

Debt Dashboard

Q2 2010

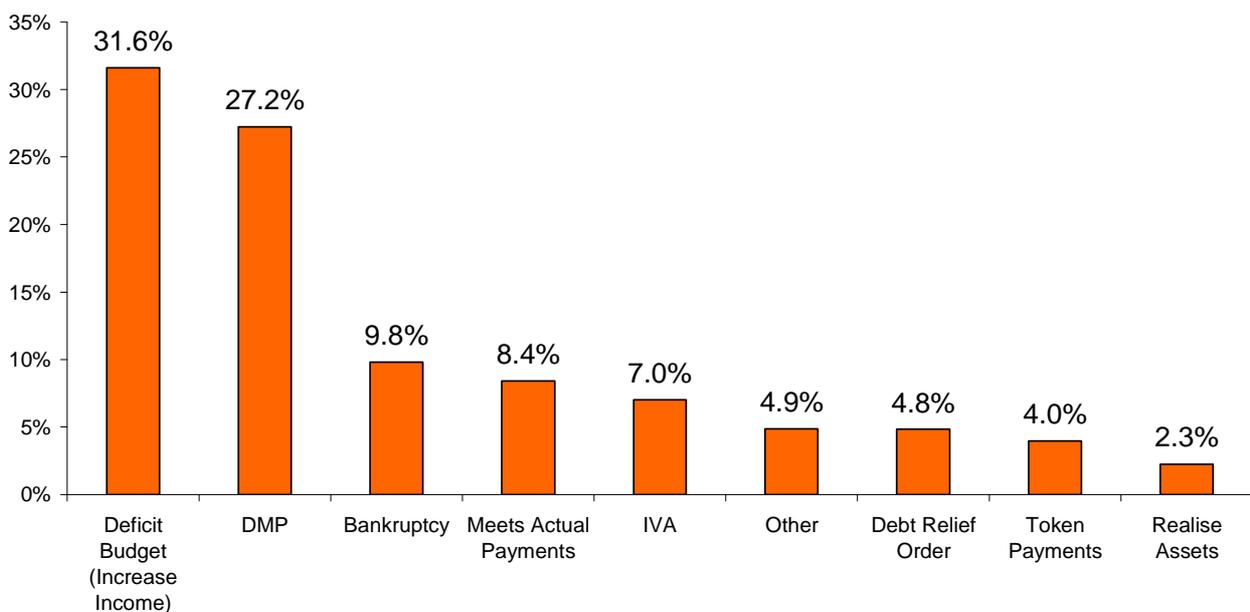
Introduction

Following the Government's announcement that it will review the debt solutions currently available in England and Wales¹, the focus of this quarter's Debt Dashboard is on the financial and demographic background of our clients, according to the solution recommended.

This report analyses each solution in terms of the financial situation and demographic make-up of the clients to whom we recommended it. The counselling sessions involved took place in the first six months of 2010.

It sets out the popularity of each type of debt solution, with Deficit Budget (Increase Income)² being most in demand followed by Debt Management Plan (DMP) and Bankruptcy³. Each solution is then discussed in order of popularity starting with Deficit Budget (Increase Income) and ending with Realise Assets.

Percentage of clients by solution recommended



¹ Announced by Edward Davey, Consumer Affairs minister, July 14.

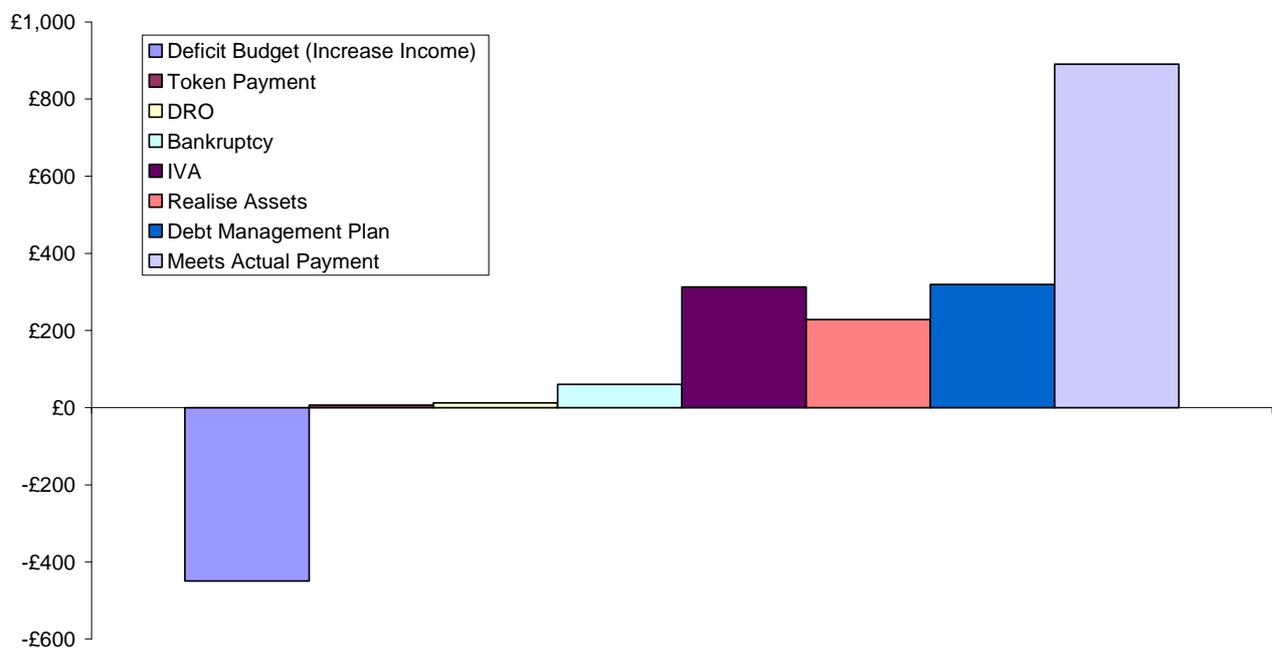
² Although this solution is referred to as Deficit Budget (Increase Income), 5.4 percent of clients recommended it do not have a deficit budget but do need to increase their income

