

Client Report

by Christians Against Poverty

Partnership; the key to
transforming lives

christians
against
poverty

CAP

Lifting people out of debt and poverty

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The statistics in this report are drawn from CAP's annual report, analysis from CAP Debt Help, CAP Job Clubs and CAP Release Group client databases and 1,217 responses to CAP's annual debt help survey conducted by post and online between September and November 2016.

Justin Welby



As a society, we have a duty to support those who are vulnerable and in need. This is what Jesus did and it is what Christians Against Poverty (CAP) does. Through practising the values of hospitality, generosity and compassion, CAP is able to bring hope to those living in the prison of debt, unemployment, isolation and addiction.

As Patron, I am proud to align myself with an organisation that has seen so many lives changed through their work. Not only did thousands find freedom from debt in 2016, but many have regained their dignity and rediscovered their self-worth too. As I read the amazing stories in this report, I am reminded that Jesus promises that he came not only that we might have life, but that we might be able to 'have it abundantly' (John 10:10).

Now, through the recent launch of CAP Life Skills, this opportunity is afforded to those who wish to learn vital skills to survive everyday life on a low income. I find it hugely exciting to see the Church responding to the needs in their communities in new and innovative ways.

Yet, this is not just about one organisation. There are hundreds of local churches working in partnership with CAP, a multitude of creditors who work with CAP to offer relief to customers in vulnerable situations, and referral agencies that ensure people know help from CAP is at hand. These actions reinforce my hope of a generous and hospitable society rooted in solidarity.

I congratulate CAP on celebrating 20 years of helping people of infinite value find the way forward. I am impressed by their continued professionalism and commitment to offering the very best to those with the least. I look forward to seeing first-hand the impact that CAP and the local church will have in the coming year.

+ Justin Welby

Most Rev and Rt Hon Justin Welby
The Archbishop of Canterbury
Patron of Christians Against Poverty

CAP's services

debt help



job clubs



release groups



life skills



The CAP Money Course



20 years of turning lives around



2016 was a year of celebration for Christians Against Poverty (CAP). Not only did we mark 20 years of helping people out of debt, *The freedom report* also celebrated the enduring impact CAP Debt Help has had over this time (p33).

In many ways, little has changed since we first started out in 1996. The crippling reality of living in poverty and debt is still unashamedly evident in every home we visit, and year-on-year we see financial difficulty taking a tighter grip.

In 2016, average debt levels had increased, driven by priority arrears, as we see more families struggling to get by (p18). Debt brings unrelenting pressure, which combined with the shocking extent of material deprivation (p13) and array of debilitating circumstances, causes mental health to deteriorate (p16) and 38% to seriously consider or attempt suicide as a way out of debt (p20).

Yet, the difference is that there are now tens of thousands of families no longer living in the prison of debt because of CAP's help. CAP Job Clubs, CAP Release Groups and the CAP Money Course have helped many more find employment (p34), freedom from life-controlling dependencies (p35) and to regain control of their finances (p37).

CAP's growth over the past 20 years has not always been easy, but our relentless drive to see 1,000 CAP services open by 2021 comes from seeing what our support has meant for individual lives. We know that as we expand, more people are reached and more lives are changed.

Matt Barlow
UK Chief Executive

The importance of partnership



Partnership is central to everything we do. From the referral agencies that direct people to our services (p26), the professional debt advice provided from our head office (p30) and the creditors that give forbearance (p32), each part is vital to see clients become debt free.

For me, the most crucial element is the frontline. There are more than 500 local churches with 6,200 volunteers that run a CAP service to reach out to those struggling in their communities. This enables us to go above and beyond to meet the multiple complex needs clients have. The lengths to which our frontline staff go to support and care for our clients still astounds me (p28), as well as the passion our head office teams have for delivering the best service to our clients.

It is this personal investment that brings clients back from the brink of suicide and restores their self-belief. To then hear about the situations clients overcome and their determination to turn things around is an inspiration (p22). This was all too clear as we launched *The freedom report* in conjunction with the Financial Inclusion Commission at the end of 2016.

2016 was also a wonderful year of partnership in our external engagement. We are delighted to have signed a new national referral partnership with Remploy, as well as with the Trussell Trust in early 2017. We also continued to work closely with a range of organisations in the credit, energy and debt advice industries, helping others to understand the complex needs and circumstances that come hand in hand with financial difficulty, and how they channel them to our unique range of holistic services.

Dawn Stobart
Director of External Affairs

CAP's External Affairs team

Helen Webb



Daniel Kelly



Rachel Gregory



Kiri Saunders



Celebrating 20 years



As I look back on the past 20 years, I am blown away by how far Christians Against Poverty (CAP) has come. When I received the first donation of just £10 back in 1996, I could never have imagined that CAP would grow to become an international organisation helping thousands of people trapped in the misery of debt and poverty. CAP is now helping people in the UK, Australia, New Zealand and Canada, with not only debt counselling but also CAP Job Clubs, CAP Release Groups and CAP Life Skills. Yet, at the heart of CAP remains the importance of reaching out into local communities to see individual lives transformed - we now have the privilege of doing this right across the UK through over 500 partner churches!

John Kirkby,
Founder and International Director

1996



22 August, Christians
Against Poverty
begins

1997

1

First CAP Debt
Centre

1998



CAP goes national

2013



CAP Job Clubs
launches

First national referral
partnership signed

Insolvency and
Rescue Awards
*Insolvency team of
the year* winner



CAP launches
in Canada

CCR Magazine
Contribution to the
credit industry *credit
excellence award*
winner

2014

270

CAP Debt Centres

*The Martin
Williams award
for contribution to
the credit industry
winner*

2001



CAP goes international in Australia

2006

50

CAP Debt Centres

2008



CAP launches in New Zealand



The CAP Money Course launches

First time CAP wins the Sunday Times *Best not-for-profit organisation to work for and Best leader* awards

2010

150

CAP Debt Centres

1,066 people became debt free in 2010

2015



CAP Release Groups launches



Justin Welby becomes Patron of CAP

2016



CAP Life Skills pilot begins

293 2,598

CAP Debt Centres

people become debt free in 2016

TRI Awards *Insolvency manager of the year* winner

John Kirkby wins Credit Strategy *Decade of pioneers* award

First winner of the Credit Strategy's *Debt advice provider of the year* award

Meet Mark

This is Mark's story. A year ago Mark was living in despair, he was depressed and anxious, he couldn't see a way out. Mark has overcome so much to get where he is today, with the help of CAP, the local Church and his creditors, his life has been transformed. Let him tell you his story.



'My situation went downhill when my mental state deteriorated. I became anxious and depressed. I lost interest in life. My studio flat fell into disrepair. It was dusty, dirty, full of broken furniture. The boiler didn't work. I slept on the floor. The bathroom pipes were broken and the floor was covered in rotting clothes. It was in an appalling state. I couldn't deal with the wreckage.

I approached a number of services for help, but I never quite seemed to fit the category. I wasn't ill enough for one group, I wasn't drinking enough for another. So they kept referring me on and I became socially isolated.

I had difficulties paying my mortgage, and I was in no position to work to earn the money to pay what I owed. It's fair to say I didn't know what my options were. I wondered if I'd be evicted and made homeless, if I'd have to kill myself. I wondered if I'd have to commit a crime so I could go to jail instead.

In July last year, someone from Nationwide told me about CAP. Linda from the local CAP Debt Centre and one of her colleagues came to see me. They sat in the only two places where you could sit in that room. I told them how the place got that way, my efforts to fix things, and how I had been unable to get any help. I told them how lonely and isolated I was. They invited me to come to a coffee morning at their church, which is good for social contact, and I go there most weeks now. Linda and two others from her church came to my flat and they cleared the junk out and even cleaned my bathroom. They also brought me a bed to sleep on. Others have since come round to do more cleaning and tiling.

After that, it looked like somewhere I could live. I could visualise it looking normal. Then I could put the property on the market. If we hadn't done that then, the house would have been repossessed. It was enormously helpful. I could not have done this on my own.

I'm currently working with CAP to sort my debts and I've put my flat on the market. I still go to those coffee mornings, and I've also started the CAP Job Club recently, now that I can think about applying for work. I can see the prospect of a normal life where I earn a living, dress decently, cook for myself and am on top of my affairs. I can see a way forward now.'

Meet the people that made this turnaround possible.

The change in Mark's story has been made possible by collaboration between CAP, the Church and his creditors, who together provided the full range of support Mark needed due to his multiple and complex needs. Mark's is just one of the thousands of stories that are transformed each year through these partnerships.



Referral source

Meet Gareth from Nationwide who referred Mark to CAP (p26)



Local CAP Debt Centre

Meet Linda from the Welwyn Garden City debt centre who visited Mark in his home (p27)



Local church volunteer

Meet Robert, a volunteer from Linda's church who has helped transform Mark's situation (p28)



Head office caseworker

Meet Jim, part of the team of caseworkers at CAP's head office that gave Mark debt advice (p30)



Creditor

Meet Graham from Capital One, one of Mark's creditors, who offered forbearance (p32)

Where it begins

When a CAP Debt Coach visits a client's home for the first time, they are faced with a complex picture of poverty, challenging circumstances and anguish. Seen at a personal level, debt has stark implications in clients' day-to-day lives, and for many these issues have been relentless for a long time. Understanding this context is vital for the response to be effective in offering relief and support.

