
Money Matters

No **2**/00

The Consumer Debt Net Newsletter September 2000



Contributions from
Germany ★ England
Ireland ★ Scotland

Message from the Editor

Well colleagues, here we are again, once more the summer is behind us and the long winter nights are drawing closer. However, it has been an eventful time since the last issue of Money Matters. We saw the cancellation of the Lillehammer conference and some serious discussions taking place in the Board of CDN. This last item is reported in this issue by the CDN President Liam Edwards. Please take the time to read Liam's comments and if anyone has a contribution to make to the debate and discussion I am sure that Liam would welcome their contribution.

We are still experiencing some teething problems with the CDN website but we are still looking for links to other related sites, if you are aware of any please contact me by e-mail.

You will all be familiar with my oft-repeated plea for articles for this newsletter. Can I once again repeat my plea? I urgently need articles for the winter issue. It can be on any topic related to consumer over-indebtedness, be it changes in legislation, results of research projects, national changes in dealing with debt or front-line experiences of working with consumers.

The deadline is the end of October, so articles to me please by the 25th October, please ensure that you send a photograph of yourself to accompany the article. I can be contacted by e-mail at joascot@aol.com

I hope you find this issue interesting and I look forward to hearing from some of you soon.

Joan Conlin-Ramsay



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Germany

Consumer Bankruptcy

The Würzburg Debt Counselling Service explains the practical implementation of debt counselling in Germany in relation to the Insolvency law. The Würzburg Debt Counselling Service is funded by the

- ◆ Bavarian Association for Prison Inmate and Parolee Assistance
- ◆ Caritas Association for the Würzburg Diocese
- ◆ Würzburg Diakonisches Werk (Head of Debt Counselling Service)
- ◆ City of Würzburg

Consumer Bankruptcy

"To be able to start over again without debt, a second chance, that would be wonderful." This, the greatest wish of all debtors can now come true due to the fact that as of 1 January 1999, Germany has legislation providing for private or consumer bankruptcy. This means that like businesses, private individuals can now file for bankruptcy and, after completing a relatively involved legal procedure, be released from their debt obligations.

However, debtors must be cautioned not to expect too much too soon from consumer bankruptcy. The procedure can last up to nine years, it is complicated, and the debtor may be subject to significant costs. Few applicants will achieve release from their debt obligations without the assistance of a debt counselling service.

The Requirements

In order to initiate bankruptcy proceedings, an individual must be over-indebted and insolvent, i.e. the debtor must be unable to meet his debts. In addition, the debtor himself or the debtor with the help of a debt counselling service must have tried to reach a repayment agreement with his creditors. Only after negotiations with creditors have failed can the debtor file for bankruptcy. A "suitable party", for example our

insolvency counselling service, must certify the failure of such negotiations.

Filing for Bankruptcy

The debtor must file for bankruptcy with the nearest insolvency court. Application forms are available and the following documents must also be presented:

- ◆ Certification of the failure of negotiations with creditors.
- ◆ A detailed list of the debtor's sources of income and assets.
- ◆ A list of all creditors with the amounts owed.
- ◆ A repayment plan in which the debtor proposes ways and means of repaying his debt.

Note:

Interested individuals should seek counselling before filing. Proper debt counselling is always free of charge.

The Repayment Plan

The repayment plan is best prepared by a debt counselling service.

It must include proposals, which, taking into account both the interests of the creditors and the debtor's income level and other assets, will bring about "fair repayment of the debts". If agreement with creditors as to this plan is not reached because one or more creditors refuse to accept it, the insolvency court has the authority to compel acceptance. A repayment plan that requires creditors to forfeit all claims can also be considered fair if the debtor's income and other assets allow no other resolution.

Note:

A creditor who has been "forgotten" in the repayment plan can continue to press his claims against the debtor.

The Bankruptcy Proceedings

Only if the repayment plan is rejected does the court open so-called "simplified bankruptcy proceedings". Each creditor's



Günther Purlein, Director Würzburg Debtor Counselling Service.

share of the total debt is determined in order to allocate future payments on a shared or pro-rata basis. The court costs are about DM 2000 or more. We inform clients about assistance that is available to meet court cost payments.

Seven-Year Good-Behaviour Period

The so-called good-behaviour period begins at the conclusion of bankruptcy proceedings. During this seven-year period, the debtor must:

- ◆ surrender the attachable portion of his income,
- ◆ if he is unemployed, seek work and accept any reasonable employment,
- ◆ report any change of address or change in employment,
- ◆ surrender half of any inherited assets.

