

This briefing highlights some of the social policy successes achieved by the CAB Service in Scotland from July 2008 to December 2008. Many thanks to all the bureaux that fed back social policy cases and statistics – none of this could happen without information on the experiences of CABx clients in Scotland.



Issue 12: July - December 2008

Social Policy Successes

Benefits



Moratorium on Jobcentre Plus closures

The DWP have announced additional money to be set aside to deliver "effective support for the unemployed" over the next two years, following CAS and Scottish CAB work with local jobcentres. This will result in a reprieve for 25 Jobcentres that had been earmarked for closure, including six in Scotland. In our recent response to the Government's 'No One Written Off' green paper on welfare reform, we highlighted concerns about the ability of DWP resources to deliver services to clients, especially given the

worsening economic climate and the proposed closure of jobcentres.

SCOWR meeting with Tony McNulty

CAS has been invited to express our concerns on welfare reform directly to Tony McNulty MP, the Minister of State for Employment and Welfare Reform, as part of our work with the Scottish Campaign for Welfare Reform (SCoWR). CAS is a founding member of SCoWR, established four years ago in order to highlight the concerns of a diverse coalition of Scottish organisations to the UK Government's Welfare Reform proposals. To date, more than 40 organisations in Scotland, including the Poverty Alliance, One Parent Families Scotland, and Oxfam, have signed up to the campaign. In October 2008, SCoWR wrote to Tony McNulty MP, raising concerns that proposals in the Green Paper

on Welfare Reform could push low income people further into poverty, at a time when they are already bearing the brunt of a downturn in the UK economy.

De-combining payments of DLA and JCP benefits

As a result of CAB involvement, the DWP have now produced a letter informing claimants of their recent policy decision to decouple the payment of DLA and Jobcentre Plus benefits. This policy decision was originally taken with no communication to either clients or intermediary groups such as the citizens advice bureaux. Although the overall total payments should have remained the same, delays resulted in some claimants receiving reduced payments with no explanation, and CAB advisers being unable to provide comprehensive support and advice. After bureaux reported the problem, CAS raised this as an issue, resulting in the DWP producing a letter to send to claimants explaining the changes to their benefit payments.

Scottish Campaign
on Welfare Reform



Debt

Growing Old Together

In October 2008, we published the 'Growing Old Together' research report on older bureau clients. The report highlighted the high level of debt that single, low-income older clients can hold, the high numbers of older clients that have credit card and bank loan debts, and the impact that debt can have on the health of clients. Sandra White MSP raised the report in the Scottish Parliament in a parliamentary motion, which was signed by 33 MSPs, calling for more support for older people in financial trouble. The report was also prominent in the Scottish media, featuring on BBC Radio Scotland, STV News, the Herald, the Press & Journal, and the Scottish Sun.

Case Evidence

A West of Scotland CAB reports of an elderly client with non-priority debts totalling over £80,000. The client has 15 store cards, and 9 credit cards. The client has not defaulted on any payments, but rather has been 'borrowing from Peter to pay Paul' and thus adding to his debts. His monthly income consists of his State Pension and work pension. The bureau reports that the client's anxiety about his debts and the possibility of losing his home had made him borrow more to meet at least the minimum payments.

RBS speech

We were asked to speak at the Royal Bank of Scotland's Evolve Lecture on the topic of "What Treating Customers Fairly Means to You". We raised a number of issues fed in from our client evidence including problems with opening and retaining bank accounts, bank charges, irresponsible lending and uncooperative behaviour with bureaux. We have been asked to return and deliver the same presentation to the RBS Retail Banking Customer Board. In a return visit, Karen Titulaer, the External Risk Senior Manager at RBS, addressed and took questions from nearly 60 bureau advisers at the CAS Annual Social Policy Conference in December. CAS and RBS intend to have regular liaison meetings over the next year, to highlight problems and explore policy resolutions.