The extent of poverty

Behind closed doors, the reality of poverty in the UK is shocking. This deprivation not only means that households do not have enough money in crisis situations, but is often an enduring situation that leaves people without financial security, essential household goods and even the means to live day-to-day.

Income

CAP is well placed to reach the poorest in society because of the level of support offered and a targeted approach to referral sources. As a result, low income is the most frequently cited cause of debt and for 18% of CAP clients it is the primary reason for their financial difficulty. By the time clients seek help, on average outstanding debt balances are equivalent to 97% of their annual household income.¹

The average annual household income in 2016 was £14,693.² This remained substantially lower than the national average of £26,300, and was a small real-term decrease of 1% compared to 2015.³ This average income falls below the poverty line and stands at just over half (56%) of the national average.⁴ At just £1,224 a month, clients face a relentless financial tightrope, which for many renders it near impossible to balance debt repayments and living costs, let alone building a savings buffer. Overall 89% of CAP clients had income below the national average and 63% were living below the poverty line.

1 | Average total debt levels of new clients seeking help in 2016 was £14,297. This is figure is per household.

2 | This is the mean annual household income of new clients seeking help in 2016 and is per household. Note, where housing benefit is paid directly to a client's landlord, in some cases this amount is not included in their income figure and therefore this average will be slightly skewed downwards.

3 | This figure has been reached using a different method to previous reports. Using this new method, the comparable figure is that the average annual

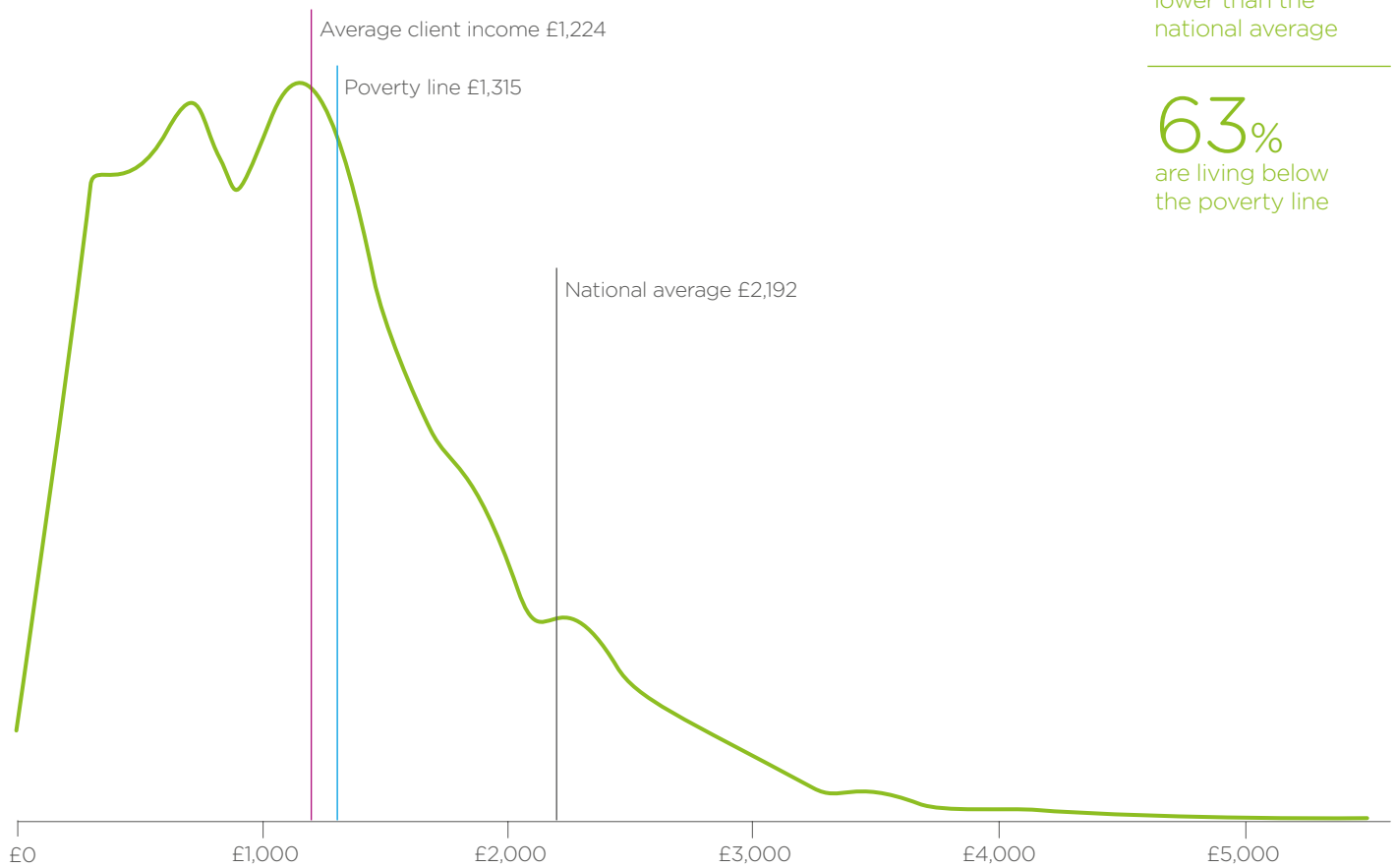
household income of new clients seeking help in 2015 was £14,614, 0.54% higher than in 2016. The Consumer Prices Index (CPI) rose by 1.6% in the year to December 2016 (<http://bit.ly/2fxv4B3>). Median UK household disposable income for financial year ending 2016 was £26,300 according to ONS bulletin in January 2017 (<http://bit.ly/2jdaXNE>).

4 | Based on poverty line of £15,780 (60% of median UK household disposable income *ibid*).



Income distribution

Distribution of monthly household income of new clients in 2016



89%
have incomes
lower than the
national average

63%
are living below
the poverty line



42%

receive income from
benefits only

92%

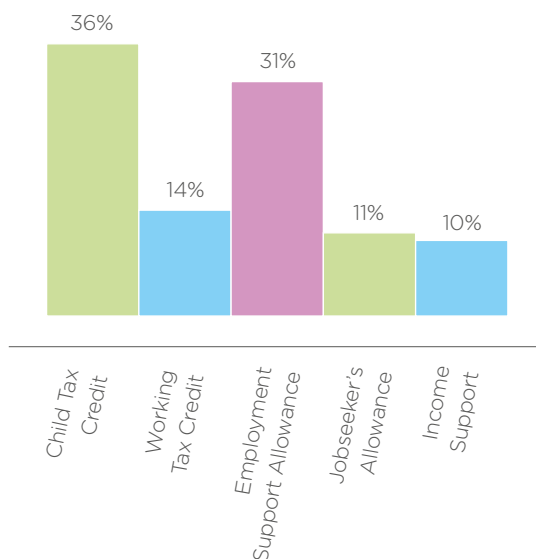
have no savings
buffer when financial
crises hits

Benefit receipt

The fact that a high proportion of CAP's clients are in receipt of benefits is not surprising considering this average income level. In 2016, four in five (80%) households were in receipt of benefits, with just over half of these clients (42%) relying solely on benefit income.⁵ The top types of benefits received were Child Tax Credits and Employment Support Allowance, reflecting the fact that a high proportion of CAP clients are unable to work due to ill-health, and a high proportion are low-income working families with children. Whilst a vital source of income, this high reliance on benefits also plays out in related problems that contribute to financial hardship (p15).

Benefits

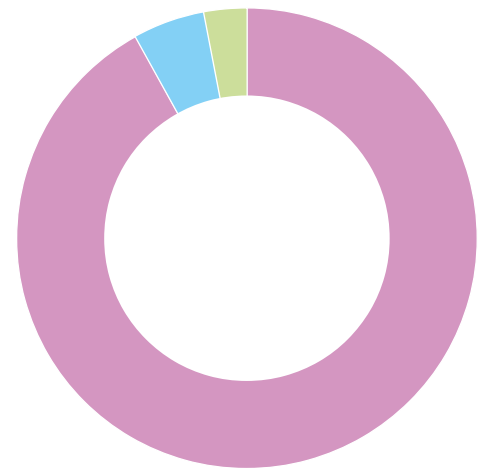
Proportion of all new client households in 2016 that received:



Financial instability

Lack of savings

Proportion of clients with access to savings when entering financial difficulty



92% None
5% Under £1000
3% Over £1000

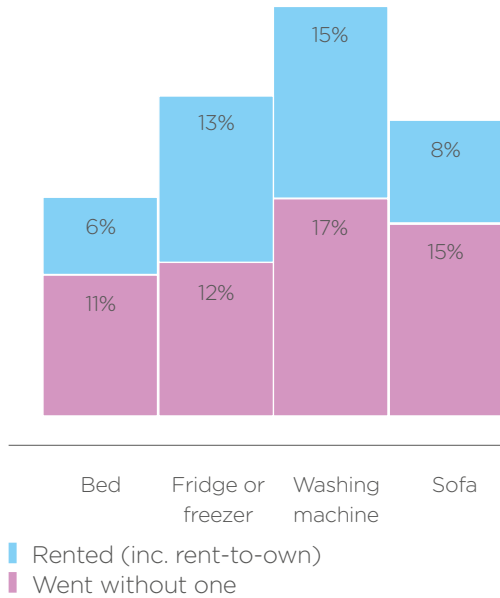
Low levels of savings is a national issue, but is particularly pertinent for those on low incomes. A savings buffer is important to withstand financial shocks. However, low income meant that more than nine in ten (92%) CAP clients had no savings to fall back on when financial crises hit. Of those with savings, most had less than £1,000 saved, which meant 97% were ill equipped for any unexpected bills or income shocks.