Note:

An important exception governs "old cases". Individuals who were over-indebted prior to 1 January 1997 are subject only to a five-year good-behaviour period. These individuals must demonstrate that they were insolvent before 1 January 1997 with financial records predating 1 January 1997 being saved and assembled for filing with the help of a debt counselling service. New loans and instalment purchases taken after 1 January 1997 make recognition as an "old case" impossible.

The Trustee

During the good-behaviour period, the court appoints an independent trustee to

channel the debtor's payments to his creditors and to oversee the debtor's fulfilment of his obligations. The law is unclear as to who exactly may assume the responsibilities of a trustee. Note: If the debtor cannot pay the minimum annual remuneration of DM 200 for the trustee, the court will reject the request for discharge from debt obligations.

Discharge from Debt Obligations

If the debtor fulfils all requirements for the seven-year good-behaviour period, the court will discharge the debtor from the obligation to repay any remaining pre-bankruptcy debt. Discharge from debt obligations includes any debt owed to creditors who refused to participate in bankruptcy proceedings. Debt discharge for the primary debtor does not apply to joint-signatories and guarantors. Such individuals must initiate their own proceedings, as needed.

Rejection of Discharge from Debt Obligations

The court will refuse to discharge the debtor from his obligations if:

- ◆ the debtor has given false information about his financial standing, in the three years prior to filing, in order to secure a loan or to receive social welfare benefits,
- ◆ the debtor has squandered his assets or lived extravagantly in the year prior to filing and thus been unable to make payments to his creditors,
- ◆ the debtor fails to live up to his obligations during the bankruptcy proceedings and the good-behaviour period,
- ◆ the debtor provides false information as to his sources of income and assets.

Note:

There is no debt discharge for claims arising from illegal activities.

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England

Overindebtedness of Consumers in Europe

Norman Laws co-ordinator of the CDN project CollectionWatch and CDN Executive Board Member for England, Wales and Northern Ireland and Chair of the Money Advice Association, England reports on a recently completed research project involving English, German and Austrian colleagues.

The Money Advice Association and Newcastle City Council's Money Matters Unit participated in a European Project – 97/C277/04: **Overindebtedness of Consumers in Europe; are extra judicial proceedings the solution?** This project was undertaken with Federated Credit and the Money Advice Trust. The project report contained country reports that described the nature and extent of overindebtedness, the organisations that offer debt advice in each country and the Civil Court Provisions for Default and Insolvency.

As part of the research for the report, the Money Advice Association conducted an Insolvency questionnaire survey. The purpose of the survey was to collate information on money adviser's experiences of dealing with multiple debt cases. In conjunction with German and Austrian colleagues a questionnaire was designed to capture information under the following headings:

1. Debtor's personal circumstances.
2. Debtor's financial circumstances.
3. Debtor's financial problems.
4. Outcome of advice given to debtor.

Results of Insolvency Questionnaire

1. The Debtor's Personal Circumstances

1.1 Is the debtor male or female?

Male: 51.6%
Female: 48.4%

1.2 Does the debtor have a partner?

Yes: 51.6%
No: 48.4%

1.3 Does the debtor have any adult dependants?

Yes: 3.4%
No: 96.6%

1.4 Does the debtor have any dependant children?

Yes: 55.3%
No: 44.7%

2. Debtors Financial Circumstances

2.1 What is the debtor's employment status?

| | % |
|----------------|------|
| Employed | 57.3 |
| Unemployed | 18.1 |
| Self employed | 4.1 |
| Unable to work | 13.4 |
| Retired | 2.8 |
| Other | 4.1 |

2.2 What is the debtor's partner's employment?

| | % |
|----------------|------|
| Employed | 45.6 |
| Unemployed | 25.6 |
| Self Employed | 6.4 |
| Unable to work | 3.6 |
| Retired | 4.8 |
| Other | 4.0 |

2.3 Is the debtor in receipt of means tested benefits?

| | |
|-----|-------|
| Yes | 39.4% |
| No | 60.6% |

2.4 What type of property does the debtor reside in ?

| | % |
|--------------------------|------|
| Owner Occupier | 44.9 |
| Council Tenant | 27.5 |
| Private Tenancy | 20.2 |
| Live with family/friends | 3.6 |
| Other | 6 |

2.5 What, if any, assets does the debtor have?

| | % |
|----------------|------|
| Equity in home | 23.6 |
| Endowment | 3.7 |
| Other | 2.0 |
| No assets | 70.7 |