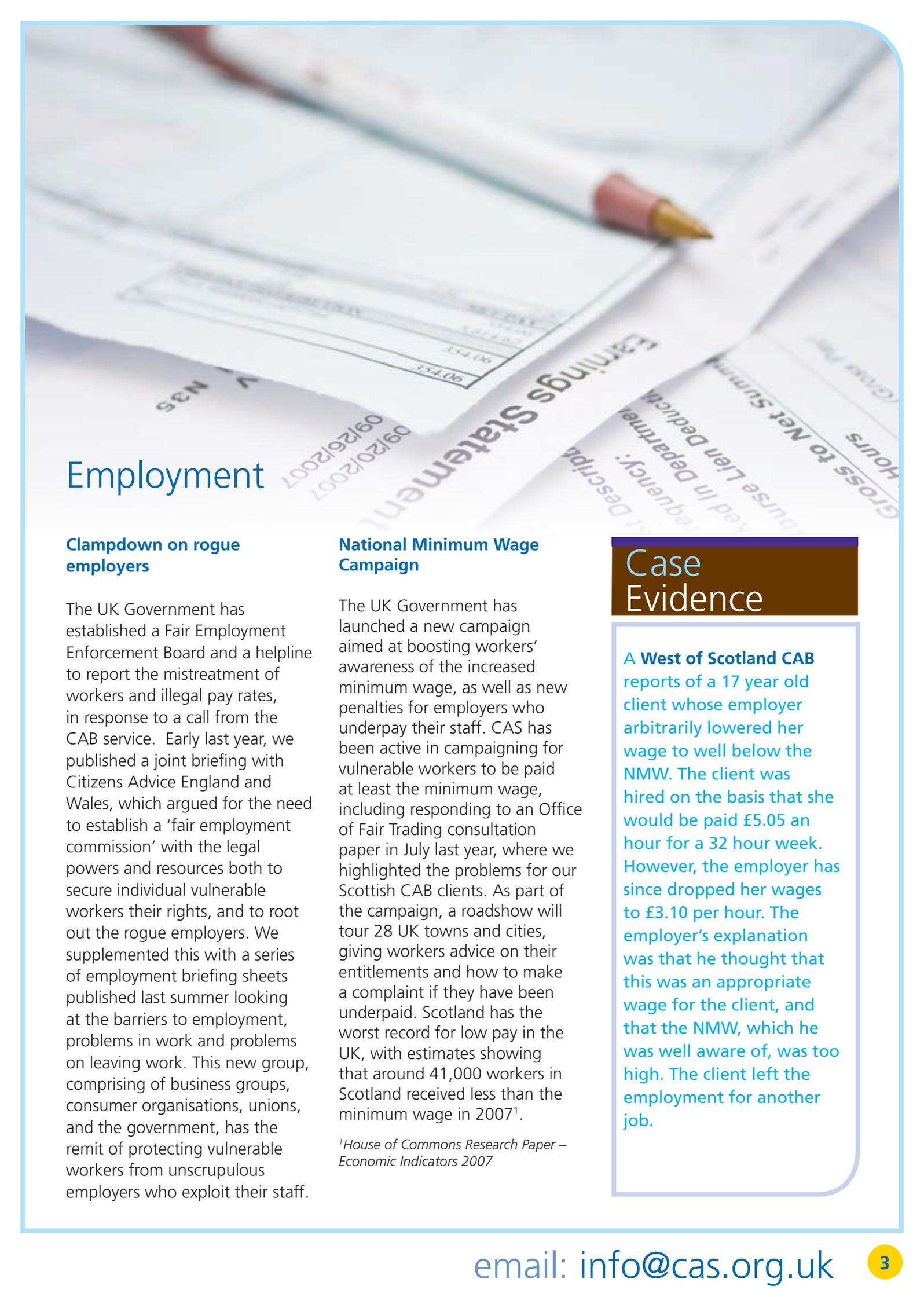
Payment Protection Insurance (PPI)

Following CAS submissions and briefing sheets on the many problems that bureau clients have experienced with Payment Protection Insurance (PPI), financial regulators in the UK have begun to crack down on unfair practices by companies selling PPI. The Competition Commission concluded at the end of its investigation into the market that banks and credit card companies were overcharging their PPI customers by £1.3 billion a year, while the Financial Services Authority (FSA) are taking separate action against unfair practices by providers. Scottish bureau clients have

experienced many problems with PPI, including excessively high prices; aggressive selling; mis-selling; lack of transparency; and low rates of successful claims.