5 | This is for new clients seeking help in 2016 and is per household.

Lack of essential household items

Essential household items

Proportion of clients lacking essential items before CAP's help



In the homes CAP visits, poverty is evident in the lack of basic household items, which clients cannot afford to either buy or repair. Not only do clients lose sleep due to the stress of their financial situation, shockingly one in ten (11%) did not have a bed to sleep in. Overall, one in three (29%) had gone without at least one essential item and one in five (19%) had rented or bought at least one item on hire purchase.⁶

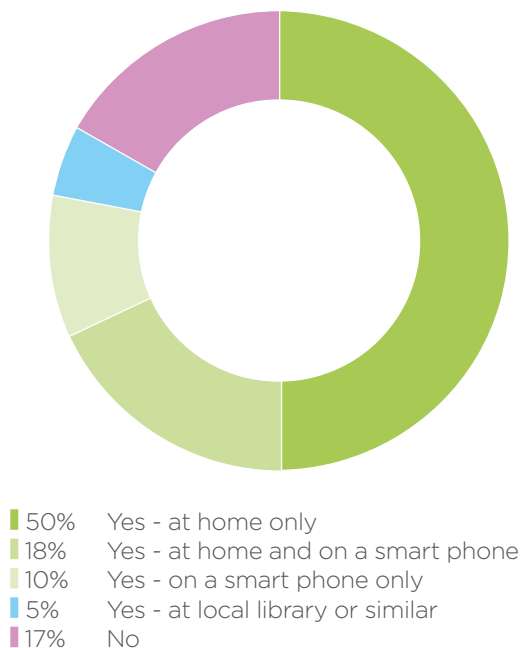
Not only is living without these essential items inconvenient, it can mean extra costs to use a laundrette and is a constant reminder of their deprivation, adding further strain to clients' living standards and mental health. Yet, after CAP's help and support, 71% were able to afford these household goods and 9% had had an item provided directly through CAP or their local church. This in turn improves standards of living, reduces costs and caters for a more convenient lifestyle.

Digital exclusion

In an increasingly digital environment, Internet access is key for accessing the best deals, applying for benefits, looking for work and accessing many support services. One in five (22%) CAP clients do not have Internet access at home, with 17% not even able to access public sources. For a further 10%, who only had access via a smart phone, complex tasks requiring Internet access are not easy. This level of digital exclusion is important to take account of when designing services that are inclusive for all.

Do you have internet access?

Percentage of CAP clients with internet access by type



11%

did not have a bed before CAP's help

22%

do not have internet access

⁶ | Essential household items include: bed, fridge, freezer, washing machine or sofa.



53%

of those with mental ill health said it was a significant factor in their financial difficulty

Debilitating circumstances

Financial hardship is rarely found in isolation; in every case there is a variety of debilitating circumstances that can either cause debt or occur as a result of it. These wider circumstances, such as mental ill-health, bereavement and benefit problems, to name a few, make it harder for people to manage financially and emotionally, and can also make it difficult to navigate through debt help without extra support.

Reason for debt

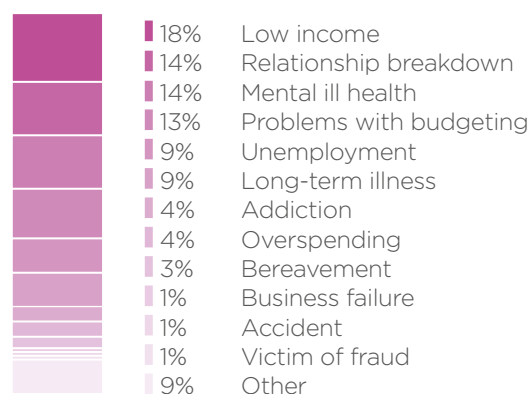
There is a diverse range of reasons for which people find themselves in debt and for most clients, there are multiple issues at play. Each client visited by CAP is facing their own complex situation that has become intertwined with their financial situation. The most frequently cited reasons for debt give an insight into some of these wider circumstances.

As has been historically the case, low income was the most commonly cited primary reason for debt (18%), followed by relationship breakdown (14%) and mental ill health (14%). Other life events, such as unemployment, long-term illness and bereavement, also frequently initiated financial difficulty.

Compared to 2015, the proportion citing mental ill health as the primary reason for their debt (14%) had risen by three percentage points, but this figure still does not reflect the large proportion for whom mental ill health is a major contributing factor alongside other difficulties.⁷ Of those who said mental ill health had contributed to their financial difficulty (32%), more than half (53%) had found it to be a significant factor.

Reason for debt⁸

Primary reasons for debt given by new clients in 2016



7 | This figure has been reached using a different method to previous reports. Using this new method, the comparable figure is that 11% of new clients in 2015 reported mental ill health as the primary reason for their debt problems.

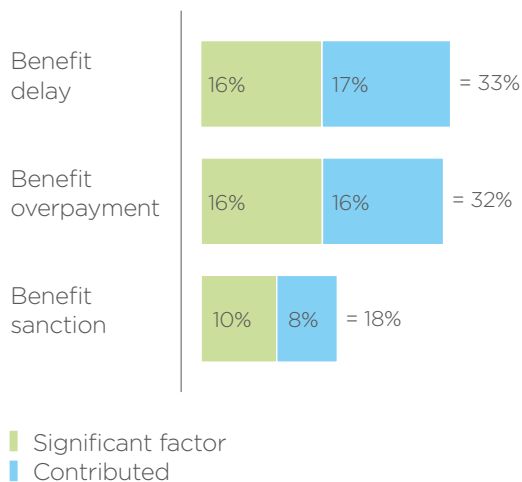
8 | These figures are for new clients seeking help in 2016 and are per household.

Benefit problems

Almost half (45%) of clients had experienced a problem with their benefits that had contributed to their financial difficulty as well. This included benefit delays, overpayments and sanctions, which can mean that clients go days or weeks without an income, affecting their ability to pay bills, make repayments or face a large unexpected debt, as a result of which deductions can push households into the red. In each case, for half of those affected this has had a significant impact.

Benefit problems

Proportion of clients for whom one of the following contributed to their financial difficulty



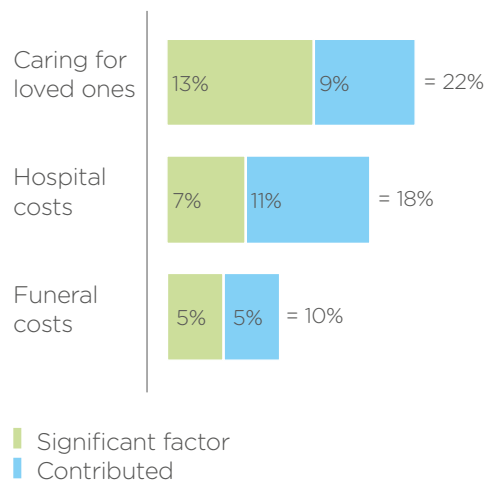
Health problems

In addition, ill health and caring responsibilities also had a detrimental impact on many. One in five (22%) clients had found caring responsibilities had led to debt, and where this was the case it had a significant impact for more than half (58%).

As well as hitting income, ill health and bereavement also bring additional costs to households already struggling on a low income. Nearly a fifth (18%) of clients were pushed into the red by hospital costs and one in ten (10%) had incurred debt paying for a loved one's funeral. Where this is the case, the financial pressure coupled with grief is a dangerous combination that leads to an often hidden vulnerability.

Health problems

Proportion of clients for whom one of the following contributed to financial difficulty



45%

have been affected by a benefit problem that contributed to their debt problems

22%

find caring for a loved one leads to debt



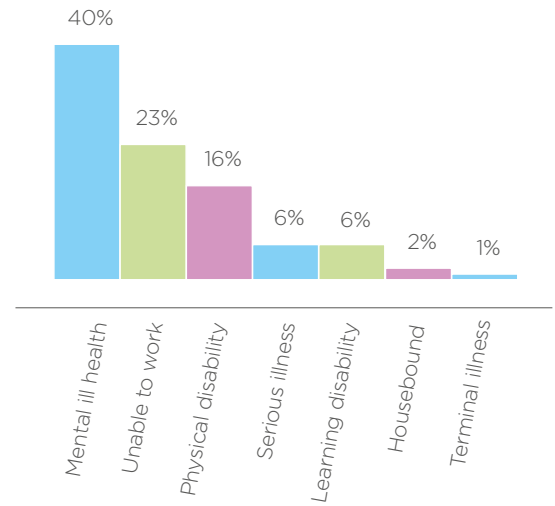
52%
have a key
support issue

Key support issues and mental ill health

While all CAP's clients are vulnerable due to their financial and personal circumstances, key support issues indicate where clients need additional help to engage with CAP's debt management service. 52% of new clients in 2016 had a key support issue on their account and needed more support during their journey out of debt. This figure gives an insight into the level of vulnerability amongst CAP clients, which includes a long list of issues including physical disability, learning disabilities and terminal illness. For 40% of new clients in 2016, at least one of their key support issues related to mental ill health, half (50%) of which were for depression and a quarter (25%) for anxiety and panic attacks.