3. Debtor's Financial Problems

3.1. How much unsecured debts does the debtor have?

| | |
|-----------|----------|
| Mean Debt | £ 18,915 |
| Mode Debt | £ 25,000 |
| Median | £ 13,000 |

3.2 How many unsecured creditors does the debtor have?

| | |
|--------------|------|
| Mean Number: | 8.09 |
|--------------|------|

3.3 Is the debtor subject to debt enforcement proceedings?

| | |
|-----|-------|
| Yes | 43.9% |
| No | 56.1% |

3.4 Type of Enforcement proceedings

| | % |
|------------------------|------|
| County Court Judgement | 36.0 |
| High Court Writ | 2.4 |
| Attachment of Earnings | 2.4 |
| Warrant of Execution | 10.1 |
| Charging Order | 0.8 |
| Garnishee Order | 0.0 |
| Statutory Demand | 2.4 |
| Bankruptcy | 2.0 |
| Possession Proceedings | 10.9 |

3.5 Reason(s) given for debtor's financial problem

| | % |
|-------------------------|------|
| Business Failure | 9.7 |
| Unemployment | 19.0 |
| Sickness/disability | 23.0 |
| Relationship Breakdown | 25.4 |
| Addition to family | 8.1 |
| Increased Housing Costs | 2.4 |
| Insufficient Income | 32.3 |
| Bereavement | 2.4 |

NB: A number of debtors experience multiple factors leading to financial problems.

4. Outcome of Advice To Debtor

4.1 What recommendations were made?

| | |
|---------------------------------------|--------|
| Informal Pro-rata for all creditors | 42.0 % |
| Informal pro-rata & Instalment orders | 7.1% |
| General Moratorium | 15.1% |
| Administration Order | 8.4% |
| Individual Voluntary Arrangement | 7.1% |
| Bankruptcy Under £20,000 | 8.1% |
| Bankruptcy over £20,000 | 11.3% |

4.2 Actual Outcome

| | |
|---------------------------------------|--------|
| Informal Pro-rata for all creditors | 37.0 % |
| Informal pro-rata & Instalment orders | 10.9% |
| General Moratorium | 15.7% |
| Administration Order | 7.8% |
| Individual Voluntary Arrangement | 7.4% |
| Bankruptcy Under £20,000 | 10.9% |
| Bankruptcy over £20,000 | 10.4% |

5. Analysis of Questionnaire Results

The sample survey, if representative of debt casework undertaken in England and Wales indicates:

- ▼ Debt is not gender specific;
- ▼ Over half of people experiencing debt have dependant children who may suffer as a direct consequence of their parents' financial problems;
- ▼ Around 40% of people experiencing debt were not in paid employment;
- ▼ Around 40% of people experiencing debt are in receipt of means tested benefits, which is an indicator of low income;
- ▼ Less than half of debtors were owner occupiers and of these only one in four had any equity in their home;
- ▼ 70% of debtors have no assets which could be used to repay debts;
- ▼ The average multiple debt case dealt with by money advice agencies is £18,915 split between 8 different creditors (excluding other priority debts);
- ▼ 44% of debtors were subject to debt enforcement proceedings and 36% of debtors had at least one county court judgement registered against them;
- ▼ Debtors experienced multiple factors resulting in their financial problems, of these the major causes of over-indebtedness included:
 - ✓ over-commitment 1 in 3,
 - ✓ insufficient Income 1 in 3,
 - ✓ relationship Break-down 1 in 4,
 - ✓ sickness/disability 1 in 4,
 - ✓ unemployment 1 in 5 and
 - ✓ business failure 1 in 10.
- ▼ Almost 50% of multiple debt cases dealt with by money advisers involve a recommendation for a pro-rata offer of repayment either informally and/or by instalment order;
- ▼ Around 1 in 6 debt cases dealt with by money advisers involve a recommendation of a general moratorium by creditors;
- ▼ Around 1 in 12 debt cases dealt with by money advisers involve a recommendation of an Administration Order, whilst 1 in 5 cases involve a recommendation of Bankruptcy;
- ▼ In almost all cases the recommendation put forward by the adviser is implemented.

The survey was conducted and analysed by Mark Mansfield MA, BA (Hons).

6 Conclusions

The results of the questionnaire survey suggest that the majority of debtors (62%) tend to enter into extra judicial agreements with their creditors. A significant and unknown proportion of debtors fail either to seek or access money advice services. These debtors are unlikely to achieve a reasonable extra judicial settlement with their creditors.

What the questionnaire survey did not clarify is the question whether extra judicial settlement produces the best results for either the debtor or creditor. Further research is needed to establish the outcomes of judicial and extra judicial settlement.