Case Evidence

A South of Scotland CAB reports of a client who had taken out a loan two years previously when she was 67 and retired. It included £2,600 for a PPI policy that provided protection in case of job loss. The CAB contacted the bank to establish why it had sold the client employment protection when she was retired. The bank said it does not ask for a source of income, only the amount. It did concede that her date of birth might have prompted further enquiry as to her insurance requirements, but also commented that the sales representative would have been under pressure to sell insurance.



Employment

Clampdown on rogue employers

The UK Government has established a Fair Employment Enforcement Board and a helpline to report the mistreatment of workers and illegal pay rates, in response to a call from the CAB service. Early last year, we published a joint briefing with Citizens Advice England and Wales, which argued for the need to establish a 'fair employment commission' with the legal powers and resources both to secure individual vulnerable workers their rights, and to root out the rogue employers. We supplemented this with a series of employment briefing sheets published last summer looking at the barriers to employment, problems in work and problems on leaving work. This new group, comprising of business groups, consumer organisations, unions, and the government, has the remit of protecting vulnerable workers from unscrupulous employers who exploit their staff.

National Minimum Wage Campaign

The UK Government has launched a new campaign aimed at boosting workers' awareness of the increased minimum wage, as well as new penalties for employers who underpay their staff. CAS has been active in campaigning for vulnerable workers to be paid at least the minimum wage, including responding to an Office of Fair Trading consultation paper in July last year, where we highlighted the problems for our Scottish CAB clients. As part of the campaign, a roadshow will tour 28 UK towns and cities, giving workers advice on their entitlements and how to make a complaint if they have been underpaid. Scotland has the worst record for low pay in the UK, with estimates showing that around 41,000 workers in Scotland received less than the minimum wage in 2007¹.

¹House of Commons Research Paper – Economic Indicators 2007

Case Evidence

A West of Scotland CAB reports of a 17 year old client whose employer arbitrarily lowered her wage to well below the NMW. The client was hired on the basis that she would be paid £5.05 an hour for a 32 hour week. However, the employer has since dropped her wages to £3.10 per hour. The employer's explanation was that he thought that this was an appropriate wage for the client, and that the NMW, which he was well aware of, was too high. The client left the employment for another job.

Housing

Sale and Rent Back

In response to our concerns regarding the impact of Sale and Rent Back agreements, the Office of Fair Trading have now recommended that the industry be regulated by the Financial Services Authority (FSA). In a consultation response made to the OFT in July last year, we outlined the impact of these type of agreements on our clients. These agreements, where customers sell their home to a company and rent it back from them, are on the increase in Scotland. Our evidence shows that agreements can have serious drawbacks for clients, including clients receiving less than the market value for their home, receiving short-term rental agreements that leave them vulnerable to eviction, and being given high levels of rent to pay. Following our submission to the OFT the Deputy First Minister Nicola Sturgeon called for greater regulation of Sale and Rent Back schemes.



Fuel Poverty

Fuel Poverty statement

The Scottish Government has announced an Energy Assistance Package for Scotland following work by CAS on the Fuel Poverty Forum. The Forum started work in April 2008 after CAS called for its re-establishment in a briefing earlier in the year. The Rev Graham K Blount, Chair of Citizens Advice Scotland, was appointed as the independent chair of the forum. CAS also had separate representation on the Forum. The Energy Assistance Package, a recommendation of the Forum, will provide a 'one stop shop' for households struggling with utility bills, including advice on tariffs, benefit entitlements, and energy efficiency.

Case Evidence

A North of Scotland CAB reports of a client, who is a single mother, who has seen her oil fuel costs triple in 9 months. The client is having to pay a £120 per month standing order to receive the minimum amount of fuel needed. She is distressed with the situation as she cooks, heats her home, and warms water via her oil fired system. The client has no access to a gas supply.

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