



**The Consumer Council**

The Consumer Council Response to the Office  
of First Minister and Deputy First Minister  
2011- 2015 Spending Proposals

February 2011

The Consumer Council welcomes this opportunity to respond to Office of First Minister and Deputy First Minister's (OFMDFM) Draft Budget 2011-15 Spending Proposals.

The Consumer Council is an independent consumer organisation, working to bring about change to benefit Northern Ireland's consumers. Our aim is to make the consumer voice heard and make it count. We represent consumers in the areas of transport, water and energy. We also have responsibility to educate consumers on their rights and responsibilities and to equip them with the skills they need to make decisions about their money and manage it wisely.

## **Key Issue and Challenges identified**

- **Growing the economy, tackling disadvantage, protecting the most vulnerable, promoting employment, delivering efficient and effective public services and investing in the future.**

The proposal states that the OFMDFM will continue to support and co-ordinate the NI Executive on the local response to the economic downturn.

The downturn in the Northern Ireland economy has hit consumers hard. Economic prosperity appears a long way off and consumers are bracing themselves for even greater challenges ahead. The Consumer Council's research<sup>1</sup> shows:

- Half (52 per cent) of the adult population here is worried about making ends meet now and over two thirds (64 per cent) are worried about making ends meet in the future.

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<sup>1</sup> Consumer 2010, Consumer Council, October 2010.

- Only four in ten were managing to keep up with bills and credit without difficulties.
- One in five (16 per cent) stated that for them keeping up with finances was a constant struggle.
- A new group of 'vulnerable' consumers also emerged from the research. The proportion of 25-34 year olds having problems keeping up with their finances is larger than in other age groups (32 per cent compared to 21 per cent among 16-24 year olds and 24 per cent among 35-44 year olds).

We believe building resilience by increasing financial capability is the key to helping consumers gain the confidence needed to manage their money better and make it work for them. Being financially capable means maximising your income by getting all the financial help to which you are entitled, being prepared for a rainy day, having the appropriate insurance cover and knowing how to get independent financial or debt advice when it is needed.

Research shows that consumers in Northern Ireland have much lower levels of financial capability than the rest of the UK<sup>2</sup> and so more work is needed to rebalance this statistic. If people become more financially capable, they could make their income go further, make better financial decisions and hopefully avoid the pitfalls of unmanageable debt and hardship by seeking out help and taking action early.

Research<sup>3</sup> into the relationship between people's ability to manage their money and wellbeing also demonstrates that poor financial capability can contribute to ill health, creating a further layer of personal and social costs.

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<sup>2</sup> *Managing Money: How does Northern Ireland add up?* 2007, The Consumer Council, (A research report based on the Financial Services Authority (FSA) UK Baseline Survey)

<sup>3</sup> Taylor, M., Jenkins, S., Sacker, A. (2009) Financial capability and wellbeing: evidence from the British Household Panel Survey, Financial Services Authority, UK and Taylor, M. (2009) The impact of life events on financial capability: evidence from the BHPS, Financial Services Authority, UK

The Consumer Council leads the Financial Capability Partnership NI which brings together Government, banks, building societies, credit unions, education, community and voluntary sectors to ensure that we all help consumers in Northern Ireland to manage their money.

The Consumer Council advocates a preventative approach delivered through financial capability. If people become more financially capable, they can make their incomes go further by choosing more suitable financial products or by spending less on interest on credit. Also making better decisions about money and taking action at an early stage can help prevent people from spiraling debt and financial hardship.

Investing now to improve people's financial capability would:

- Make a difference to individual personal finances and quality of life;
- Reduce money-related stress and associated ill health;
- Reduce levels of personal debt in Northern Ireland;
- Improve relationships between customers and financial institutions; and
- Strengthen the economy.

It is essential that financial capability is recognised as a key priority area for action within the OFMDFM.

- **Creating opportunities and tackling disadvantage**

The proposals set out that vulnerable groups will be targeted to address persistent patterns of poverty and disadvantage through implementation of strategies with identifiable and measurable implementation plans.

The Consumer Council welcomes the development of the Child Poverty Strategy which includes key priority areas such as financial capability, fuel poverty and making public transport more accessible and affordable to all children. In order

to achieve the priority actions outlined, we believe the development of a timely child poverty implementation plan with targets, measures and responsibilities is essential.

The Consumer Council would like to work with the OFMDFM and the NI Executive to ensure practical measures are developed and implemented to achieve these key priority actions.

Due to the cross-cutting nature of poverty there needs to be a joined up approach across the NI Executive, as no one Department holds all the policy levers to solve this problem. However it is the view of the Consumer Council that in order to take this debate forward, one government Department needs to take full ownership and leadership and focus the work of other Departments to achieve effective results. Therefore we welcome the OFMDFM outlining tackling disadvantage as a key issue.

We welcome the commitment to fund practical solutions for disadvantaged citizens to help mitigate the pain caused by the current economic climate . The Consumer Council would welcome further details on the Social Investment Programme and the Social Protection Fund and how the key issues and challenges identified link with these programmes. We look forward to helping consumers shape the programmes through further consultation.

If you require any further information please contact Julie McCurley, Head of Money Affairs on 028 9067 4809.