The report's analysis of the Insolvency and related provisions indicate that multiple debtors and their creditors experience problems due to a lack of a coherent legal process. Both parties could benefit from legal provisions which emphasises the advantages of out of court settlement as part of the process for insolvency.

Analysis of the research suggests that the current legal framework does not take cognisance of the issues raised by multiple debtors nor by adequate protection of the debtor and their family nor does it meet the needs of creditors.

Recommendations

- 1) That research be carried out to compare the outcomes of judicial and extra judicial debt settlement.
- 2) Debtor protection could be extended by the consideration of new UK legislation that replaces the current Insolvency and related provisions with a single debt settlement act based on comparative European examples.
- 3) The demand for free, independent and impartial money advice needs to be properly resourced. That legislation be implemented to place a statutory requirement to provide money advice services that are properly resourced as part of a debt settlement act to encourage extra judicial settlement between the debtor and their creditors.
- 4) A debt pre-action protocol should be introduced as part of the process for obtaining a county court judgement to
 - ✓ encourage better exchange of information,
 - ✓ encourage extra judicial settlement.

The pre-action protocol should apply specifically to all consumer credit regulated agreements and failure to follow the protocol would be grounds for a defence and would prevent the claimant being awarded costs.
- 5) Administration Orders need to be

reformed to make them more relevant today;

- ▼ The maximum limit should be at least £25,000.
- ▼ There should be powers to make an Enforcement Restriction Order.
- ▼ There should be composition orders to clear the debts within three years.
- ▼ The order should deal with Income and not assets.
- 6) Bankruptcy provisions should be reformed;
 - ▼ The period of Bankruptcy should be reduced to 6 months.
 - ▼ Petition fees and deposits should be subject to automatic exemptions on grounds of hardship.
 - ▼ The petitioner's home should be protected by allowing a 'Homestead' Allowance [the national average cost of a suitable home).
 - ▼ The debtor should have some assets protected.

Whilst it is obvious that this questionnaire is specific to the circumstances in England and Wales the people who contributed to the report believe that it is a good foundation on which to build to a European Model of Debt Settlement .

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CDN – Update

The CDN Board met in Brussels on 8 June 2000. Items discussed included:

- ☞ Cancellation of Lillehammer Conference
- ☞ IFF Conference. It was agreed to hold a CDN meeting and to have a CDN input into the Conference. Ulf Groth to work with IFF to secure funding for CDN.
- ☞ Consumer Credit Directive. Draft should be available for comment by consumer groups towards the end of this year. This will be circulated when

available and responses will be co-ordinated by CDN Executive.

- ☞ CDN Constitution accepted by meeting. It was agreed that CDN be incorporated as a company limited by guarantee in Ireland and that a bank account be opened in Ireland.
- ☞ CDN to make application to DG Sanco for funding for a Secretariat.
- ☞ CDN website www.consumerdebt.net is now up and running. Money Advice/Debt Counselling organisations should make links from their sites and also notify CDN site so that outgoing links may be established.

☞ Concern was expressed at the lack of responses to CollectionWatch questionnaires.

☆☆☆☆

The CDN Executive met in Brussels on 9 June 2000. Items discussed included:

- ☞ CDN to make application to DG Sanco for funding to provide a training seminar for front line money advisers. The seminar would aim to achieve common definitions on

overindebtedness, the types of statistics requires to provide information on debt issues and a common code of practice for money advisers.

- ☛ DG Sanco to be contacted regarding "virtualisation" of CDN and also opportunities for video conferencing.
- ☛ A full discussion took place on the future of CDN. It was agreed that CDN would work for one more year to establish CDN on a sound financial basis and that failing that CDN must cease to exist. Members could not continue indefinitely to contribute to the debate on overindebtedness at a European level, unless funding was made available.

☆☆☆☆

Progress

- ☛ Ulf Groth secured funding from IFF which has enabled some members to attend Göteborg Conference.
- ☛ We have been informed that the Draft Consumer Credit Directive will possibly be circulated to consumer

groups by November 2000.

- ☛ A bank account has been opened and has been used to accept funding from IFF and to distribute allocations to members. A small amount remains on deposit to fund legal fees for incorporation.
- ☛ Application for funding for a Secretariat has been made and receipt has been acknowledged by DG Sanco.
- ☛ CDN has made application for funding for the training seminar. This will be considered should there be a re-allocation of budget funds later in the year.

