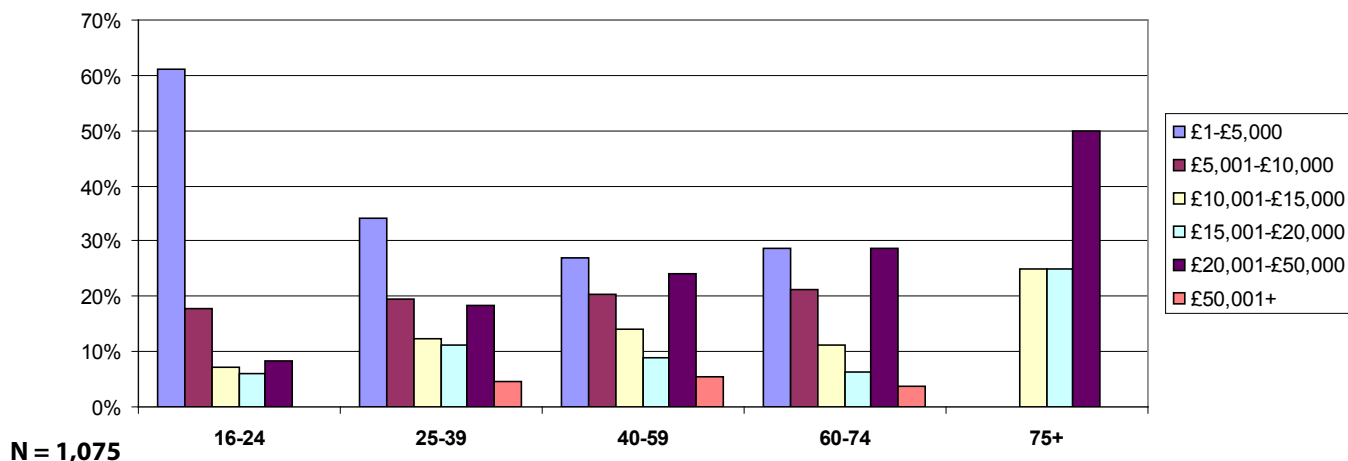


Figure 13 Debt Levels by Age



N = 1,075

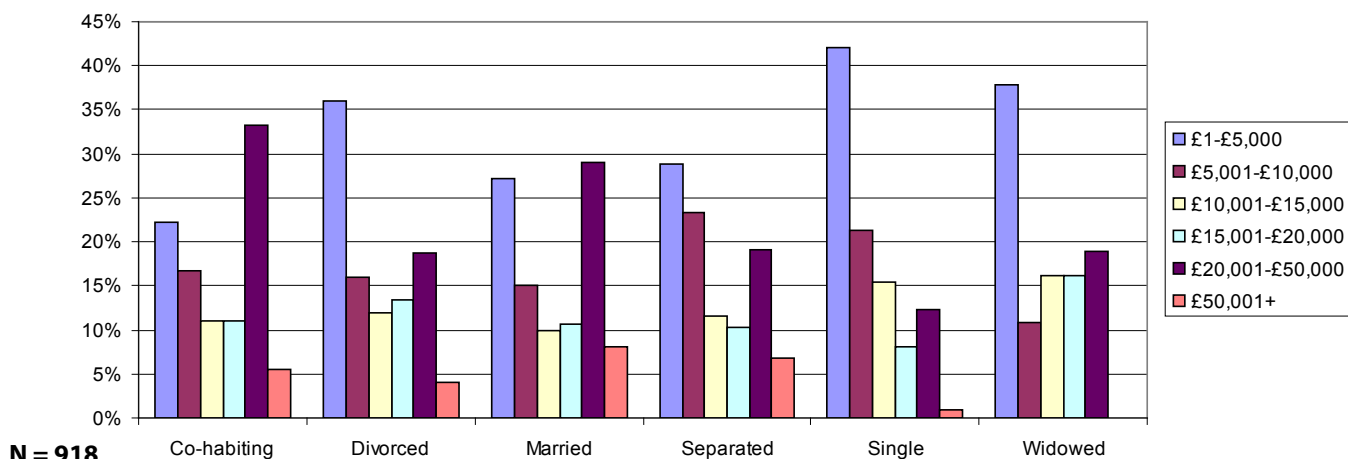
Similarly, differences can be seen in the break down of debt levels by age group. Over 60 per cent of the youngest age group were in the lowest debt category while a third of the 25-39 age group was also in this category. In contrast, for those in the 40-59 age group, the percentage with debts between £20,001 - £50,000 is almost as high as the percentage in the low debt category and the percentages for these debt categories were almost identical for the 60-74 age group. Thus, there would appear to be an association between higher debt levels and older age groups. The average debt figures by age are presented here:

