

# The Wheatley Group Response

## Future of the Common Financial Tool Consultation 2017

Wheatley is Scotland's leading housing, care and property-management group. It comprises six Registered Social Landlords, a care organisation and two commercial subsidiaries. The Group spans 15 local authority areas across Central Scotland, providing homes and award-winning services to over 200,000 people. All parts of the Group are firmly rooted in their local communities. However, by joining forces, our partner organisations are delivering much more for their customers than they could on their own. And, by using their combined size and scale, they are contributing to improving housing, care and regeneration at a national level. Our RSLs work in many of the most deprived communities of Scotland and we see - day in, day out – the effect that debt has on our customer's lives and the impact this often has on their ability to sustain their homes.

As an organisation committed to customers having better lives, we welcome the opportunity to respond to the Accountant in Bankruptcy (AiB) consultation on the Future of the Common Financial Tool.

.

### QUESTIONS

1. Do you agree that the Standard Financial Statement (SFS) should be adopted in Scotland as the new Common Financial Tool?

Yes  No  Don't know

If you answered 'No' to Q1 - please go to Q3

2. If introduced, should the SFS be used in the review of existing contributions which were not originally determined using the SFS?

Yes  No

If you answered 'No' to Q2, what would be the appropriate method for reviewing the contribution amount?

Answer: \_\_\_\_\_

Please now go to Q5

**3. For what reason(s) do you believe the SFS is not the appropriate tool for all Scottish statutory debt management and debt relief solutions?**

**Please provide information and any evidence that supports your reason(s).**

**Answer:** As an organisation committed to improving our customers lives we believe that in principle a single financial tool across Scotland would address the particular needs of the people of Scotland. We are aware that Scotland has a distinct system of statutory debt management and debt relief solutions therefore we believe that a '*one size fits all*' approach which encompasses the whole UK could have a potentially detrimental effect on the people in Scotland. We also believe that any financial guidelines should have and an element of discretion built in to allow for variances in the people's living costs across the country.

Scotland is in the process of setting up its own Social Security system through the devolved powers and it would make sense for Scotland to develop its own single financial tool. We are extremely concerned about the impact of the proposal to include more trigger breaches and tighter spending guidelines; particularly as these are based on the average levels of expenditure observed among typical households within the bottom quintile. Many of our customers fall within this bottom quintile as they rely on social security benefits to top up their income.

Since the introduction of the Welfare Reform Act 2012 many people within this group have seen their income reduce significantly and often have to make the choice between heating and eating; therefore to introduce a system which will include tighter spending guidelines will exacerbate their financial hardship even further. In addition, we are concerned that tighter spending guidelines and the limited resources allocated for unexpected expenses will result in an escalation of rent arrears as people will not be allocated enough income to support their daily living costs. We have noted that a significant proportion of our customers going through the current process where the spending guidelines are not as tight have regularly defaulted on their rent payments, with some being escalated into the court process for the recovery of the property. This suggests that even under the current system people are not allocated enough to maintain a decent standard of living, therefore as a Registered Social Landlord we are concerned that the proposals will further erode our customer's ability to sustain their tenancies. It is for these reasons that we believe that the adverse effects of the various Welfare Reforms should be taken into consideration when setting financial guidelines.

As an organisation firmly rooted in our local communities we are aware of the hardship many of our tenants endure. Glasgow in particular is Scotland's largest city; in 2012 The Fraser of Allander Institute report stated that following the welfare reform around one in five families with children said they didn't manage well financially, had some money difficulties or were in deep financial trouble.

We acknowledge that people have to pay their debts but believe that adopting tighter spending guidelines will make many arrangements untenable. We have noted that having a job is no longer a guarantee out of poverty therefore we are concerned that under the proposals people in debt will fall further below a decent living standard. We believe that the Scottish Government should address the failings in both the

SFA/SFS when amending the legislation in respect of the common financial tool and in conjunction with Scottish partners and agencies devise a sensible model for debt management and solutions which embeds the same principles as though enshrined within the Scottish Social Security system

**4. What do you consider an appropriate method for determining a debtor's contribution for a Scottish statutory debt management and debt relief solution?**

**Please provide information and any evidence that supports this and detail who you consider should manage and fund this process.**

**Answer:** We believe that any method of assessing a contribution has to look at what individuals and households need to meet a basic living standard. Figures have to be realistic to ensure that people can get help with their debts and maintain a decent standard of living which includes paying on-going commitments such as rent, council tax and utilities.

We believe that a one size fits all for the UK will not work for the people of Scotland and that the Scottish Government has an opportunity of making legislative changes which will encompass the distinct Scottish system of statutory debt management and debt relief solutions.

---

**5. If the SFS is to be introduced from 1 April 2018, will you be able to make any required changes to your IT and other operating systems, in time to use the SFS from this date?**

Yes  No  N/A

**If you answered 'No' to Q5, how long after 1 April 2018 do you believe you will be ready to use the SFS?**

**N/A**

Up to 3 months  3 to 6 months  a longer period (Please specify) \_\_\_\_\_

## RESPONDENT INFORMATION FORM

Please note that this form must be returned with your response to ensure that we handle your response appropriately.

### 1. Name/Organisation

Organisation Name

The Wheatley Group

**Title** Mr  Ms  Mrs  Miss  Dr  *Please tick as appropriate*

Surname

McIntyre

Forename

Sharon

### 2. Postal Address

Wheatley House

25 Cochrane Street

Glasgow

Postcode G1 1HL

Phone 01412746472

Email

sharon.mcintyre@wheatley-group.com

### 3. Sector

*Please tick as appropriate*

Advice Sector

Creditor

Local Authority

Solicitors/Advocates

Insolvency Practitioners

Debtor

Sheriff Officer & Messenger at Arms

Judiciary

Other x If other please specify Housing. Care and Property Management

#### 4. Permissions - I am responding as...

**Individual** / **Group/Organisation**

*Please tick as appropriate*

(a) Do you agree to your response being made available to the public (in Scottish Government library

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

***Please tick ONE of the following boxes***

Yes, make my response, name and address all available

or  
Yes, make my response available, but not my name and address

or  
Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library  
Are you content for your **response** to be made available?

***Please tick as appropriate***  
x Yes  No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

***Please tick as appropriate***                      **Yes**

Please return your response to [OPC@aib.gsi.gov.uk](mailto:OPC@aib.gsi.gov.uk) or to: Graeme Perry, AiB, 1 Pennyburn Road, Kilwinning, Ayrshire, KA13 6SA by 27 October 2017.