☆☆☆☆

Comment from chair

I have detected a sense of frustration from some members of the CDN Executive. This is due to lack of responses when information is being requested or when small tasks have to be performed. Some members have given freely of their time and sacrificed their own spare time. Members of the Executive and the Board

should remember that they are representing the money advice sector and those who are over-indebted in their own country, at a European level and this attracts a level of accountability. You should network at a national level to ensure that colleagues are fully informed on European issues. It is vital that they feel part of a European network. You should respond to European Reports as required. You should ensure that "Money Matters" is circulated and that the CDN website address is widely known. You should request articles for "Money Matters" and ensure that your country submits a comprehensive response promptly to the CollectionWatch project. CDN has no brief to dictate to any country. These issues should be resolved at a national level. The European Network Consumer DebtNet will only be as good as it's constituent members. If you perform, then CDN will thrive. If you don't then CDN's future is in jeopardy. It is in your hands!

Liam Edwards
President of CDN

News from Ireland

MABS Legislation

The most important news from Ireland is that the Minister for Social, Community and Family Affairs, Dermot Ahern T.D. announced at our National Conference in April that the Money Advice and Budgeting Service will be put on a statutory basis. The Heads of the Money Advice and Budgeting Service Bill, 2000 are being drafted and it is anticipated that the Bill will be debated in Dáil Éireann (Parliament) before the end of this year.

Evaluation

The Evaluation of MABS is in its Third Phase. This will involve the development, piloting and implementation of a framework for "self evaluation" by all MABS. The Fourth and Final phase will be to compile an overall statement of achievement and learning based on the results of the previous phases. The

emphasis will be in making some firm statements in relation to the IMPACT of the evaluation process and to set in place a baseline to benchmark progress, achievements and learning for the future. Phase four will culminate in a concise report to facilitate strategic planning and decision-making.

Information technology

The MABS software application is entering its second phase. MABS2 is now in its pilot stage at eight sites. This programme has a data base to record details of household, type of accommodation, age income, nature and level of indebtedness etc. It also has a facility to organise payments to creditors on a monthly basis for those who are making payments through special accounts in their local credit union.

Website

Please visit the new MABS website www.mabs.ie. Don't forget to sign the GUEST BOOK. This site has a link to CDN site www.consumerdebt.net and to

other interesting money advice sites. Please link from your home site.

Development

The MABS now has a presence in every county in Ireland. Ninety two (92) full-time Money Advisers work from fifty five centres. The funding for Year 2000 provided by the Department of Social, Community and Family Affairs has increased to IR£4.5 million or 5.7 million Euros. A new post of Regional Development Officer is being established on a pilot basis in three regions. The object of the post is to support the locally based MABS to deliver the Money Advice and Budgeting Service, enhance networking and identify and progress social policy issues. If it proves to be a success, it will be extended to the other five regions.

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Scotland

Money Advice Learning Opportunities in Scotland: Follow the Yellow Brick Road

May/June 2000 saw the launch of Yellow Route (Generalist Level Money Advisor Training Course) in Scotland. Larry Brown assisted in the final development of the materials and presented the Workshops which introduced the new learning packs to managers and agency tutors. Here, Larry gives a brief outline of the strategy which has led to the introduction of the new materials, the Yellow Route itself, and its reception 'on the ground'.



Larry Brown, Money Advice Scotland

Money Advice Training Development Forum's work

The Money Advice Training Development Forum (MATDF) Strategic Plan took a major step forward in Scotland with the recent introduction of the Generalist Level Money Adviser Training Course. This is the first stage of a strategy which aims to develop the provision of money advice learning opportunities across all Scotland (an equivalent programme is already underway in England and Wales) at three defined levels: Generalist, Skilled and Specialist.

MATDF was established by the Money Advice Trust (MAT) to take a lead role in devising and implementing a UK wide initiative which would define the quality standards for money advice service delivery, develop a range of effective structured learning opportunities to assist agencies in cultivating the advice skills of their personnel in cost-effective ways, to build capacity within those agencies for assessment of learning needs and implementation of learning strategies (especially the cascading of learning support), and maintain an effective organisational structure which maximises resources to support the Forum's work. The Money Advice Trust is a charitable alliance of seven partner agencies: Birmingham Settlement, Citizens Advice

Scotland, Federation of Independent Advice Centres, Money Advice Association, Money Advice Scotland, National Association of Citizens Advice Bureau, Northern Ireland Association of Citizens Advice Bureau. In Scotland the agencies which collaborate are, Citizens Advice Scotland, Money Advice Scotland and the Federation of Independent Advice Centres. Money Advice Scotland is the agent of the Money Advice Trust to deliver the learning opportunities across Scotland.