Age	Average Debt
16-24	£6,898
25-39	£14,016
40-59	£17,154
60-74	£16,769
75+	£22,080*

* NB Only 4 respondents stated their age as 75+ as well as their level of debt.

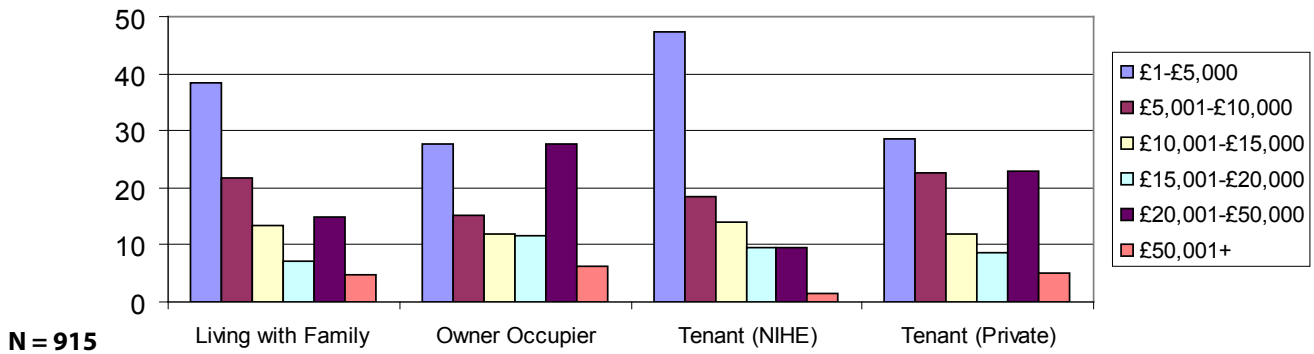
The single, the divorced and the widowed tended to have higher shares in the lower debt categories – over 40 per cent in the case of the single, although that might be related to age. The married and divorced groups of clients had higher shares in the two highest debt categories. Significant differences were also recorded amongst various marital groups as illustrated in figure 14.

Figure 14 Debt Levels by Marital Status



N = 918

Figure 15 Debt Levels by Housing Status



In presenting debt levels by housing status, some of the tenure categories have been removed because of small numbers. The cross-tabulation depicted by Figure 15 covers three tenure categories (owner occupier; privately rented; publicly rented) and those living at home. Differences appeared between those living at home and those in NIHE accommodation and private tenants and owner occupiers respectively. The former two had higher shares in the lowest debt category and lower shares in the highest debt category.

Over a third of owner occupiers were in the two highest debt categories, while over a quarter of private tenants were in the same categories. It is not possible to say categorically that the accommodation costs of these two groups were a factor in their debt problems although that is a possible explanation. However, earlier it was suggested that debtors might fall into two classes: those with limited incomes falling into debt as a result of unforeseen circumstances, and those who had over-extended their borrowing. The different debt levels among the tenure groups add some support to this hypothesis.

Examining debt levels amongst different employment types is also congruent with this idea of different debtor types. Over half of the self employed had debts of over £20,000 while over a third of the full-time employed had similar levels of debt. Interestingly there did not appear to be any gender differences here – full-time employed and self-employed women also tended to have higher levels of debt. However, the three-way cross-tabulation required to illustrate this has such small cell sizes as to be unreliable. The average debt figures by housing status are presented below:

Housing Status	Average Debt
Owner Occupier	£19,059
NIHE	£9,267
Private Tenant	£16,144
Housing Association	£11,396
Living with Family	£16,602