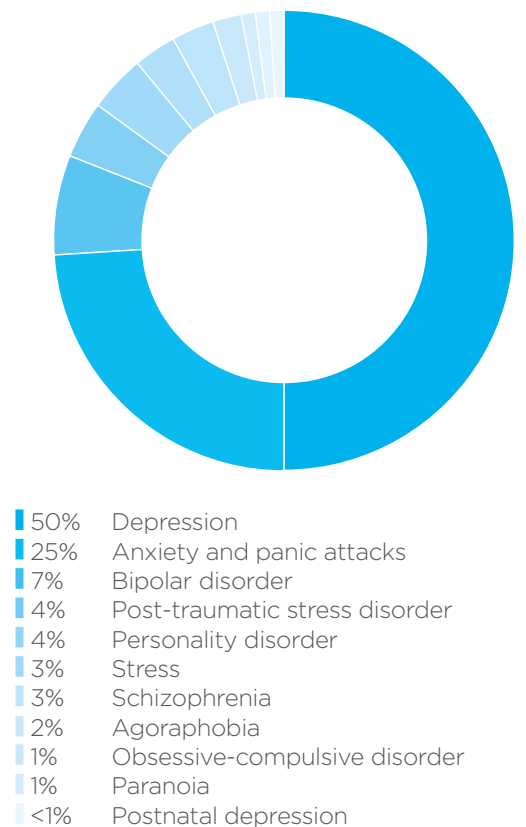
Key support issues

Proportion of clients with key support issues



Mental ill health

Breakdown of key support issues for mental ill health issues



Enduring hardship

Shame, fear and believing no one can help cause clients to delay seeking help for two years on average. This extended period of financial hardship and worry sees living standards and mental health deteriorate as debts spiral out of control. This means seven in ten end up behind with a priority bill and average debt levels hit more than £14,000 before clients get the help they need.

Delay in seeking help

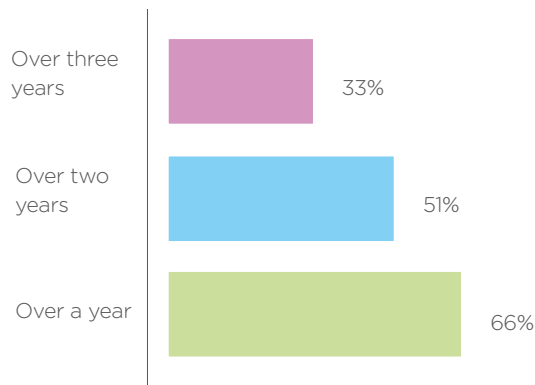
The majority of clients (66%) waited more than a year, and a third (33%) waited over three years before seeking help. In many cases this was because they thought no one was able to help or they were too ashamed of their situation. This exemplifies the essential role of referral sources who are able to identify particularly vulnerable people through their own services.



33%
wait more than
three years before
seeking help

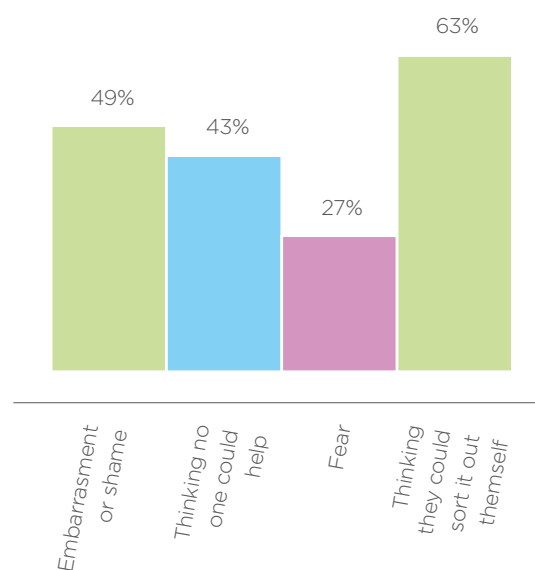
Delay in seeking help

Proportion of clients who waited before seeking help



Reasons for waiting

Proportion of clients who waited due to:





68%

get into arrears
on an essential
household bill

91%

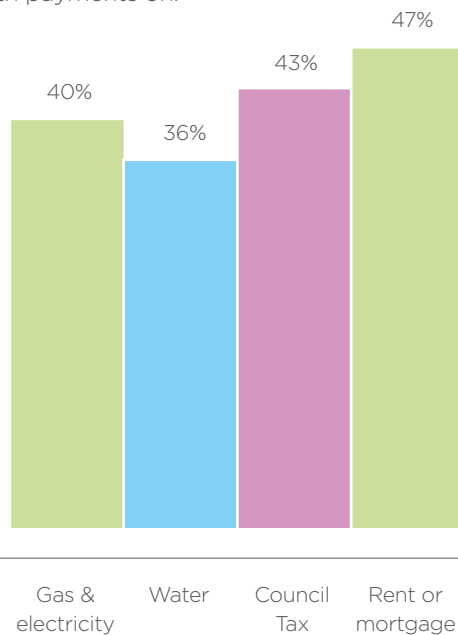
borrow to pay a
household bill or
another debt

Falling into arrears

As financial crisis sets in and clients try to juggle essential bills with spiraling debt, it becomes harder to keep up with day-to-day living costs. Seven in ten (68%) clients fell behind with an essential bill, and for almost half (47%) this included their rent or mortgage payments, which can have severe consequences such as repossession or eviction. By the time they sought help, clients had struggled to meet their basic living needs to the point where on average they owed £4,582 in priority arrears (p19).

Priority arrears

Proportion of clients who fell behind with payments on:

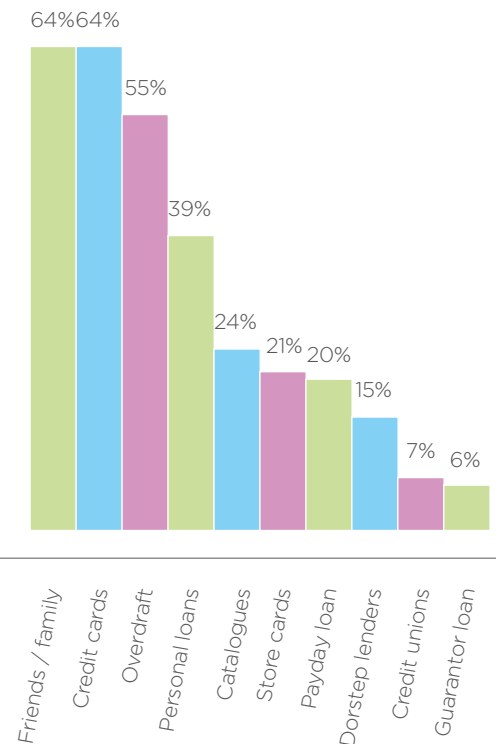


Borrowing to stay afloat

To cope with these pressures, it is common for clients to take out credit to pay for these bills. 91% of clients had used some form of credit to pay an essential bill or other debt. The top sources of credit used in this way were friends and family (64%), credit cards (64%) and overdrafts (55%). This is an unsustainable solution that pushes the financial crunch point further down the line, but escalates the level of debt when this happens.

Credit use in crisis

Proportion of clients who borrowed to pay a bill or another debt from:



Debt levels

By the point clients sought help, average debt levels were equivalent to 97% of clients' average annual household income, and would have taken clients an estimated 35 years to repay without an alternative debt solution.⁹ Typically this consisted of more than ten debts so the volume of collections activity had placed a heavy burden on clients.

In 2016, new clients owed on average £14,298 when seeking help.¹⁰ This was an increase of 1% at £164 more than in 2015 and due to a rise in the average level of priority debt.¹¹ As in 2015, priority debt accounted for a third (32%) of total outstanding debt when seeking help, but the level of priority debt had increased by 6%.¹² Whereas the average level of secondary debt had fallen by £112, average priority arrears in 2016 were £275 higher than in 2015. This increase was smaller than that seen in previous years, but continued the upward trend. Over the last decade, average levels of priority debt has more than tripled, taking the average amount owed to priority creditors in 2016 to £4,582 per client.