³ There is a definition of each recommendation at the end of the document

Main findings

- The number of clients for whom there was no appropriate debt solution (categorised as Deficit Budget (Increase Income)) is growing. This is not because they have borrowed too much or have the lowest incomes, but because their household expenditure exceeds their income.
- These clients have an average monthly budget deficit of £449. Clients who can meet actual payments are in the best position with an average monthly surplus of £891.
- Clients recommended to bankruptcy have substantially higher debts than the charity average, despite the majority earning less than the norm and not being homeowners, which suggests some degree of irresponsible lending.
- Some of the least well-off clients are still able to maintain a budget surplus each month, suggesting that many people make a determined effort to repay their debts by restricting their expenditure.

Monthly budget by recommendation given



Deficit Budget (Increase Income)

For a growing proportion of clients having a Deficit Budget and the only recommendation possible is to increase income. Almost a third of CCCS clients (31.6 percent) were recommended Deficit Budget (Increase Income) in the first six months of 2010. Clients recommended this solution have one of the lower levels of income in the charity but by no means the lowest.

They do have, however, the highest levels of monthly expenditure, which leaves clients in this group with an average monthly budget deficit⁴ of £449. The average unsecured debt of a client recommended Deficit Budget (Increase Income) is slightly higher than the average across the charity.

Finances

	Deficit Budget (Increase Income)	Charity
Income	£1,397	£1,514
Expenditure	£1,846	£1,464
Surplus	-£449	£50
Debt	£23,425	£23,007

It is unclear why the expenditure of this group is so far above of the rest of the charity's clients. Relatively high proportions (42.6 percent) have families but the majority (57.4 per cent) do not have dependent children, in line with the charity as a whole.

Demographics

	Deficit Budget (Increase Income)	Charity
Female	48.1%	50.8%
Male	51.9%	49.2%
Under 25	6.6%	8.2%
25-39	32.4%	37.0%
40-59	55.3%	46.0%
60 and over	5.6%	8.8%
Owners	56.8%	48.6%
Renters	43.2%	51.4%
No children	57.4%	57.0%
Children	42.6%	43.0%

A significantly higher proportion of this group's members are homeowners than the average, suggesting that mortgage costs may be a factor in their problem with unsecured debt.

Slightly more men than women are recommended to Increase Income and clients in this group tend to be slightly older than the charity average with 60.9 percent aged over 40.

⁴ The amount remaining each month to repay debt, once priority expenditure has been accounted for.

Debt Management Plan (DMP)

Over the first six months of 2010, less than a third (27.2 percent) of clients counselled were recommended a DMP, compared to 40 percent in 2007. As clients on a DMP must repay a certain amount of their unsecured debt to their creditors each month, this group has a monthly surplus. This surplus is a result of those recommended a DMP having an income above the charity average and expenditure below it. Their average unsecured debt is also below the charity average.

Finances

	Debt Management Plan	Charity
Income	£1,685	£1,514
Expenditure	£1,366	£1,464
Surplus	£319	£50
Debt	£22,287	£23,007

More women than men are recommended a DMP despite the fact that women generally earn less. It is similarly surprising that a high proportion of DMP clients are homeowners as this generally points to higher day-to-day living costs.

A possible explanation for lower expenditure is that a slightly higher proportion of people recommended a DMP are aged either under 25 or over 60 compared to other recommendations. Previous research by CCCS suggests that these age groups tend to spend less.

Demographics

	Debt Management Plan	Charity
Female	54.5%	50.8%
Male	45.5%	49.2%
Under 25	8.6%	8.2%
25-39	39.8%	37.0%
40-59	40.7%	46.0%
60 and over	10.9%	8.8%
Owners	53.5%	48.6%
Renters	46.5%	51.4%
No children	54.9%	57.0%
Children	45.1%	43.0%

Bankruptcy

CCCS clients recommended Bankruptcy have unsecured debts much greater than the charity average. Their income is conversely far less than the norm. Despite this, clients

recommended Bankruptcy still have a budget surplus higher than the charity average each month, due to a low level of expenditure. This suggests a great effort on the part of these clients to restrict their outgoings.

Finances

	Bankruptcy	Charity
Income	£1,237	£1,514
Expenditure	£1,176	£1,464
Surplus	£61	£50
Debt	£31,161	£23,007

As clients with significant assets are not normally recommended to bankruptcy, it is not surprising that so few Bankruptcy clients are homeowners. What is surprising, however, is that without property, they have been able to run up such significant levels of debt. This contradicts previous CCCS research which showed higher levels of debt generally indicate homeownership. However, it could be that the high levels of unsecured debt held by these clients have prevented them from acquiring a mortgage and has left them without equity to draw on to clear their debts.

A relatively small proportion are aged under 25: clearly most younger clients will not have had time to acquire the high levels of unsecured debt associated with Bankruptcy.