Generalist level training

The Generalist Level Course is intended as an entry level/introductory course for workers who will give money advice. An overview of the money advice process is given with the emphasis on straight-forward rescheduling; other topics are covered (e.g. diligence, write-offs, court system) in order to raise awareness, in the hope that the generalist will confidently identify and refer-on when confronted with complex issues/problems. The generalist adviser's role is clearly defined.

In England and Wales there are presently three Routes to the generalist Level Course: Yellow, Red, Blue, named according to the colour of the folders in which they are prepared. The Red Route is a self-study course with support from

an in-house tutor or experienced money adviser, but without the group sessions. The Blue Route is a full-blown correspondence course supported by the Lead Tutor. The Scottish equivalent of the Blue (more of this later) alternative is now only days away from completion and will be available to all members of the partner agencies, thus providing a variety of means of accessing consistently high quality money advice learning opportunities for generalist workers. The key to the strategy is the provision of useful, flexible materials, combined with the building of capacity in individual outlets for the delivery of training based on those materials, or, where this is not possible, providing ongoing support to individual trainees who are able to access the course by an alternative route.

The Yellow Route

The Yellow Route is a group-learning route to the Generalist Level Course involving self-study and two tutor-led sessions. The materials themselves take the form of two self-study units plus a set of tutor notes. Unit 1 is a pre-course reader which outlines the basic money advice process, breaking it down into seven steps. There are exercises to test learning and encourage reflection and it is anticipated that trainees will take 2-3 hours to work through this unit. It is felt

that 'quiet, supported' time in the relevant agency would probably be most appropriate for this task – many trainee workers/volunteers have a full life outside money advice (no, really, some do!), others may feel more comfortable with support available from fellow trainees or experienced workers.

The first tutor-led session checks understanding of the ideas in Unit 1 and introduces discussion on common perceptions of debt. The majority of the session is spent on a case study where trainees are able to put their newly acquired skills into action. Checking client liability for debt, the distinction between emergency and priority debts, and the ability to carry out simple money advice arithmetic are among the many topics covered. There is ample scope in the session to incorporate local/agency practice and to open out discussion on issues arising e.g. negotiating with priority creditors, treatment of Council Tax, essential expenditure, etc. In this way trainees are encouraged to view the money advice process as a simple and very practical procedure.

The second tutor-led session takes the trainees a step further, considering options and tactics for when things 'change' or 'go wrong', e.g. creditor refuses your offer, there is no money available, client becomes seriously ill, the court system. Much of the expertise required to deal with these situations is outside the competence of the generalist adviser; this is made very clear in the materials. Trainees must, however, possess a broad overview of the topic if

they are to successfully identify emergencies/complex issues. The role of identifier is a valuable one in the process and it is hoped that this confident value can take the place of 'fear of coping' with difficult problems. The second study pack is handed out to reinforce the second session.

The tutor notes lay out a basic lesson plan and guide the tutor through the essential elements of each session. Full sets of sample documents are also included.

Between the two tutor sessions, agencies are encouraged to give trainees practical experience of debt work in order to contextualise the more tactically orientated Unit 2.

Progress to date with the Yellow Route

During May and June 2000, workshops were held in Glasgow, Edinburgh, Dumfries and Inverness (Yellow Route Workshop, Stornoway, proposed September 2000) to introduce the new materials to agency managers and tutors. Significantly, it was also decided to canvass potential demand for the alternative (Red, Blue) routes, in order to tailor learning opportunities specifically to needs in Scotland.

The Scottish partner agencies' members were invited to attend (Citizens Advice Scotland, Federation of Independent Advice Centres, Money Advice Scotland). Citizens Advice Bureaux, Local Authorities, and independent advice centres were

represented at the workshops. *The new packs have been enthusiastically received and every agency which attended a workshop has stated an intention to use the Yellow Route materials for money adviser training.* All tutors/managers who attended a workshop were issued with the Yellow Route materials. One pack per agency was registered for updates. At the time of writing (end August, one further workshop still to be undertaken) fifty-eight agencies have registered for updates, see table below.

Annabelle Ridley, Head of Training and Information, Citizens Advice Scotland, and Larry Brown presented the workshops in Glasgow and Edinburgh, with the remaining four days falling to Larry alone.

The response to the Yellow Route pack has exceeded expectations, and it has been particularly encouraging to bring a number of Local Authority and independent advice outlets on board. As the pack replaces CAS debt basic training unit, a strong CAB uptake was always anticipated. Many delegates stated that they hoped to establish greater co-operation between agencies and that a common training policy could only assist in that quest.