£14,298 Average debt of new clients in 2016

Proportion of income

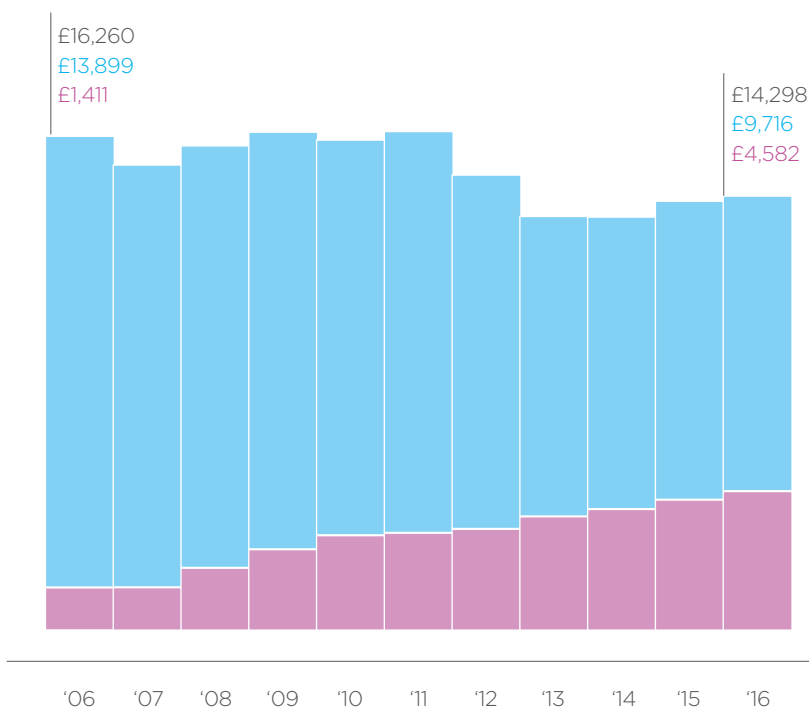
When seeking help, on average clients owe the equivalent of 97% of their annual household income



■ Average debt
■ Average annual household income

Average debt

Average amount owed by new clients when seeking help by year¹³



■ Secondary debt
■ Priority debt

9 | Average annual household income of new clients seeking help in 2016 was £14,693 and is per household.

10 | This figure is per household.

11 | This figure has been reached using a different method to previous reports. Using this new method, the comparable figure is the average debt level, so new clients seeking help in 2015 was £14,134 (£4,307 of which was priority and £9,827 secondary).

12 | Priority debt refers to household and other essential bills where the consequences of not paying are greater and creditors have more legal powers. This includes rent or mortgage arrears, council tax and benefit overpayments.

13 | Due to system changes, average debt levels since 2014 are calculated in a different way to 2006-2013. The data is taken at slightly different points in the account setup process, which limits comparability, but the figures are broadly comparable. These figures are per household.

Day-to-day consequences

Problem debt has a truly devastating impact on the lives of families and individuals. Meals are sacrificed, children lack opportunities and health deteriorates. The day-to-day struggles of deprivation experienced by clients in debt shows the hard-hitting reality that those in financial hardship face. As Mark's story shows, debt impacts every area of clients' lives.

Health and wellbeing

As one of the only flexible items of expenditure, skipping meals is common during financial crisis, and for many this is a coping strategy employed for several years. The stress of debt is also seen in the widespread impact on clients' physical and mental health. Encouragingly, after CAP's help 94% of clients are able to afford to put food on their table and two thirds (66%) of those who had had health problems reported seeing an improvement. What is more, three fifths (60%) of those for whom health problems had meant they couldn't work, felt well enough to return and 46% were less reliant on medication. Of those self-medicating with alcohol or drugs, four in five (82%) were less reliant on alcohol and three quarters (74%) less reliant on drugs. However, some were still dependent on these addictive substances, a problem that CAP Release Groups was created to tackle (p35).



67% sacrifice meals due to debt. Before CAP's help, 26% did so regularly



38% considered or attempted suicide as a way out of their debt problems



11% of clients actually attempted suicide, half (5%) of whom did so multiple times



75% visit their GP due to debt related illness



54% are prescribed medication, counselling or therapy



16% turn to alcohol and 3% to drugs



78% in a relationship say debt causes arguments



For 27% debt caused their relationship to break down completely



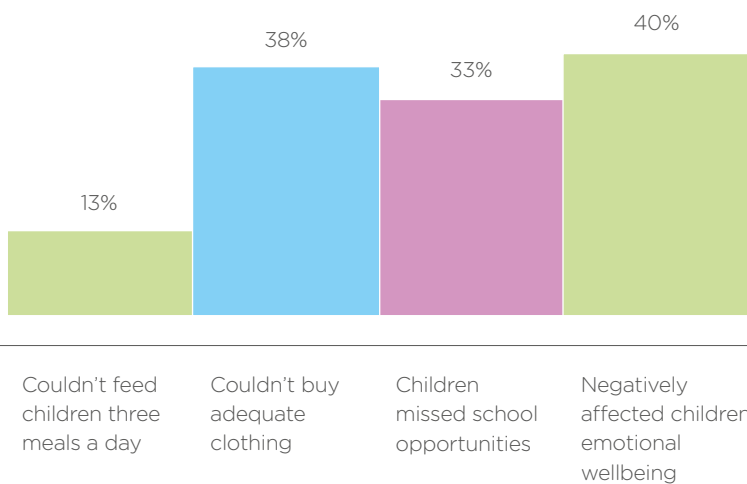
68% of parents are unable to cater for their children's needs

Family and relationships

Half (50%) of CAP clients are in a family environment and experience the strain that financial hardship puts on these close relationships. A small proportion even turn to prostitution (2%), and while this is rare, lone parents are disproportionately represented in this group, with twice as many resorting to this desperate measure (4%). However, the good news is that after accessing debt help, nine in ten say they are enjoying their relationships more (87%) and are now able to provide for their children (88%). It is the saved marriages and happier family environments that are the benefits of debt advice most treasured by clients.

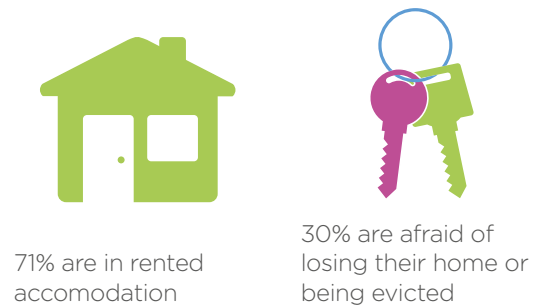
Impact on children

Proportion of parents for whom debt meant:



Housing

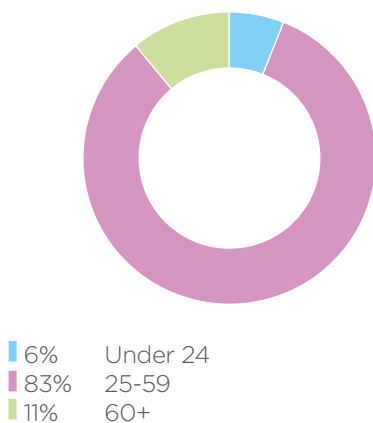
Home is meant to be a safe haven, yet problem debt and poverty brings insecurity that means many fear they will face homelessness. Half (50%) of new clients are behind with their rent or mortgage when seeking help. Yet, after debt help, nine in ten (90%) feel secure in their home and no longer lose sleep due to the prospect of eviction. Those who still face insecurity are supported by CAP to attempt to secure their current residence or find alternative accommodation that is more appropriate for their current situation.



29% go without at least one of the following: a bed, fridge, freezer, washing machine or sofa

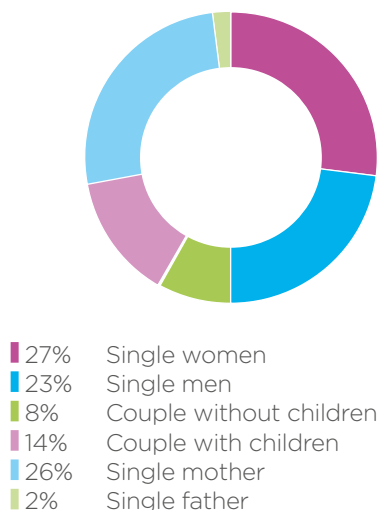
Age breakdown

Proportion of new clients in 2016 who were:



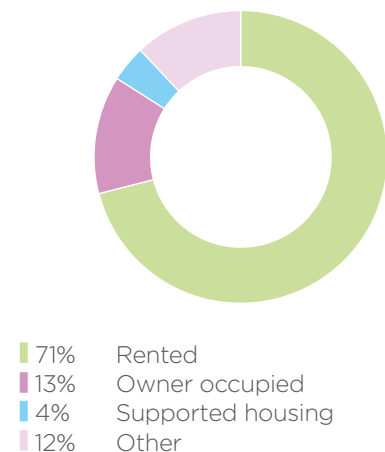
Household composition¹⁴

Proportion of new client households in 2016 that were:



Tenure

Percentage breakdown of tenure type for new client households in 2016



¹⁴ | There may be some inaccuracies in this data as title and first name is used as a proxy for gender.

The turning point



Before CAP's help

75%

Afraid to open
the post

38%

Considered or
attempted suicide
as a way out

64%

Afraid to answer
the phone

16%

Had turned to alcohol
and 3% to drugs

19%

Afraid to leave
the house

75%

Debt affected their
health negatively

81%

For 81%, debt caused
sleepless nights

54%

Had been prescribed
medication,
counselling or
therapy for a debt
related illness

After CAP's help

This bleak picture is not the end! With CAP's debt advice and wider support, lives can be dramatically turned around. Nine in ten clients describe CAP's help as 'life transforming' or 'a great help'; this is perhaps seen most powerfully in the thousands for whom the burden of debt has lifted so that they are no longer suicidal, they are able to return to work or even simply feel able to leave the homes in which they once hid.