Demographics

	Bankruptcy	Charity
Female	48.7%	50.8%
Male	51.3%	49.2%
Under 25	4.2%	8.2%
25-39	42.0%	37.0%
40-59	44.0%	46.0%
60 and over	9.8%	8.8%
Owners	28.0%	48.6%
Renters	72.0%	51.4%
No children	58.3%	57.0%
Children	41.7%	43.0%

Bankruptcy is recommended to 9.8 percent of clients.

Meets Actual Payments

Many clients were found to have sufficient surplus following a counselling session to meet their contractual monthly debt repayments. It is the outcome for 8.4 percent of clients.

It is no surprise that members of this group have the highest average income of all clients and among the lowest outgoings. Their average unsecured debt was also relatively small compared to other recommendation groups.

Finances

	Meets Actual Payment	Charity
Income	£2,096	£1,514
Expenditure	£1,206	£1,464
Surplus	£891	£50
Debt	£13,551	£23,007

Clients recommended Meets Actual Payments are far more likely to be under 25 than across the charity, reflecting their relatively low levels of unsecured debt. They are also more likely to be over 60, female and non-homeowners compared to the charity average.

Demographics

	Meets Actual Payment	Charity
Female	55.0%	50.8%
Male	45.0%	49.2%
Under 25	17.3%	8.2%
25-39	37.1%	37.0%
40-59	31.4%	46.0%
60 and over	14.2%	8.8%
Owners	36.2%	48.6%
Renters	63.8%	51.4%
No children	60.6%	57.0%
Children	39.4%	43.0%

IVA

Clients recommended IVAs have an income much larger than the charity average but their unsecured debts are close to double that of most clients. Their monthly expenditure is high, explaining in part why it is impossible for the majority of them to repay their creditors in full.

Finances

	IVA	Charity
Income	£2,066	£1,514
Expenditure	£1,754	£1,464
Surplus	£312	£50
Debt	£45,018	£23,007

A higher proportion of IVA clients are male. This finding supports previous CCCS research, which has shown that men tend to have higher levels of debt than women.

Over 60 percent are homeowners. As mentioned earlier homeowners generally have higher unsecured debts. This is because property allows access to higher levels of unsecured credit.

A high proportion of IVA clients have children when compared to the rest of the charity, a very low proportion are aged under 25. This is again a reflection of the size of their debt.

Demographics

	IVA	Charity
Female	44.2%	50.8%
Male	55.8%	49.2%
Under 25	1.6%	8.2%
25-39	43.6%	37.0%
40-59	48.4%	46.0%
60 and over	6.3%	8.8%
Owners	61.8%	48.6%
Renters	38.2%	51.4%
No children	46.1%	57.0%
Children	53.9%	43.0%

IVAs are recommended to seven percent of the charity's clients.

Debt Relief Orders (DROs)

DROs, introduced in April 2009, are aimed at people with a low income and few assets, CCCS has recommended them to clients whose income is well below that of other clients and who have the lowest levels of unsecured debt across the charity. They have proven to be a necessary form of debt relief and were recommended to 4.8 percent of clients in the first six months of 2010.

Along with a low income, DRO clients have few outgoings, which leave them with a budget surplus each month but one too low to repay their debts in a realistic period of time.

Finances

	DRO	Charity
Income	£704	£1,514
Expenditure	£691	£1,464
Surplus	£13	£50
Debt	£7,660	£23,007

Far more women than men are suitable for DROs, as are a disproportionate number of people aged under 25. The age findings could explain why over two thirds of people recommended DROs have no children.

Because of the strictures involved in a DRO almost nobody who owns a property is recommended to one.

Demographics

	DRO	Charity
Female	55.4%	50.8%
Male	44.6%	49.2%
Under 25	19.3%	8.2%
25-39	41.3%	37.0%
40-59	32.9%	46.0%
60 and over	6.5%	8.8%
Owners	0.4%	48.6%
Renters	99.6%	51.4%
No children	67.0%	57.0%
Children	33.0%	43.0%

Token Payment

Over the first half of 2010, four percent of clients were recommended to make token payments to their creditors. As expected, clients recommended Token Payment have a relatively low income. In fact, their income level is the third lowest of all recommendation groups. However, as with bankruptcy, clients recommended Token Payment manage to maintain a budget surplus each month through restricting their expenditure to a level below the charity average.

These clients owe significantly less than the majority of others counselled by CCCS.

Finances

	Token Payment	Charity
Income	£1,329	£1,514
Expenditure	£1,322	£1,464
Surplus	£7	£50
Debt	£18,020	£23,007

Token Payment clients are far more likely to be homeowners and far more likely to have children than clients with other recommendations.

The elevated levels of homeownership among this group suggests that unemployment is the primary reason for their debt problems as they would previously have needed a steady source of higher income to maintain mortgage payments.

More women than men are recommended Token Payment but fewer over 60s (because there is less chance of a significant improvement in their financial circumstances).

Demographics

	Token Payment	Charity
Female	54.1%	50.8%
Male	45.9%	49.2%
Under 25	8.0%	8.2%
25-39	34.6%	37.0%
40-59	54.1%	46.0%
60 and over	3.3%	8.8%
Owners	67.3%	48.6%
Renters	32.7%	51.4%
No children	49.6%	57.0%
Children	50.4%	43.0%

Charter clients

In April 2010, CCCS introduced a charter to help clients who are unable to repay their unsecured debt at the time of being counselled by the charity but with a realistic prospect of being able to repay it within six months. These 'charter' clients make a token payment of £1 per month per debt to their creditors and this payment is administered by CCCS. So far this year, 1,997 clients are managing their debts via the CCCS charter.

Realise Assets

A small proportion of the charity's clients (2.3 percent) are recommended to realise assets.