Figure 16 Debt Level by Employment Status

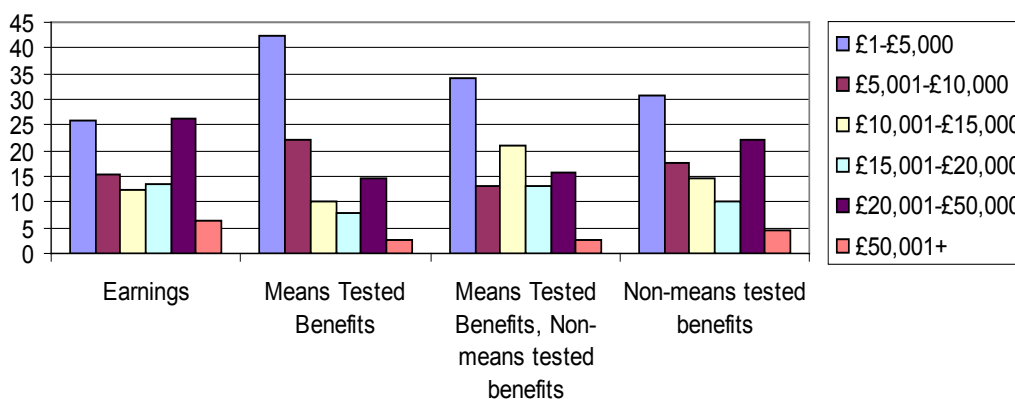


N = 970

In contrast, less than 15 per cent of the unemployed and long-term sick had debts of over £20,000, similar to those in part-time employment. Almost half of the unemployed had debts of less than £5,000, almost 40 per cent of part-time employees and over a third of the long-term sick. There would thus appear to be an association between position in the labour market and the level of debt. The average debt figures by economic status are presented in the table to the right:

Economic Status	Average Debt
Full-Time Emp.	£21,282
Part-Time Emp.	£11,508
Self Employed	£27,184
Unemployed	£12,261
Long-Term Sick	£11,695
Short-Term Sick	£13,991
Retired	£16,888

Figure 17 Debt Levels by Income Source



N = 681

This is further reinforced by examining debt levels by income source. Again, some of the CAB categories have been collapsed to provide a meaningful picture. Almost 30 per cent of those with earnings as the sole income source had debts of more than £20,000 compared to around 15 per cent for those depending on either means-tested benefits or a combination of means-tested and non-means tested benefits. However, it should be noted that those who reported non-means tested benefits as their sole income also had around 30 per cent of debts above £20,000. The average debt figures by income source are presented below:

Analysis of debt levels had highlighted some key differences within this debtor group. Men's debt levels tended to be more concentrated in the higher levels compared to women, the full-time employed compared to unemployed and part-time employed and owner occupiers compared to those in social housing.

It should be recognised that low levels of debt may still be critical for those on the fringes of the labour market who are benefit dependent, but higher absolute levels of debt tend to be concentrated in other social groups.

Income Source	Average Debt
Earnings	£18,960
Means Tested Benefits	£12,838
Non Means Tested Benefits	£15,377
Other	£16,757

Figure 18 details the average debt by descriptive characteristic:

Figure 18 Average Debt by Client Characteristic

	Average Debt
All	£15728
Gender	
Female	£15,426
Male	£16,105
Age	
16-24	£6,898
25-39	£14,016
40-59	£17,154
60-74	£16,769
75+	£22,080*
Economic Status	
Full-Time Emp.	£21,282
Part-Time Emp.	£11,508
Self Employed	£27,184
Unemployed	£12,261
Long-Term Sick	£11,695
Short-Term Sick	£13,991
Retired	£16,888
Housing Status	
Owner Occupier	£19,059
NIHE	£9,267
Private Tenant	£16,144
Housing Association	£11,396
Living with Family	£16,602
Income Source	
Earnings	£18,960
Means Tested Benefits	£12,838
Non Means Tested Benefits	£15,377
Other	£16,757

* NB Only 4 respondents stated their age as 75+ as well as their level of debt.

