

Plymouth Money Advice Group
Response to the disconnection to vulnerable customers

Dear David,

I have today been informed about the consultation paper re disconnection and vulnerable clients and feel obliged to make some comments that seem to have been overlooked in the present document.

The list of benefits that an individual is likely to be in receipt of needs to be expanded. This is mainly due to the fact that the Tax Credit system will be drawing in (migrating in the Inland Revenue's words) some low income clients who at present are in receipt of Income Support (in the main). This is based on the Applicable Amount calculation (from the Department of Work & Pensions) and any client only receiving this amount will definitely be on a "low" income as you categorise it. Typically, Income Support will top up a client's income to this minimum amount. In essence some elements of Income Support e.g. family premium, dependents, etc will no longer be paid through Income Support by October 2004. Hence it is vital that any advisers look for these other Tax Credits. For someone receiving maintenance payments or working very part time, it could be enough to take them out of Income Support specifically, although they will only enjoy the Applicable Amount figure noted above (usually with a very small top-up called a disregard).

The two Tax Credits I have in mind are Child Tax Credit and Working Tax Credit. (I note in an appendix it refers to Working Families Tax Credit which was abolished just over a year ago, so we need to discount this one entirely). With Child Tax Credit (CTC) some families enjoy some payments even with an income of £50000+ a year, so within the Tax Credit there are certain elements that are paid at a higher level. Conversely, some elements are only paid towards the bottom of the income levels. You will need to investigate what level is felt to be appropriate, but a CTC level of more than the family element (£545.00 per annum) is a useful benchmark. I appreciate that this is complicated, but schools are already having to deal with these issues to determine who is or isn't entitled to free school meals. This will not go away! With regards to Working Tax Credit (WTC) it is perhaps even more complicated. However, this is paid for "low" earners and people with disabilities in the household enjoy a higher WTC element. Again it is a clear indication that vulnerability exists. I would suggest that greater consultation with agencies such as Child Poverty Action Group or Citizens Advice is sought urgently to clarify a definition that is helpful to include these Tax Credits.

My other point refers to the "model for vulnerable customer safety net". Whilst I appreciate that considerable efforts are being made by the supplier, they along with the Social Services will be seen as the "problem" from many clients point of view. I think we need to appreciate at this point that fuel poverty does not normally occur in isolation and therefore needs to be treated as part of a much bigger issue. Hence considerable efforts by the supplier (creditor) or the Social Services will not always address these other issues that must be tackled in an holistic fashion. Therefore, I propose that at some point in that process individuals who are in debt to a supplier should be encouraged to seek independent and impartial advice from an advice agency. I appreciate there are many and that it would be difficult to keep abreast of them all, but clients who can't pay are far more likely to accept an olive branch from an advice agency to deal with these issues. The advice agency could also seek to tackle the holistic issues that seem to keep many clients in poverty, possibly facing disconnection again at a future date. Only by supporting many vulnerable clients at this time of crisis is everyone likely to achieve a positive outcome that will continue into the future. Hence I would suggest that specific information about agencies in their local area are provided to the client – perhaps too these suppliers should pay a proportion of their turnover to support this needed infrastructure! Here in Plymouth the City Council has a local list of agencies to assist clients who owe debts to the Council e.g. Council Tax. Although a supplier works over a far wider geographical area, this is something that needs to be addressed.

I trust these comments are of interest.

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