These clients on average have a monthly surplus as a result of a high income relative to other CCCS clients. Their average unsecured debt is only slightly higher than the charity average.

Finances

	Realise Assets	Charity
Income	£1,659	£1,514
Expenditure	£1,430	£1,464
Surplus	£229	£50
Debt	£24,553	£23,007

The members of this group tend to be older than the charity average (70.1 percent aged over 40) reflecting the significant homeownership levels within the group.

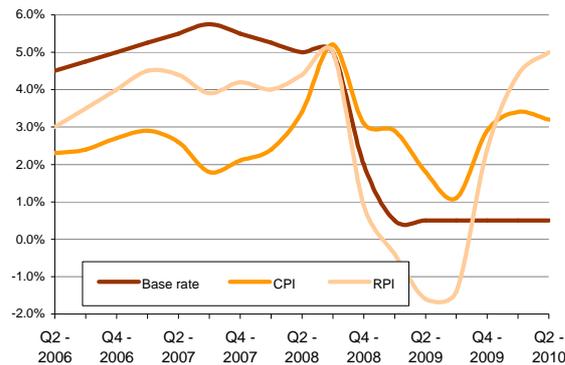
Demographics

	Realise Assets	Charity
Female	46.2%	50.8%
Male	53.8%	49.2%
Under 25	5.7%	8.2%
25-39	24.3%	37.0%
40-59	41.8%	46.0%
60 and over	28.3%	8.8%
Owners	64.2%	48.6%
Renters	35.8%	51.4%
No children	64.7%	57.0%
Children	35.3%	43.0%

Interest and inflation rates

After its recent steep rise, in Q2 the Consumer Price Index (CPI) fell slightly, down to 3.2 percent from 3.4 percent at the close of the previous quarter. However, the recent sharp increase in petrol prices, up by 14p a litre, or £7 a tank, and expected spike in food prices, due to events such as fires and droughts in Russia and Ukraine, are likely to see inflation drive upwards over the rest of 2010.

As a contrast, the Retail Price Index (RPI) continued to increase, hitting five percent in Q2. It will most likely continue to increase for the rest of the year but the rate at which it does so will depend on what happens to housing costs, which are included in RPI.

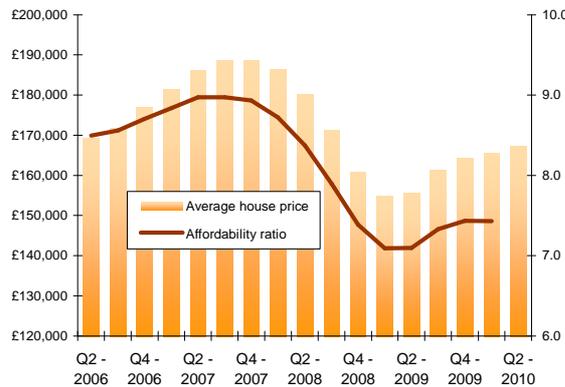


(Source: Bank of England and Office of National Statistics)

Average house prices and affordability ratio

Average house prices continued to rise slightly over Q2 to £167,462. However, the Royal Institution of Chartered Surveyors recently reported a huge upturn in the number of sellers putting their homes on the market, due to fears about a slowdown in the economy.

A separate report from the Nationwide Building Society revealed that first-time buyers are finding it more difficult to buy property because of lenders requiring larger deposits before offering mortgages. The average deposit needed by a first-time buyer is now £35,614.

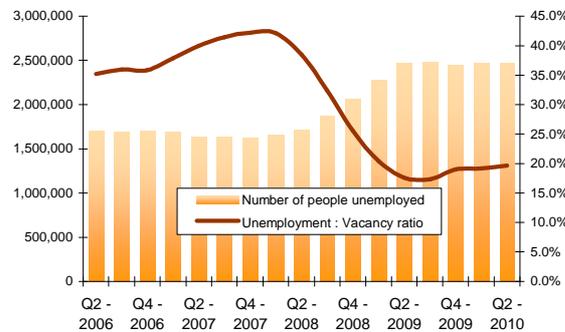


(Source: CCCS)

Unemployment

Unemployment fell slightly to 2.47 million in April 2010 from 2.51 million in February. However, the number of claimants for jobseeker's allowance (JSA) has more than doubled from the low points achieved in the mid-2000s. In April 1.6 million were claiming JSA, compared to 770,000 in 2004. Under-25s account for almost a third of claimants in most regions.

New research by the Prince's Trust and Qa Research has shown that young people from jobless families are more likely to struggle at school and end up unemployed.

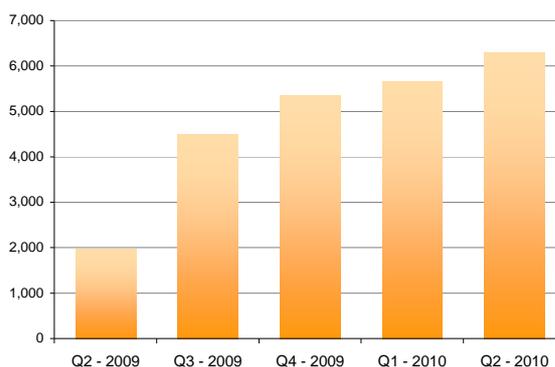


(Source: Office for National Statistics - LFS)