While the data point to, rather than prove, the existence of at least two main groups of debtor, there remains good reason to consider what kinds of intervention would best suit the needs if such groups existed. The dominant finding from the qualitative research exercise on debt was that early intervention in the form of advice and assistance was crucial and this remains true. However, there may be two possible debt regimes, each requiring different approaches. The first refers to those on low incomes drawn into debt through a combination of unfortunate circumstances where support should be in the form of helping to maximise benefit payment and negotiation of repayment. The second refers to those over-extended by lax credit conditions so that managing debt repayment eats into an increasing proportion of disposable income.

Oddly, the impact of the global credit crunch simultaneously makes more difficult the circumstances of those already indebted and reduces the possibility of others falling into the same difficulty (by tightening credit conditions). The plight of the former is of most concern, since some estimates suggest that 4.5 million mortgage holders could be in difficulty by the end of 2008. As part of its efforts to avoid the melt down of the financial system, government has provided substantial liquidity and has urged banks and other financial institutions to resist foreclosing when borrowers get into difficulty. The example of the housing market in the US points to the futility of aggressive foreclosure strategies. Whatever happens in the macro economy, two things need to happen on the ground: the first is accurate monitoring of the impact on borrowers as the situation unfolds; the second is immediate availability of advice and support for those who get into difficulty.



5. Spatial Analysis

This section examines the spatial distribution of the data. A second translation exercise was undertaken on available postcodes to identify the distribution of clients by district council area. This pattern will be skewed by the distribution of CAB offices.

In line with New Targeting Social Need (currently Lifetime Opportunities), a key task was to examine the degree to which clients came from areas of greatest social need. Here, the spatial analysis does not refer to a North/South/East/West geography, but to concentrations in deprivation levels. The Super Output Areas (589 out of 890 in Northern Ireland) in the sample had their rank according to the Northern Ireland Multiple Deprivation Measure (2005) attached and were organised in deciles running from the most deprived 10 per cent to the least deprived 10 per cent. The 10 per cent threshold is routinely used as an allocation mechanism in statutory programmes such as Neighbourhood Renewal.

The basic question was to explore whether clients and debt amounts were particularly concentrated in areas judged to have higher levels of deprivation. Figure 21 (within appendix 1) depicts the percentage of total number of clients that came from within each decile of Super Output Areas. The pattern is of concentration within the most deprived deciles. Indeed, a quarter of all clients came from Super Output areas that were within the most deprived 10 per cent in Northern Ireland.

Put another way, the risk of becoming a debt client if one lived in this group of Super Output Areas is two and a half times greater than for the whole population. Almost half of all clients came from within the three most deprived deciles in Northern Ireland.

At the same time, the pattern is not entirely one of declining client numbers within each succeeding decile – the sixth decile held a greater share of clients than the fifth. Still, the overall picture is of client concentration in those areas with

highest deprivation scores.

Figure 22 presents the distribution of debt amounts rather than clients. Reported debt amounts were aggregated at Super Output Area level and then into deciles of Super Output Areas. It is important to emphasise the caution expressed earlier – Figure 22 was constructed from almost 5,000 clients, this refers to 1,783 reported debt amounts. Nevertheless, this reduced dataset exhibits a similar pattern – higher shares of total reported debt in the most deprived deciles of Super Output Areas.

Thus, the most deprived 10 per cent contained more than 20 per cent of all reported debt and the three most deprived deciles over 40 per cent.

The pattern of decline was interrupted by deciles six, seven and eight which saw slight rises in their shares.

Since the share of clients in the most deprived decile is higher than the share of debt in the same decile, it might be hypothesised that the actual debt amounts might be lower in this decile than elsewhere.

Figure 23 examines that possibility. Greater caution than ever should be exercised here since the number of clients is greater than the number of reported debts and the gaps in data are unlikely to be distributed evenly across the deciles. As expected, the pattern is less pronounced. However, there is a tendency for lower average debt amounts in the more deprived deciles compared to the less deprived.

Whilst the limitations of the dataset have been noted, there is evidence here that a greater proportion of the client base of the CAB Money Advice service came from deprived areas.

At the same time, some clients did also come from what could be termed as more affluent areas. In part, this is to do with the diversity in debt types with some (e.g. business debts) tending to be very large. The dataset contains 20 cases with debts of over £100,000 and 60 with debts of over £50,000. It might be argued that individuals from the least deprived areas should not be availing of the services of CAB, but the qualitative debt project pointed to the real desperation and disruption in the lives of all debtors.