The adoption of the Yellow Route training materials in non-CAB outlets has a further implication in terms of capacity building. Citizens Advice Scotland runs a residential course in tutoring skills, which equips in-house CAB tutors with the necessary attitudes and skills to facilitate the group-learning element of the course. It is intended to make an

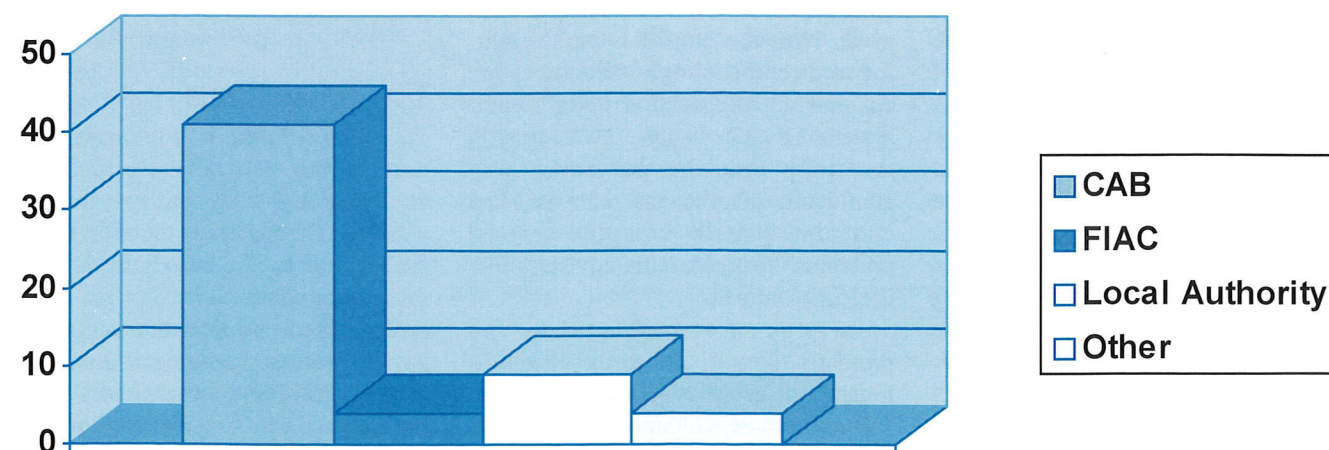


Fig 1: Registered agencies

equivalent provision for potential tutors from other agencies, thus building in-house capacity for the cascading of learning support.

The secondary function of the workshops was to gauge potential demand for the Red/Blue Routes to the Generalist Level Course. In this respect the response from agencies was interesting by comparison with the experience in England and Wales, where take-up of the alternative routes has been relatively slow. More than 43% of delegates indicated that their agency was 'likely' or 'certain' to utilise either the Red or Blue Routes. A further 40.5% indicated that they foresaw at least a 'possible' demand. Of the indications of interest, the split Red:Blue was approximately 2:1.

The Blue Route

In light of the substantial anticipated demand for alternative Routes to the Generalist Level Course, it was decided to develop the Blue Route immediately. This takes the form of a correspondence course which can be undertaken at the trainee's own pace, and which requires no in-house support. The role of course tutor is performed by the national Lead Tutor, currently Larry Brown. Trainees

are encouraged to maintain contact with the tutor by any convenient means: telephone, mail, e-mail, etc. The course is divided into five modules, each of which is comprised of information, exercises and Tutor Assignments which must be sent to the tutor for evaluation before progressing to the next section. Electronic versions of Trainee Answer Sheets will be available to allow very swift correspondence between the trainee and the course tutor. The course tutor will supply sample answers and, most importantly, give individual feedback on the Assignments submitted by trainees. Trainees are encouraged to make full use of the high level of support available to them, during, and after completion of the course.

The Blue Route is in the final stages of development, and will be launched nationally in Scotland by the time you read this article.

Further work to be done on standards for skilled workers

The successful launch of the Yellow Route sets the MATDF Strategy in motion in Scotland, but it is only a first step. During the course of the latter half of this year, the standards for Skilled Level workers will be identified.