85%

Are now happy to
open the post

69%

Are no longer
suicidal (of those
that had previously
considered or
attempted suicide)

78%

Are now happy to
answer the phone

82%

of those that turned
to it, are less reliant
on alcohol and 74%
less reliant on drugs

78%

Are now happy to
leave the house

46%

Are less reliant on
medication

81%

Are now sleeping
better

60%

Of those with health
problems, felt well
enough to return
to work

CAP Debt Help

As seen in Mark's story, there are five key players in a client's journey out of debt. Each plays an integral part in providing the holistic support needed to find freedom from debt and poverty. This section takes a look at each of these elements and their impact in 2016.

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p26 Referrals



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management
and creditors



p33 Client resolve

The CAP Debt Help service

CAP provides a free, in-depth and personal service to help clients become debt free. This is through a combination of community-based CAP Debt Centres visiting clients in their home, and professional debt management from CAP's head office. CAP Debt Help is uniquely placed to support vulnerable clients throughout their journey out of debt.



91%

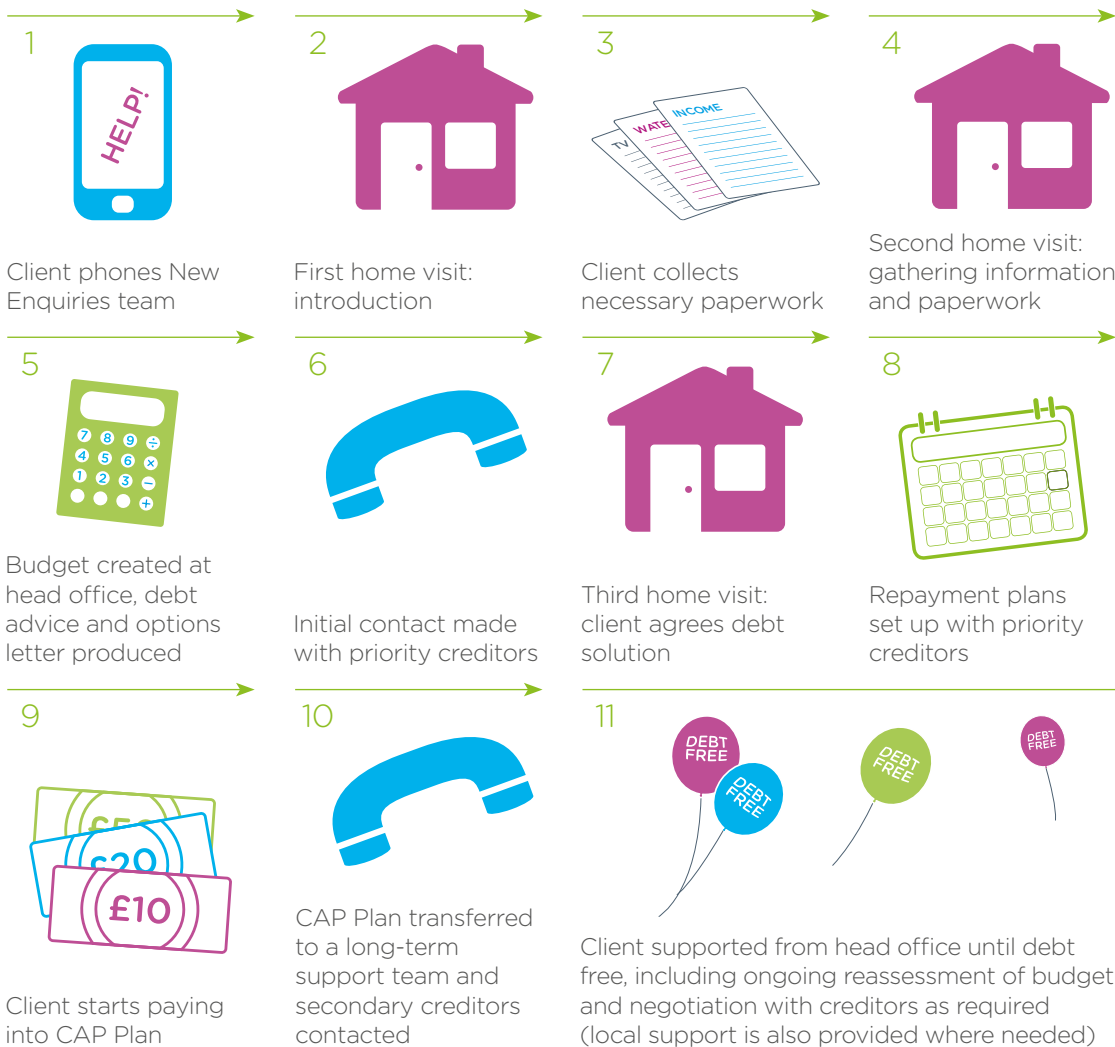
find CAP's help 'life transforming' or 'a great help'

18,914

people helped by CAP Debt Help in 2016

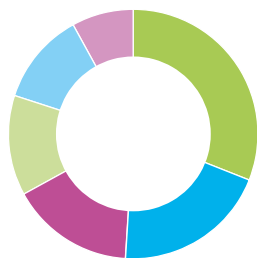
2,598

people became debt free



Referral sources

Percentage breakdown of referral sources for new clients in 2016



- 31% Word of mouth
- 20% Referral partners
- 16% Public bodies
- 13% Church and other CAP services
- 12% Other
- 8% Press and promotional material

Referrals

Seeking help is the first, and often the hardest, step to resolving an unmanageable debt situation. Referral agencies play an essential part in this, helping people realise the severity of their situation and encouraging them to address their problem debt, as well as making sure they know where to access an appropriate service.

Clients hear about CAP Debt Help from a variety of sources and CAP's network of debt centres work to build a wide referral base from their local community. Consistently the largest single source is 'word of mouth' (31%) as friends and family pick up on signs of distress and former CAP clients share about the help they have received. In this way, the Church and other CAP services (13%) are also important referral sources. Actively involved in their communities, churches are often in touch with hard-to-reach groups and find debt problems come to light while helping people in other ways.

Just over a third (36%) of referrals come via other organisations and referral partners. This includes the credit industry, other charities and public bodies, such as social services, GPs and the Jobcentre Plus. In 2016, CAP signed a new national referral partnership with Remploy, which extends accessible debt help to disabled jobseekers. CAP also continued to discuss partnerships with others, including with the Trussell Trust, which was signed in early 2017.

Seeking help is a big step. Getting this first interaction right is vital considering that more than half (54%) delay because of shame or fear. Our New Enquiries team is trained to make this first interaction with CAP as easy and welcoming as possible. In 2016, they received 30,543 calls to our Freephone number and were able to book 9,483 debt help home visits.¹⁵ There was also a 17% increase in unique visitors to the 'I want help' section of the CAP website.¹⁶



Mark says

'I had approached a number of services for help, but I never quite seemed to fit the category. Then, someone from Nationwide visited and gave me a card with CAP's number. They told me CAP was very good. I knew I couldn't do this on my own.'



Gareth McNab
Money Advice Liaison Manager,
Nationwide

'My colleague brought Mark's case to my attention as he'd been working with him through his difficulties in repaying his mortgage over many months. Having explored a range of options, together we agreed he would need to sell his flat. However, due to the current state of his mental health and of his home, he couldn't engage fully with the situation. A colleague asked me if there was anything further we could do to help to avoid litigation as we had exhausted all other options.'

I had been particularly struck by the stories in last year's Client Report, where CAP volunteers had gone over and above in many different ways to find a way forward for people who had no other hope. I was thrilled to discover there was a CAP centre in his area, and that they would be prepared to see what they could do for him. My colleague, John, visited Mark at his home to offer him the good news that CAP could help him, and that we would work with them to find a way forward. Sharing the news in this personal way was a support to Mark, and helped him to take the necessary next steps.'

¹⁵ | Of these 30,543 calls, 13,358 were general enquiries, 9,438 booked a debt help home visit, 2,406 booked onto a CAP Job Club, 5,341 were signposted

on to other services (of which 921 were also sent a self-help pack).
¹⁶ | In 2016, there were 13,314 unique visitors compared to 11,348 in 2015.

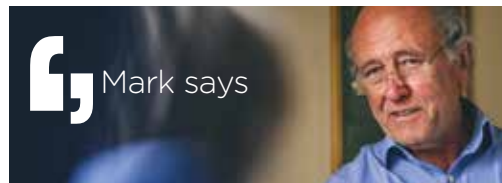
CAP Debt Centres

Meeting clients face-to-face in their homes is an integral part of the holistic level of support CAP is able to offer. This not only builds trust and a local connection that can be drawn on for emotional and practical support where needed, but allows a better appreciation of where vulnerability exists and how additional complex needs can be catered for.

By the end of 2016 there were 293 CAP Debt Centres providing home visits to 62% of UK postcodes. Through this network 8,115 people were visited in their home in 2016, a 12% increase compared to 2015.¹⁷ These visits are conducted by trained CAP Debt Coaches who are highly rated as friendly, professional and non-judgemental by clients.