6. Conclusions and Recommendations

The purpose of this report is to provide a description of almost 6,000 clients who availed themselves of CAB advice over a four year period. It did so by converting almost 33,000 records of advice sessions into a database of 5,778 clients. This is undoubtedly the largest group of people with debt problems in Northern Ireland that has been analysed in this way.

The characteristics of the client group could be summarised as:

- While there were more women than men in the database, the latter tended to have higher levels of debt. Moreover, the middle range of age groups tended to have higher debts than either the young or the elderly. Equally, the debts of married clients tended to be greater than those of single clients;
- While all categories of economic activity experienced debt, those in full-time and self employment tended to have higher debt levels. Correspondingly those with earnings tended to have higher levels of debt than those living on benefits;
- Again debts were spread across all tenure types, but higher debt levels were more characteristic of owner occupiers and those in the privately rented sector than tenants of social housing;
- Reflecting the distribution of the service offered by CAB, clients were not distributed evenly across Northern Ireland. However, when individuals were grouped into population deciles of the Northern Ireland Multiple Deprivation Measure, then CAB clients were disproportionately from higher deprivation deciles;
- It was hypothesised that the data pointed to two kinds of debtor: those in difficult circumstances falling into debt in the effort to maintain spending or dealing with unforeseen contingencies, and; those higher up the income scale who have availed of cheap and easily accessed credit. This division amongst debtors is by no means proved, but is worth further investigation.

Conclusions & Recommendations:

- PSc Management Consultants, as an independent research agency, has analysed the CAB dataset and it is our conclusion that the Money Advice service is indeed helping very vulnerable people.
- The debt advice service provided by the DETI funded Dealing with Debt Citizens Money Advice service is being accessed by those people identified as over indebted in the OFMDFM Report.
- The service is clearly accessible to those who most require it and is clearly an example of Government money being targeted for the benefit of a specific group which is most in need.
- It appears essential that the service continues to operate and if anything should be further resourced.
- If CAB were to continue this service and monitor clients in the ways suggested in the operational recommendations it would permit some understanding of the dynamics of debt within the region. Given that economic forecasts appear to be bleak in the wake of the credit crunch, it may be that individuals will find it difficult to service existing debts and even more difficult to obtain new kinds of credit. The CAB dataset would thus be an important monitor of how turbulent economic conditions are affecting the level and type of debt problems within the general population.