	Bank of England Base rate	Average house price	CPI	UK Households (thousands)	Mortgage Approvals	Unemployment (number)	Housing affordability ratio
Q3 - 2005	4.50%	£ 160,767	2.4%	24,818	305,435	1,503,000	8.3
Q4 - 2005	4.50%	£ 162,518	2.1%	24,818	346,352	1,549,000	8.3
Q1 - 2006	4.50%	£ 165,376	1.9%	25,080	348,483	1,627,000	8.4
Q2 - 2006	4.50%	£ 169,210	2.3%	25,080	344,283	1,704,000	8.5
Q3 - 2006	4.75%	£ 171,801	2.4%	25,080	361,038	1,692,000	8.6
Q4 - 2006	5.00%	£ 176,909	2.7%	25,080	373,698	1,707,000	8.7
Q1 - 2007	5.25%	£ 181,466	2.9%	25,333	350,788	1,687,000	8.8
Q2 - 2007	5.50%	£ 186,164	2.6%	25,333	337,147	1,640,000	9.0
Q3 - 2007	5.75%	£ 188,535	1.8%	25,333	320,496	1,630,000	9.0
Q4 - 2007	5.50%	£ 188,563	2.1%	25,333	242,272	1,622,000	8.9
Q1 - 2008	5.25%	£ 186,395	2.4%	25,586	202,668	1,655,000	8.7
Q2 - 2008	5.00%	£ 180,235	3.4%	25,586	131,354	1,713,000	8.4
Q3 - 2008	5.00%	£ 171,159	5.2%	25,586	98,378	1,873,000	7.9
Q4 - 2008	2.00%	£ 160,890	3.1%	25,586	90,001	2,066,000	7.4
Q1 - 2009	0.50%	£ 154,921	2.9%	25,839	114,856	2,280,000	7.1
Q2 - 2009	0.50%	£ 155,734	1.8%	25,839	142,311	2,467,000	7.1
Q3 - 2009	0.50%	£ 161,229	1.1%	25,839	162,238	2,482,000	7.3
Q4 - 2009	0.50%	£ 164,314	2.9%	25,839	173,655	2,449,000	7.4
Q1 - 2010	0.50%	£ 165,756	3.4%	26,092	143,300	2,472,000	7.4
Q2 - 2010	0.50%	£ 167,462	3.2%	26,092	146,707	2,468,000	-
Annual Change	0.00%	£ 11,728	1.4%	253	4,396	1,000 -	7.1

Debt Relief Orders

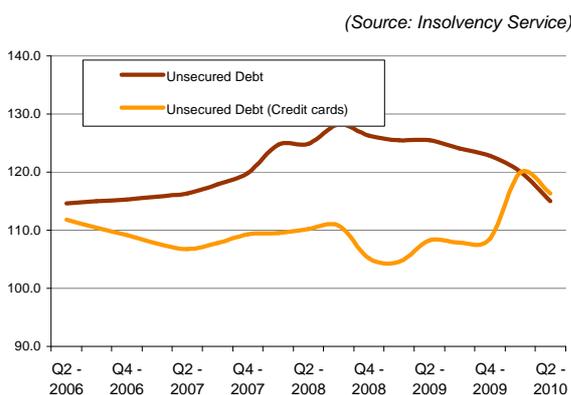
The number of Debt Relief Orders (DROs) granted continued its unbroken month-on-month rise to reach an all time high of 6,295 in Q2 2010. This is 40 percent more than in Q3 2009, the first full quarter that DROs were available. Three quarters of the clients CCCS recommends to DROs are single. Women tend to apply for DROs more than men, being granted 63 percent of DROs in 2009.



UK unsecured debt (indexed Q1 2004 = 100)

There was a large fall in unsecured debt in Q1 2010 but this was mainly a result of a change in the way the Bank of England records figures. Over Q2 there was a smaller fall, to £217,985 million, but this is a firm indication that people are making an effort to pay down debt at a significant rate. In total, over the past year, repayment of consumer credit has outstripped new borrowing by 2.7 percent.

After last quarter's rise in credit card debt, again to do with a change in Bank of England procedure, it fell in Q2 to £58,461 million.

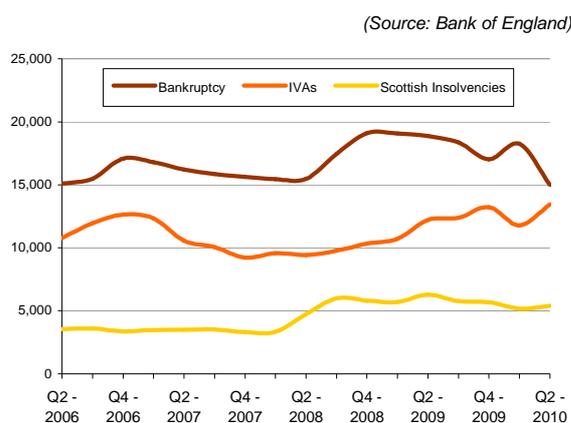


Insolvency

The availability of DROs probably accounts for the large fall in the number of bankruptcies in Q2 2010, by 18 percent from Q1 to 14,982. The number of IVAs rose by 14 percent over the same period.

Figures from the Insolvency Service show that women now account for 40 per cent of all bankruptcies, rising from 6,042 in 2000 to 29,680 in 2009.

Women aged between 25 and 44 make up almost two-thirds of female bankruptcies. In 2009, 17,595 declared themselves bankrupt, up from 13,575 in 2008.