For many people this face-to-face model makes debt advice accessible. Following the rating 'good' or 'very good', 96% also say their CAP Debt Coach 'made things clear'. This score is also consistently high where clients have additional needs, such as a learning disability or mental ill health.¹⁸

Home visits also allow for clients' wider needs to be met. Half (52%) of those visited receive a food shop from CAP because they have no food in the cupboard, and on average one in ten (9%) receive an essential practical item, such as a fridge or cooker, which they had been unable to afford and were going without. Seven in ten (71%) CAP clients also receive a Christmas hamper, which can make a big difference to families for whom money is tight during the festive season. This is largely made possible by over 3,000 church volunteers and the financial support of 28,000 regular givers from the general public.



Mark says

'Linda and Robert came to see me. I was surprised they listened for so long, while I gave them information on how my situation got the way it was.'



Linda Tatchell
Welwyn Garden City
CAP Debt Centre Manager

'I'd spoken to Mark ahead of time and he had warned me his house was a real mess, but when I arrived I had never seen anything like it! Mark had no working sink or toilet, and he couldn't get into his kitchen. He was using the toilet at the local pub and sleeping on a tiny bit of carpet which he had managed to clear. There was not a single working light bulb and no heat - and it was November! Part of the reason nothing was working was because he was too ashamed to let anyone in to fix it.'

On the visit Mark was apologetic and embarrassed, but very open. He'd been visited by someone from Nationwide and that had been a wake-up call. He's extremely articulate and well educated, but has struggled with mental health issues. He told me that he was ready to sort things out and now we've been able to help him he's much more positive and very thankful.'



97%

rated their CAP Debt Coach 'very good' or 'good' for being professional and non-judgemental

96%

said their CAP Debt Coach was 'good' or 'very good' at making things clear

¹⁷ | In 2015, 7,250 people received a home visit.

¹⁸ | 95% of those with a learning disability and 95% of those with mental ill

health rate their CAP Debt Coach as either 'very good' or 'good' at making things clear.

„Mark says

‘Linda came with some people from the church and they did something I was not able to: they cleaned my flat. When they’d done that, it looked like somewhere I could live. That was enormously helpful.’



Robert
Mark's befriender, Welwyn
Garden City CAP Debt Centre

‘I went with Linda on the first visit and have supported Mark since then, visiting and taking him for lunch on a regular basis. He was lonely and likes to talk to people, so has appreciated the support and friendship.’

A team of volunteers from several churches in Welwyn Garden City have also been able to help with his living situation. They cleared the rubbish from his house, got the kitchen to a useable point, and retiled his bathroom. Linda sourced some furniture, including a bed - it had been five years since he had slept in a bed! The change is amazing - it is now a house he can live in.’



Above and beyond

CAP Debt Centres and their partner churches also frequently go above and beyond to provide extra help for clients experiencing difficult personal circumstances. These are only a few examples of the generosity and care shown to CAP clients during 2016.



A painter and decorator from the Leicester Debt Centre church donated paint and helped decorate for a couple of clients.



Exmouth Debt Centre accompanied a client with mental health problems on a 20 mile round trip for an ESA assessment.



Exmouth Debt Centre helped a client that suffers from depression, dyslexia and several medical conditions take over the tenancy of her mother's house when she passed away.

£2,000

Guildford Debt Centre raised £2,000 to pay for the funeral of a client's daughter who had committed suicide. They also supported this client, who had depression and a severe heart problem, as they cared for their 14-year old granddaughter.



Harrow Debt Centre secured funding to buy a cooker for a single mum with two daughters who had been living without one.



Manchester South Debt Centre fed a family with five kids every day for a month while waiting for their first Universal Credit payment.



Ipswich Debt Centre bought a six-month bus pass for a client who could not afford to attend appointments at the Jobcentre



Ipswich Debt Centre helped a client move into a residential home and sourced them furniture and new carpets.



92%

rated CAP's service
'good' or 'very good'
for ease of access

90%

rated the clarity
of advice they
received as 'good'
or 'very good'

Debt advice and casework

After waiting two years on average before seeking help, the debt advice provided by CAP's caseworkers is a turning point for clients. For many this is a point of relief, marking the start of a journey out of debt they did not think was possible. Yet it often also brings challenges as clients begin to face the realities of their situation.

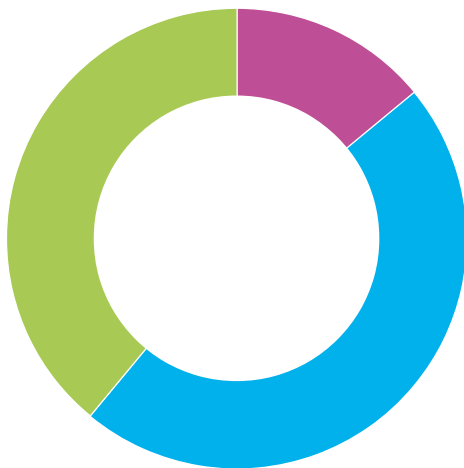
In 2016, CAP provided 5,240 new clients with debt advice. Nine in ten (90%) rated the clarity of this advice as 'good' or 'very good'. Clients then progress towards a debt solution with the support of CAP's head office caseworkers. For 39% of new clients in 2016 this was through a Debt Management Plan (DMP).

However, nearly half (47%) of clients were in need of an insolvency route to provide vital debt relief, with seven in ten (71%) of these clients eligible for a Debt Relief Order (DRO). On average, clients would have faced an estimated repayment term of 83 years if they had been unable to access an insolvency solution, yet to achieve debt relief, CAP needed to help 44% access funding for their insolvency fee.

The remaining 14% did not have an immediately clear debt solution available to them. These clients were instead supported by CAP's Resolutions team who helped them work towards a permanent route out of debt, while keeping creditors informed and making token payments where possible.

Routes out of debt

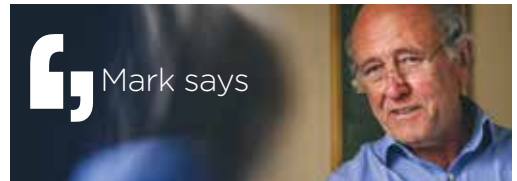
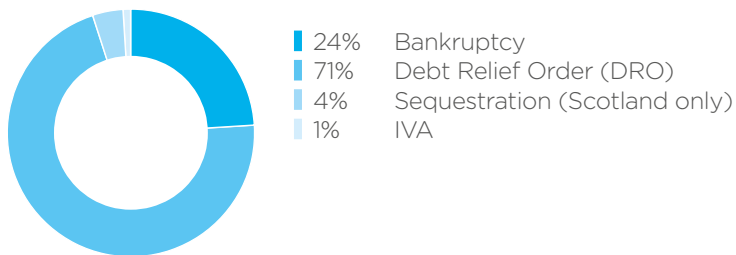
Percentage breakdown of routes out of debt pursued by new clients in 2016:



14%	Resolutions team
47%	Insolvency
39%	Debt Management Plan (DMP)

Breakdown of insolvency

Percentage breakdown of insolvency types



Mark says

'It's fair to say I didn't know what my options were. My situation was complex so someone from CAP's head office telephoned to advise me. I thought I should try to sell my flat and they confirmed this was the best way forward.'



Jim Goodchild
Caseworker, Resolutions
CAP head office

'When the paperwork relating to Mark's situation was received at head office, it was clear that there was unlikely to be a straightforward route out of debt for him. We prepared an initial budget which confirmed that without a significant change he would not be able to pay his mortgage or deal with his debts.'

In situations like this, where there is no immediate clear route out of debt, cases are referred to the Resolutions team at CAP. We gather information and prepare an options letter to clearly explain the choices available to a client. This is then followed by a telephone appointment to review these options in detail. The key to this process working is to take time to understand the client's situation and to assist them in choosing the best course of action for them.

Mark engaged really well in this process. Due to the support he had received from Linda and others from the local CAP Debt Centre, and the constructive approach taken by Nationwide, it was clear that selling his flat and having a fresh start was a good way forward for Mark.'



89%

rated the communication they received as 'good' or 'very good'

Debt management and creditors

CAP's drive is to see clients become completely debt free. The long-term support with creditor negotiations and disbursing payments provided by CAP's head office empowers clients to achieve this goal. The forbearance offered by creditors and the close working relationship many have with CAP is central to facilitating this.

In 2016, CAP's head office team managed 12,509 CAP Plans, which at any one time totalled over £46 million of outstanding debt managed on behalf of clients.¹⁹ Client satisfaction with the service they received remained high, with nearly nine in ten (89%) rating CAP as 'good' or 'very good' for speed of service and communication, as well as availability and knowledge of caseworkers.

In many ways this debt management is a collaboration with creditors. CAP is able to keep them informed about clients' situations and additional support needs. This then enables creditors to accommodate these needs and facilitate clients' progress towards their debt solution. In recent years, there have been significant improvements in this space and the majority of creditors work alongside CAP to stop collections activity and interest and charges. Taking clients' wider circumstances into consideration and giving time to allow them to turn things around, whilst taking steps to prevent compounding financial difficulty by stopping interest and charges, is invaluable. By offering forbearance, clients can engage with debt management effectively and make progress towards becoming debt free.

With this support, on average £1.06 million was repaid through CAP Plans each month, which was 86% of planned payments to creditors. The high payment rate is partly achieved due to the encouragement to save through CAP Plans. As well as saving for large regular purchases, such as MOTs, where possible clients put aside a small amount each month for 'future needs'. Clients therefore have access to a small buffer should an unexpected expense occur, or to help pay for seasonal spikes in expenditure, such as at Christmas.



