



THE IMPACT OF THE ECONOMIC DOWNTURN ON ADVICE SERVICES IN COVENTRY

Whilst the effects of the current economic downturn may not yet be fully apparent in the labour market and in business performance, the impact of restrictions on lending and the mortgage situation is already hitting people in Coventry very hard. This position seems likely to continue in the short term, and indeed all predictions would indicate that it is likely to worsen.

Advice Services Coventry is a partnership of independent advice agencies in the city. Its members are:

- Coventry Law Centre
- Coventry Citizens Advice Bureau
- Willenhall Advice Centre
- Wood End Advice Centre
- Holbrooks Community Care Association
- Coventry Benefits Advice Line (Coventry City Council)
- Age Concern Coventry
- Coventry Cyrenians
- Foleshill 396
- Client Support Unit (Coventry City Council)
- Coventry and Warwickshire Family Mediation Service
- St Oswalds Advice Centre

All members of Advice Services Coventry are experiencing an unprecedented increase in demand for their services and all are working hard to create extra capacity to respond to this demand.

The national picture

- According to the Council of Mortgage Lenders there were 8,000 repossessions in 2004, while by the end of 2007 this

had risen to 27,100; a further steep rise to 45,000 is predicted for the final total for 2008.

- The first two quarters of 2008 saw a 21% rise in mortgage repossessions on the same period last year, and the Midlands saw the highest rise at 32% *

* MOJ statistics

The local picture

All of the members of ASC have experienced a level of demand for services in the last 6-12 months that is unprecedented. There is currently a minimum 3 week waiting time for a debt advice interview across all of our member agencies. Some examples of the impact of increased demand are set out below:

Coventry Citizens Advice Bureau

The Bureau has experienced an immense and unprecedented demand for debt advice over the past six months. This has resulted in a **40% increase in debt enquiries. The Bureau now has no available appointments for debt advice until mid February.**

The biggest increase in an individual enquiry area has been from clients experiencing problems with **fuel debt, which saw an increase of over 130%**. The dramatic increase in the cost of fuel, coupled with increases in general household bills, has meant that more and more people are entering fuel poverty for the first time.

A huge increase of just over 112% in clients seeking advice about mortgage and secured loan arrears and a 100% increase in clients seeking advice about pending evictions due to mortgage arrears as people struggle to maintain mortgages on high interest rates with the additional strain of increases in the cost of living generally.

An increase of just over 28% in clients seeking advice about evictions from Social Housing, which in previous years had been on the decline.

The Bureau continued to receive an increase in enquiries from clients who were in arrears with their Council Tax, with over 73% more enquiries being received than we handled last year.

Willenhall Advice Centre

In 2007 debt right offs amounted to £155,206.86. So far this year (with 2 months remaining) they have already **more than doubled** to £319,888.00. During last year the centre dealt with, on average, 1 bankruptcy a month and this year so far it is 1.5. **Complicated multiple debt is increasingly the norm now.**

Wood End Advice Centre

The Centre is experiencing a very noticeable increase in clients requiring debt counselling. From the 1st August 2006 to 31st July 2007, we recorded 127 debt cases. Between 1st August 2007 to 31st July 2008, we recorded 465 cases; this is **a 266% increase** and is putting significant pressure on our organisation.

Our workers saw an average increase in clients to **462 per caseworker** over the past 28 weeks, compared with **377** for the same period last year.

St Oswald's

The Centre offers a drop in advice service, run by volunteers, on Friday mornings. Recorded figures show **a 70% increase** in debt advice.

Holbrooks Community Care Association

The Centre has one 22.5 hr weekly post to cover advice provision for the area. They are dealing with approximately 1500 enquires per year, and on average are opening 4 new cases a week. Almost **70% of advice and casework is related to debt.**

Coventry Law Centre

The Centre operates the Duty Solicitor Scheme at Coventry County Court. Our service is experiencing significant pressure in terms of an increase in **mortgage possession actions**. We far represented **twice as many people (251 cases)** in 2008 as we did during 2007.

The impact of increasing debt levels and other pressures is also affecting demand for our other areas of expertise. The court issued outright possession orders for 91 of our mortgage clients. This clearly leads to a range of other issues and demand for advice.

We are, in addition, aware of a significant increase in the numbers of applications for charging orders listed at court. This in turn is likely to further escalate the numbers of mortgage repossession cases.

ASC response

The members of ASC are doing all they can to adapt their services to meet the current and anticipated demand.

- Coventry Law Centre has doubled its overall case load across all areas of law in the last couple of years.

In response to the specific demand for housing related debt advice, **Coventry Cyrenians** has made available £35,000 over two years from its Special Projects Reserve and, combined with £30,000 funding over two years from Coventry Building Society, this will allow Coventry Law Centre to establish a specialist housing debt advice service. The new service will work with people who are homeless or threatened with homelessness and who access services provided by Coventry Cyrenians, and who have housing related debts. It will also operate alongside the duty scheme that Coventry Law Centre provide at the County Court – to offer detailed debt advice to those facing repossession action against their home.

- Coventry Citizens Advice Bureau is planning to move to new, more accessible premises and increase its opening hours by 50% with a re-modelled service in the next 3 months, in order to meet increased demand.
- The neighbourhood advice agencies have less flexibility as they are already working with low numbers of staff. In common with all ASC members, their staff have significantly increased their caseload to respond to demand.