(Source: Insolvency Service)

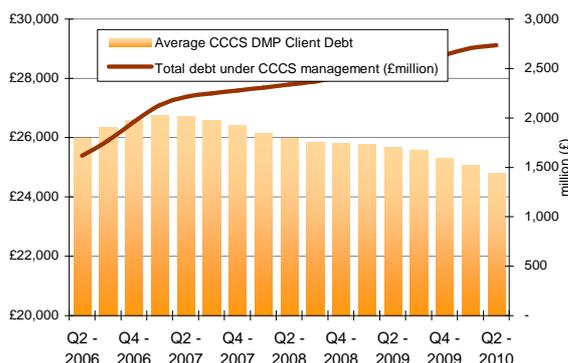
	Total unsecured debt (millions)	Total Credit Card Debt (millions)	Average UK unsecured debt (per household)	Mortgage possession claims issued	Scottish Insolvencies	Bankruptcy	IVAs
Q3 - 2005	£ 209,218	£ 57,358	£ 8,430	30,140	3,593	12,182	5,611
Q4 - 2005	£ 210,850	£ 57,994	£ 8,496	32,104	2,961	13,675	7,004
Q1 - 2006	£ 211,071	£ 56,939	£ 8,416	32,835	3,111	15,310	8,964
Q2 - 2006	£ 211,621	£ 56,221	£ 8,438	32,054	3,544	15,090	10,779
Q3 - 2006	£ 212,257	£ 55,531	£ 8,463	33,831	3,601	15,486	11,944
Q4 - 2006	£ 212,855	£ 54,877	£ 8,487	32,518	3,382	17,070	12,645
Q1 - 2007	£ 213,775	£ 54,161	£ 8,439	34,057	3,471	16,788	12,328
Q2 - 2007	£ 214,754	£ 53,667	£ 8,477	32,647	3,498	16,214	10,561
Q3 - 2007	£ 217,631	£ 54,204	£ 8,591	33,820	3,527	15,842	10,058
Q4 - 2007	£ 221,233	£ 54,947	£ 8,733	37,477	3,318	15,636	9,218
Q1 - 2008	£ 230,202	£ 55,060	£ 8,997	39,761	3,324	15,452	9,577
Q2 - 2008	£ 230,526	£ 55,421	£ 9,010	38,717	4,735	15,468	9,428
Q3 - 2008	£ 236,622	£ 55,719	£ 9,248	38,448	5,998	17,451	9,766
Q4 - 2008	£ 233,013	£ 52,870	£ 9,107	27,005	5,807	19,100	10,341
Q1 - 2009	£ 231,630	£ 52,575	£ 8,964	24,225	5,693	19,062	10,713
Q2 - 2009	£ 231,649	£ 54,437	£ 8,965	25,264	6,294	18,870	12,225
Q3 - 2009	£ 229,033	£ 54,222	£ 8,864	23,582	5,767	18,347	12,390
Q4 - 2009	£ 226,706	£ 54,580	£ 8,774	20,017	5,678	17,007	13,219
Q1 - 2010	£ 221,649	£ 60,302	£ 8,578	18,504	5,175	18,256	11,782
Q2 - 2010	£ 217,985	£ 58,461	£ 8,354	-	5,378	14,982	13,446

Annual Change -£ 13,664 £ 4,024 -£ 611 - 25,264 - 916 - 3,888 1,221

CCCS DMP client base

CCCS was administering 2,402 more Debt Management Plans (DMPs) at the end of Q2 2010 than at the conclusion of the previous quarter. The charity now has 110,174 DMPs under management, a 12 percent increase over the previous year. This is an indication of the number of people contacting the charity during the recession and the subsequent period where the financial situation remained unstable.

The 2,402 DMPs is equivalent to £30 million more debt under management. However, new DMP clients have a lower level of debt (£24,801) than previously. Average client debt has fallen every quarter since Q1 2007 and is now at its lowest level since Q4 2005.

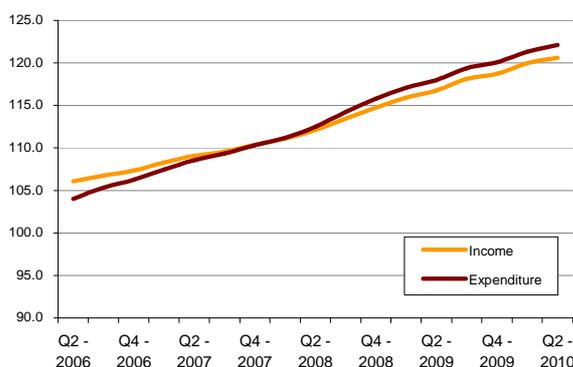


(Source: CCCS)

CCCS DMP client income and expenditure

DMP client expenditure rose slightly faster than income over Q2, leaving clients in a minimally worse position than three months ago. Average client expenditure is now £8.85 a month more than it was in Q1, while income rose by £8.62 over the same period.

After priority expenditure DMP clients now have, on average, £237.03 remaining every month to repay their unsecured debts. Compared to £237.21 in Q1.

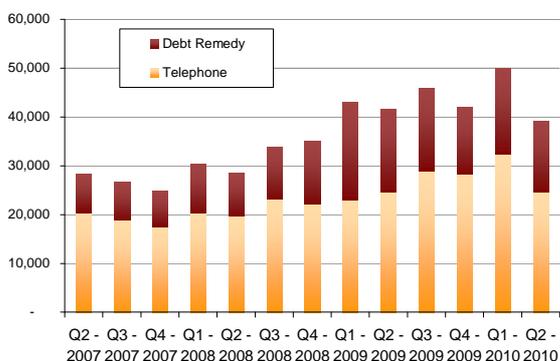


(Source: CCCS)

CCCS clients counselled

There was a surprising drop in the numbers of people counselled by telephone and online in Q2. Almost 8,000 fewer people were counselled by telephone in Q2 than in the previous quarter and almost 3,000 fewer online. This means that the charity is currently on pace to counsel fewer people this year than last.