Appendix 1

Figure 21 Distribution of Clients amongst Multiple Deprivation Measure deciles

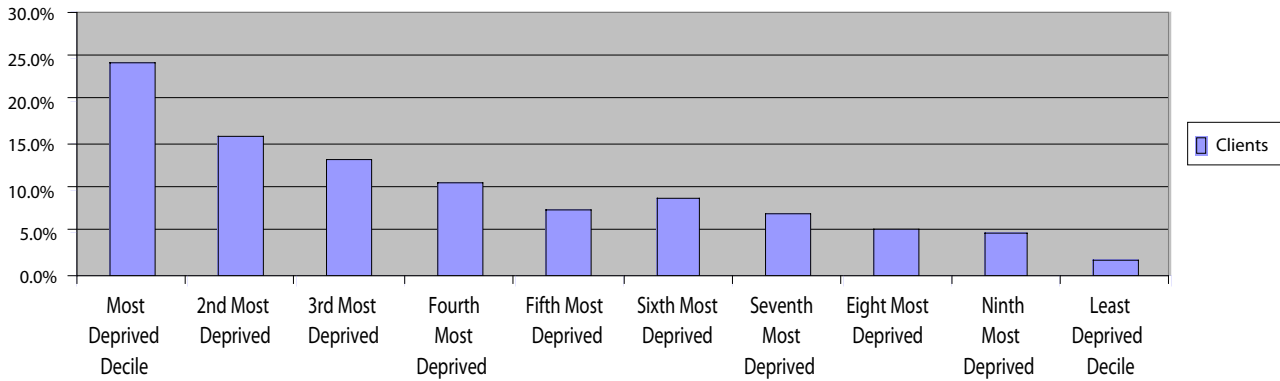


Figure 22 Distribution of Reported debt by Northern Ireland MDM

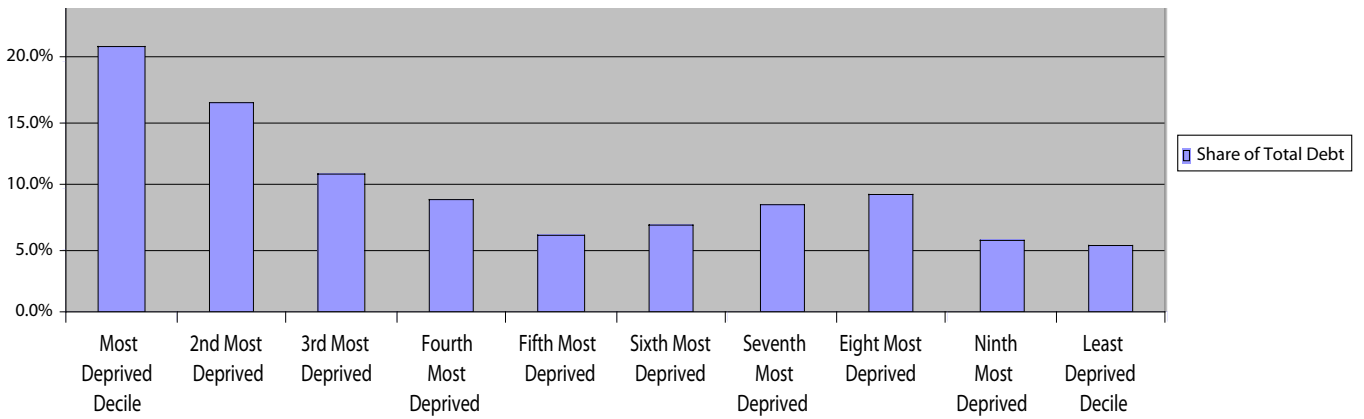
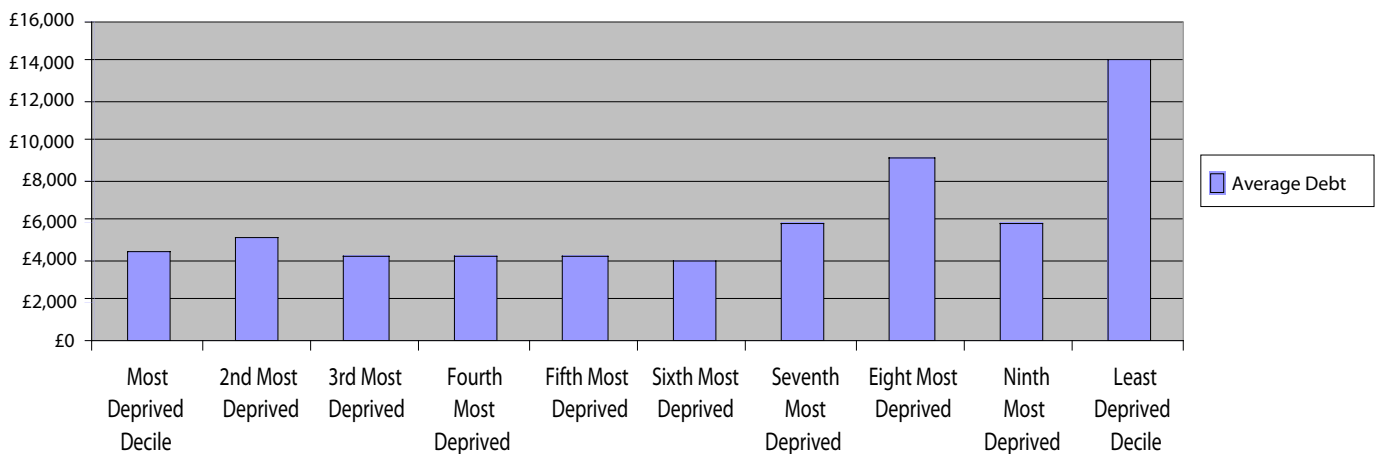


Figure 23 Average Debt in Each MDM Decile





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