

Tackling Manchester's Household Debt Crisis



Introduction

"Debt gradually makes everything in life worse"

Harpurhey resident, Manchester

The UK is in the grip of a household debt emergency and the cost of living crisis has led to a rapid growth in over-indebtedness. Almost 13 million people are now struggling to pay bills or finding their debt repayments a heavy burden, that's a 60% increase since 2017.¹

Household finances are so precarious for millions across the UK that work absence due to sickness or bereavement, a parking notice, change in immigration status, boiler breakdown or dentistry bill can have a devastating effect. These events can lead to expensive and unmanageable borrowing and arrears, beginning a debt spiral which can take years to recover from.

At this year's general, mayoral and local elections, politicians at all levels need to prioritise tackling this debt crisis to have any hopes of leading a genuine economic recovery.

Manchester's Debt Crisis

Manchester is severely impacted by the UK's household debt crisis with more than a quarter of residents needing debt advice.² Manchester is the local authority area with the highest demand for debt advice outside of London.

Poverty and insecurity create the conditions for over-indebtedness and once in debt and poverty, it is difficult to get out. 620,000 people are living in poverty in Greater Manchester, 250,000 of which are children.³

Debt has a devastating impact on health and weighs people down.⁴ Poor mental health makes it harder to work and earn money, manage tight budgets, and navigate life.⁵ Debt also increases the risk of poor physical health which can drag people further into debt through lost income and higher costs of living.

The main debt issue that people are currently seeking support for in Manchester from Citizens Advice is energy debt.⁶ This is no surprise given average household energy bills are forecast to remain 50-60% higher during winter 2024/2025 than they were in 2021/2022.⁷ This is no surprise given average household energy bills are forecast to remain 50-60% higher during winter 2024/2025 than they were in 2021/2022.⁸

Insecure and unaffordable housing is another key challenge, especially in the ruthless private rental market. Manchester has the highest rate of possession claims outside of southeast England.⁹

Debt collection data suggests people in Manchester have a significantly higher than average default rate on consumer credit debt.¹⁰

Another challenge for Greater Manchester is council tax arrears. Lower council tax collection rates are correlated with higher poverty and council tax collection practices can lead to additional court and bailiff fees for people falling behind on payments, leaving people deeper in debt.¹¹ Interacting with bailiffs is also one of the most distressing experiences for people in debt and Enforcement Agents (as they are now known) break the rules on a “massive scale”.¹²

“Debt is an excuse to exploit the vulnerable.”

Harpurhey resident, Manchester

Tackling The Crisis

We are asking you to declare a household debt emergency for Manchester and if elected as mayor, that you develop and implement a strategy that tackles the crisis.

Our [Together Against Debt Manifesto](#) contains three key demands developed with people most affected by the debt crisis, these are:

- Fair debt solutions so everyone can have a fresh start.
- To be treated with dignity, and protected from exploitation and harassment by creditors, debt collectors and bailiffs.
- An end to people being pushed into debt just to pay for the food, energy and housing they need.

Polling conducted as part of the manifesto shows that action on debt has strong public support across all ages, classes, regions, current debt status and amongst voters of all political parties.

More than eight in ten (83%) agreed that the government should ensure everyone pushed into unmanageable debt can access fair debt solutions to reset their finances and rebuild their lives. Almost half (49%) said it would make them more likely to support a political party committed to this policy.

- 85% agreed that the government should ensure free, impartial, high quality debt advice is available in every community.

- 77% agreed that the government should ensure everyone can meet essential costs such as food, energy and housing, without being pushed into debt.
- 69% agreed that the government should ensure everyone pushed into unmanageable debt is protected from creditor and bailiff harassment.

Best practice in developing a strategy as Mayor would include:

1. Convening a meeting with debt advice charities and people with lived experience of debt to gain a greater understanding of the issue.
2. Reviewing all existing policies and social support programmes that impact on debt levels of residents to see if positive changes can be made.
3. Establishing a working group to develop a positive plan to tackle over-indebtedness and produce yearly reports on progress.

Debt focused policies would include:

- A Greater Manchester wide strategy for high quality free debt advice to meet demand. There is a crisis in the debt advice profession and demand for advice currently outweighs supply. Face-to-face debt advice, walk-in support hubs and community outreach efforts are vital to cut through the isolation and exclusion that often accompanies a debt crisis.
- Providing leadership and best practice guidance for local authorities on ethical council tax collection processes to ensure that all low-income residents are protected from bailiff fees and recovery action.
- Housing measures to cap rent increases alongside higher minimum home and energy efficiency standards, a greater role for social housing alongside increased rights for renters.
- High-quality public health and social services available in every community. Bespoke mental health support is vital to ensuring many people in debt can rebuild their lives after crisis.
- Ensuring essential services such as transport are affordable for residents.

For more policy detail please download the Together Against Debt Manifesto at debtjustice.org.uk/manifesto

For any follow up or more information on this briefing please contact Joe Cox, Senior Policy Officer on joe@debtjustice.org.uk or 07796884487

About Debt Justice (Formerly Jubilee Debt Campaign): We are a campaigning organisation working with others to end unjust debt and the poverty and inequality it perpetuates, in the UK and across the world. Charity (no. 1055675) and a company limited by guarantee (no. 3201959) registered in England and Wales. Registered office Oxford House, Derbyshire Street, London E2 6HG.

Endnotes

¹ <https://www.theguardian.com/business/2023/jul/02/almost-13-million-adults-now-struggling-to-pay-bills-debt-charity-warns>

² <https://maps.org.uk/en/publications/research/2023/need-for-debt-advice-2022-estimates-for-uk-constituencies-and-local-authorities>

³ <https://www.gmpovertyaction.org/poverty-monitor-2023/>

⁴ <https://www.health.org.uk/publications/long-reads/debt-and-health>

⁵ <https://www.moneyandmentalhealth.org/debt/>

⁶ <https://public.flourish.studio/story/1775079/>

⁷ <https://www.endfuelpoverty.org.uk/call-for-the-abolition-of-the-january-price-cap-change>

⁸ <https://www.endfuelpoverty.org.uk/call-for-the-abolition-of-the-january-price-cap-change>

⁹ https://lginform.local.gov.uk/reports/lgastandard?mod-metric=3498&mod-area=E92000001&mod-group=AllSingleTierAndDistrictLaInCountry_England&mod-type=namedComparisonGroup&mod-groupType=namedComparisonGroup

¹⁰ <https://apps.urban.org/features/uk-financial-vulnerability-index/>

¹¹ https://policyinpractice.co.uk/wp-content/uploads/Council-Tax-debt-collection-and-low-income-Londoners_GLA_pub.pdf

¹² <https://www.localgov.co.uk/Bailiffs-breaking-rules-on-massive-scale-says-charity/55864>