However, CCCS is still likely to counsel over 180,000 people this year. This is a 40 percent increase on 2007 and shows the continuing need for free debt advice during a difficult economic period.



(Source: CCCS)

	Total debt under CCCS management	Number of DMP Clients	Average CCCS DMP Client Debt	Average Client Income	Average surplus as proportion of income (%)	CCCS Client Income (indexed Jan 2005 = 100)	CCCS Client Expenditure (indexed Jan 2005 = 100)
Q3 - 2005	£1,142,847,298	47,422	£ 24,100	£ 1,350.41	18.2%	103.1	100.5
Q4 - 2005	£1,269,882,966	51,619	£ 24,601	£ 1,363.18	19.1%	104.1	100.2
Q1 - 2006	£1,432,187,827	56,269	£ 25,453	£ 1,380.02	19.0%	105.4	101.7
Q2 - 2006	£1,615,531,328	62,162	£ 25,989	£ 1,389.35	17.7%	106.1	104.0
Q3 - 2006	£1,768,563,120	67,148	£ 26,338	£ 1,398.61	17.2%	106.8	105.3
Q4 - 2006	£1,957,217,009	73,655	£ 26,573	£ 1,405.76	16.9%	107.3	106.3
Q1 - 2007	£2,127,839,929	79,562	£ 26,744	£ 1,418.20	16.7%	108.3	107.5
Q2 - 2007	£2,210,796,383	82,740	£ 26,720	£ 1,428.77	16.4%	109.1	108.6
Q3 - 2007	£2,245,301,177	84,467	£ 26,582	£ 1,434.68	16.2%	109.5	109.3
Q4 - 2007	£2,276,057,116	86,145	£ 26,421	£ 1,445.45	16.1%	110.3	110.3
Q1 - 2008	£2,303,031,176	88,028	£ 26,162	£ 1,455.06	16.0%	111.1	111.2
Q2 - 2008	£2,336,162,365	89,920	£ 25,980	£ 1,468.32	15.8%	112.1	112.5
Q3 - 2008	£2,366,946,028	91,607	£ 25,838	£ 1,485.72	15.5%	113.4	114.2
Q4 - 2008	£2,417,148,624	93,720	£ 25,791	£ 1,502.67	15.3%	114.7	115.8
Q1 - 2009	£2,480,674,663	96,232	£ 25,778	£ 1,518.14	15.2%	115.9	117.1
Q2 - 2009	£2,524,410,378	98,342	£ 25,670	£ 1,529.19	15.2%	116.7	118.0
Q3 - 2009	£2,587,742,023	101,201	£ 25,570	£ 1,547.01	15.1%	118.1	119.4
Q4 - 2009	£2,636,141,652	104,110	£ 25,321	£ 1,555.04	15.1%	118.7	120.1
Q1 - 2010	£2,702,228,800	107,772	£ 25,074	£ 1,571.17	15.1%	119.9	121.3
Q2 - 2010	£2,732,399,017	110,174	£ 24,801	£ 1,579.79	15.0%	120.6	122.1
Annual Change	£207,988,639	11,832	-£ 869	£ 50.60	-0.1%	3.9	4.1

Housing

After a small rise in Q1, following several successive quarterly falls, client spending on housing fell again slightly over Q2 to £488.62 a month. This is almost five percent less than a year ago.

Mortgage expenditure did rise over the quarter (to £572.67 a month), which suggests that it is only renters who are spending less on housing now than in Q1.

(Source: CCCS)

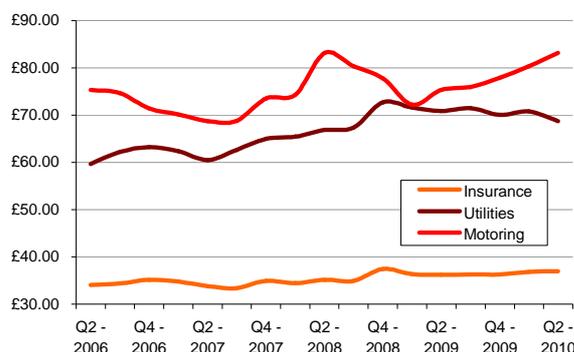


Insurance, utilities and motoring

Client spending on utilities (gas, electricity and water) fell to its lowest for seven quarters in Q2 2010 (£68.74). This is £2.01 per month less than in Q1. In 2009, the value of bills left unpaid for more than 12 months was £804 million, up 16 per cent on 2008.

Client spending on motoring continued its recent rise, increasing from £80.4 a month in Q1 to £83.20 in Q2, a four percent rise.

(Source: CCCS)



Food and clothing

Spending on foods and clothing rose for the third successive quarter to £196.24 a month. Data compiled by the Office for National Statistics shows clothing and footwear prices overall fell by a record 2.1 percent between May and June, which was the biggest drop in 14 years. This is compared with a fall of 1.5 percent between the same two months a year ago.

From January 2010 the VAT rise will add 2.1 percent to the price of everyday goods, leading to an extra 2.5p on a litre of petrol, 12p on a packet of cigarettes and an average of 7p on a pint of lager, according to Kelkoo, the price comparison website.