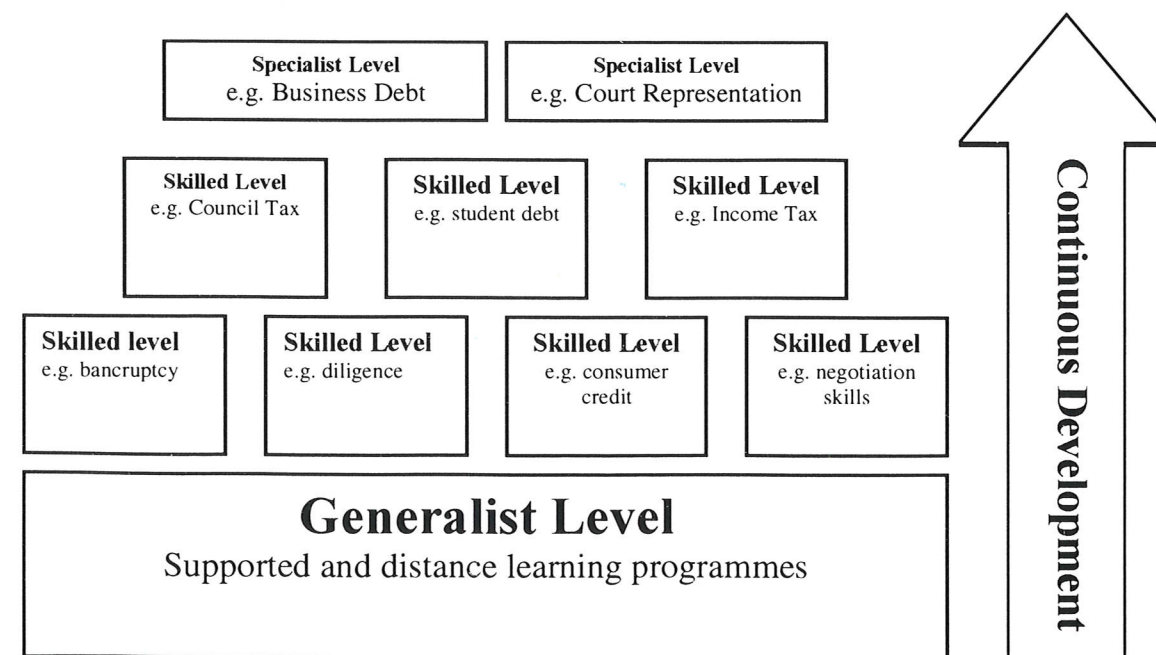
Learning opportunities will be developed to enable those money advisers who are presently working at the generalist level, to increase their skills and knowledge to the level of Skilled worker. It is likely that learning opportunities at the Skilled Level will become available early 2001. The standards and learning opportunities at Specialist Level lie (hopefully) just over the horizon, 2001/2.

The journey, then, has begun towards a cohesive, integrated money advisor learning structure, across agencies, and across all of Scotland and indeed the UK. The MATDF Strategy seeks to provide the tools for advisors to receive a solid grounding in the basic elements of money advice, and then enables them to continuously develop their knowledge and skills through to Skilled and Specialist levels (see Figure 2)

The Yellow Brick Road? No, not a pipe dream, but rather a strategy for raising the standards in money advice. The Yellow Route is here now.

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Figure 2. The building blocks of Money Advisor learning opportunity



Consumer Debt Net Aims and Objectives

“The network shall deal with debt and budget advice, budget standards, household economic analysis, consumer and social problems due to overindebtedness.”

The main objective of the network is to encourage member organisations to provide practical action to prevent consumer overindebtedness and to facilitate consumer assistance by the provision of budget and debt advice. The network will also strive to achieve exchanges of information and research results which may provide more general knowledge of such practices and the way in which they are handled in various countries.

Consumer Debt Net will:

- establish and maintain an up to date list of contacts in each participating country,
- maintain regular contacts in particular by means of an annual conference and exchanges of view on matters of topical interest through multilateral contacts of all kinds,
- mutually exchange information to enable members to gain an overview of each others methods, legal and administrative arrangements,
- to work towards better and commonly accepted methodology and definitions relation to debt advice, budget standards and debt prevention throughout Europe,
- collect information on creditors practice and procedures in relation to consumers and to co-operate informally at an operating level in preventing marketing malpractice's as they arise. Participants should use their best endeavours to assist each other, subject to national law and practice and availability of resources,
- organisation of special training for advisers,
- planning and realisation of collective actions in European countries,
- intervention on European legislation, for example in relation to debt settlement, credit rules and bankruptcy laws.

Participation is open to organisations from each European country, who would normally be involved with budget advice, debt settlement, debt counselling or budget standards, though for certain countries other arrangements may be necessary.



THE EUROPEAN CONSUMER DEBT NETWORK

A project supported by the Nordic Council of Ministers

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