(Source: CCCS)



	Utilities	Housing	Insurance	Food and clothing	Motoring	Others	Proportion of Income spent on mortgage
Q3 - 2005	£62.2	£434.9	£38.2	£195.8	£75.0	£70.1	37.3%
Q4 - 2005	£64.7	£436.0	£36.0	£195.3	£75.4	£60.1	37.4%
Q1 - 2006	£63.3	£453.2	£35.7	£199.3	£76.6	£65.9	39.2%
Q2 - 2006	£59.7	£442.5	£34.0	£193.3	£75.3	£66.2	38.4%
Q3 - 2006	£62.2	£446.7	£34.4	£193.6	£74.6	£59.0	39.7%
Q4 - 2006	£63.2	£456.8	£35.2	£191.2	£71.4	£62.9	40.9%
Q1 - 2007	£62.4	£463.0	£34.8	£191.5	£70.1	£62.2	40.4%
Q2 - 2007	£60.5	£460.5	£33.8	£189.8	£68.8	£60.1	40.4%
Q3 - 2007	£62.7	£477.4	£33.4	£192.5	£68.8	£63.0	42.0%
Q4 - 2007	£65.0	£498.4	£35.0	£187.2	£73.5	£63.2	42.6%
Q1 - 2008	£65.4	£516.0	£34.4	£190.8	£74.3	£63.0	43.1%
Q2 - 2008	£66.9	£547.1	£35.2	£199.7	£83.1	£68.6	43.8%
Q3 - 2008	£67.4	£546.7	£34.9	£201.0	£80.3	£70.8	45.2%
Q4 - 2008	£72.7	£587.5	£37.5	£203.2	£77.8	£64.6	46.0%
Q1 - 2009	£71.5	£530.9	£36.4	£189.9	£72.2	£66.6	40.9%
Q2 - 2009	£70.9	£513.5	£36.2	£194.3	£75.3	£57.3	39.3%
Q3 - 2009	£71.5	£496.2	£36.3	£198.5	£76.0	£67.0	37.6%
Q4 - 2009	£70.0	£488.6	£36.3	£193.3	£77.9	£61.2	36.9%
Q1 - 2010	£70.8	£489.2	£36.8	£194.5	£80.3	£62.8	35.9%
Q2 - 2010	£68.7	£488.6	£37.0	£196.2	£83.2	£65.0	36.2%
Annual Change	-£2.1	-£24.9	£0.8	£1.9	£7.9	£7.7	-3.1%

Definition of solutions

Deficit Budget (Increase Income): Clients have a deficit budget and are unable to repay their unsecured debt. They are recommended to increase their income as a short term solution. They may be offered a welfare benefits check if the counsellor thinks they are not getting all their entitlements and are offered advice on ways of increasing income.

Debt Management Plan (DMP): Clients have a monthly surplus and can repay a certain amount of their unsecured debt to a creditor via CCCS. This is an informal agreement and CCCS asks the creditor to freeze interest and take no further action. This is usual but not guaranteed. CCCS strongly recommends to lenders to show full forbearance.

Bankruptcy: It is impossible for the clients to clear their entire debt at any conceivable point in the future. Following the sale of some assets to repay creditors, debt is cleared.

Meets Actual Payment: Following a counselling session which enables the client to prepare a proper budget, the client is found to have sufficient surplus each month to meet the contractual unsecured debt repayments.

Individual Voluntary Arrangement (IVA): A form of statutory debt repayment. A debtor repays a certain amount of a debt via regular repayments over five years. The remainder of the debt is cleared.

Debt Relief Order (DRO): Client has less than £15,000 in unsecured debts but has a low income and no assets. As with bankruptcy the debt is cleared.

Token Payment: A temporary solution to buy clients some time to get their affairs in order. Clients with little surplus make a single payment of £1 a month per debt to demonstrate their willingness to repay when their situation improves.

Realise Assets: Client recommended to sell assets to clear unsecured debts.

1. *Debt Dashboard* is produced quarterly and based on data from over 100,000 people spread throughout the United Kingdom. It juxtaposes clients' levels of debt and their ability to repay against broader economic variables.
2. 'CCCS clients' in this report are people who have received a full, in-depth counselling session from the charity.
3. Notes on the data used:
 - Households with unsecured credit – data supplied by the Office of National Statistics
 - Total unsecured debt (in millions) – data supplied by the Bank of England
 - Average unsecured debt by household – calculated using two statistics outlined above
 - Charging Orders – taken out by creditors against debtor's property - data supplied by the Ministry of Justice
 - CCJs – County Court Judgments in England and Wales - data supplied by Registry Trust
 - Bankruptcies, DROs, IVAs – England and Wales only - data supplied by the Insolvency Service
 - Base rate - Bank of England base rate
 - Average house price – average calculated by using figures from Nationwide, Halifax and Land Registry
 - UK households (in thousands) – data supplied by the Office of National Statistics
 - Unemployment figures - data supplied by the Office of National Statistics
 - Mortgage applications - data supplied by the Bank of England
 - Average annual salary - data supplied by the Office of National Statistics
 - Housing affordability ratio – calculated by comparing wages to the average house price
 - Total debt under management - data from CCCS
 - CCCS clients on a DMP – data from CCCS
 - Average CCCS client debt - data from CCCS. In the 'CCCS' section of the Debt Dashboard, the figures for average client debt refer only to CCCS clients currently on a DMP
 - Average DMP payment - data from CCCS
 - Average surplus – data from CCCS
 - Income index – data from CCCS clients' budgets
 - Expenditure index - data from CCCS clients' budgets
4. CCCS can be contacted on 0800 138 1111, Monday to Friday, 8am to 8pm. In addition, online debt advice is available through CCCS Debt Remedy 24 hours a day at www.cccs.co.uk

For further information please contact Frances Walker or Una Farrell on 0207 391 4587. Out of office hours 0750 788 0478 or email: francesw@cccs.co.uk

September 8 2010