Mark says

'CAP is helping me make payments to my creditors until I can either find work or sell my flat. Now I can think about applying for work and I can see a way forward.'



Graham Tomkins

Specialist Support Manager, Capital One

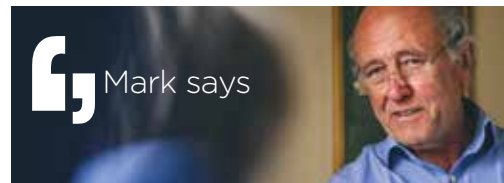
'It is always great to hear stories of how CAP has supported their clients in financial difficulties to reach a suitable debt solution and how CAP's support has extended beyond the debt solution itself. Capital One is always willing to work with our customers and CAP in providing a range of forbearance options. When our customers are struggling with financial difficulties it is important to give them time and support to reach an outcome which is affordable and sustainable for them.'

¹⁹ | CAP Plan refers to client cases who are using CAP's debt management service to progress towards a debt solution. This includes clients on Debt

Management Plans (DMP), preparing to become formally insolvent and those in the Resolutions Team.

Client resolve

It would be wrong to underplay the commitment and hard work clients put into their journey out of debt. For many this is not an easy journey, yet this is something clients take seriously, seizing the opportunity to put sound financial habits in place to maintain their financial wellbeing in the future. The personal difficulties many clients overcome are incredibly inspiring to see first-hand.



Mark says

'I can see the prospect of a normal life where I earn a living, dress decently, cook for myself and am on top of my affairs. I can see a way forward now and I'm determined to get there.'



2,598

people became debt free in 2016 with CAP's help

Sticking to a budget, repaying consistently or making the decision to become formally insolvent all involve sacrifices to realise the end goal of becoming debt free. Clients themselves are the core part of seeing this realised, and in 2016 CAP had the joy of celebrating 2,598 people who became debt free during the year.

2016 also saw the launch of *The freedom report*, an important piece of research that confirmed CAP's debt management service plays an important role in building financial capability and resilience to ensure clients stay free of problem debt in the long-term. 93% had remained free from problem debt up to five years after becoming debt free, with 85% still feeling in control of their finances, 82% still using a budget and a threefold increase in the proportion with savings.²⁰

The *freedom* report

Up to five years after becoming debt free:

93%

Remain free of problem debt

85%

Feel in control of their finances

82%

Use a budget

46%

Have savings

93%

Have a positive relationship with their bank

62%

Have passed skills onto others



Linda Tatchell
Welwyn Garden City
CAP Debt Centre Manager

'The change in Mark's life has been amazing to see. Once we gave him a head start, he has worked so hard to sort things out. Recently he said to me, 'I'd still be living like that. Where would I be without that failed mortgage?' It has been quite a journey, but he's looking to the future. He recently had a job interview, which was a really positive experience. For him, it has been about more than getting out of debt, it has been about transforming his life. I am proud of how positive Mark is despite all he has been through.'



Gareth McNab
Money Advice Liaison Manager,
Nationwide

'We are glad that Mark is happier, healthier, and working towards a solution to his financial difficulties, and proud to have played a part in his story. As a building society, we want to do all we can to help our members when life's difficulties come along, and partnering with friends in the debt advice sector is one important way we get to do this.'

²⁰ | The freedom report is available at capuk.org/freedomreport



38%

of members found work in 2016

CAP Job Club

Now in their fourth year, CAP Job Clubs continue to offer friendly practical support for jobseekers to step confidently into employment. The combination of practical and emotional support and the 38% success rate is why CAP Job Clubs are recommended by the Department of Work and Pensions (DWP).

There are currently 164 CAP Job Clubs running across the UK, which in 2016 helped 1,843 people. On average, members in 2016 had been out of work for four years and ten months, and over three quarters (76%) were classed as long-term unemployed in 2016.²¹

Despite this, 696 people found work in 2016, and many more continued to receive support to achieve this goal in the near future. This is a success rate of 38%, which is remarkable considering that CAP Job Clubs are helping those at a considerable distance from employment.



Mark
Bradford CAP Job Club

'I was unemployed for four years. I was applying for 20 jobs a week, getting more and more depressed with it all. At the job club, you could see they were passionate about actually helping people. I got a job more or less straight away.'

CAP Job Clubs explained

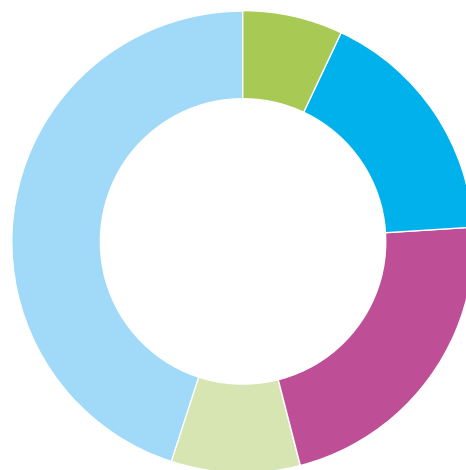
Meeting on a weekly basis, CAP Job Clubs have three elements that run in parallel to help jobseekers gain the tools, skills and confidence they need to find employment. These are:

- An eight-week employability and job search training course.
- Regular one-to-one coaching from a trained CAP Job Club Coach.
- Dedicated time spent building community amongst members to provide personal support.

CAP Job Clubs are run by over 500 volunteers who commit time each week to support members, and also draw on local networks to provide valuable opportunities for members to connect with local employers for advice and work experience.

Length of unemployment

Percentage breakdown of unemployment length for new members in 2016



- 7% Under 6 months
- 17% 6-12 months
- 22% 12-18 months
- 9% 18-24 months
- 45% Over 24 months

²¹ | Long-term unemployed refers to being unemployed for more than a year.



37%

of members met a self-set goal or milestone in 2016

CAP Release Groups

Officially launched in 2016, CAP Release Groups continued to offer a safe and confidential place for people to find freedom from life-controlling habits in 2016. These groups helped members tackle the root causes of their life-controlling dependencies, such as smoking, online gambling and compulsive shopping, which are often intertwined with financial difficulty and unemployment.

There are currently 79 CAP Release Groups running across the UK, which in 2016 helped 567 people. This was 84% more members than in 2015, but mostly the common dependencies remained the same: alcohol, recreational drugs and smoking. The groups also offered support to those with less commonly acknowledged dependencies, for which less provision exists, such as shopping, self-harm and online gambling.

Finding freedom from a dependency is a personal journey. For some this involves cutting the substance or behaviour out entirely, whereas in other cases it is about re-proportioning this behaviour. In light of this, members set their own goals, as well as milestones to help keep them focused on the way, for example cutting down from 40 to 30 cigarettes a week. In 2016, 119 members met a self-set goal, and a further 89 met a self-set milestone, equating to 37% of all CAP Release Group members.



Shanette
Gloucester CAP Release Group member

'When I was twelve, I got in with some bad friends and started drinking and smoking with them, and the addiction escalated from there. The CAP Release Group was perfect for me. It helped to see how many people were in the same boat as me. I'm 15 months clean and sober now!'

CAP Release Groups explained

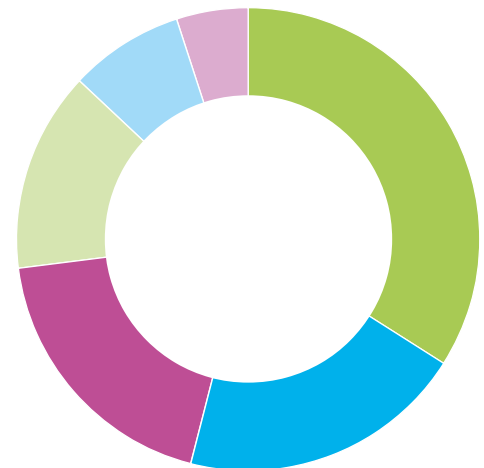
Meeting on a weekly basis, CAP Release Groups have three elements that run in parallel to support people who want to stop habits such as smoking, drinking, gambling or internet addictions. These are:

- An eight-week course inspired by the Twelve steps of recovery principles.
- Regular one-to-one support from a trained CAP Release Group Coach to help members set goals and stay motivated.
- Dedicated time spent building community amongst members to provide personal support.

CAP Release Groups are run by over 220 volunteers who commit time each week to support, listen to and encourage members to meet their self-set goals.

Dependencies

Percentage breakdown of members' dependencies



- 34% Alcohol
- 20% Drugs
- 19% Smoking
- 14% Other
- 8% Eating
- 5% Gambling



New accessible and holistic financial education service

CAP Life Skills

Piloted in 2016 and officially launched in March 2017, CAP Life Skills helps members discover new ways of living for a bright future. Members are empowered and supported to live financially healthy lives through this new holistic and accessible financial education course, which broaches wider issues surrounding money management.

Following an 18-month pilot, there are currently 64 CAP Life Skills groups running across the UK. Although still in the early stages, these groups successfully helped 250 members in 2016. This is possible because of over 160 volunteers helping to run CAP Life Skills in their local communities and this number is expected to rise following the official launch in March 2017.

Throughout 2016, these groups have taught people the necessary skills needed to navigate life and provided support for members coping with the pressures that come from living on a low income. Members have been empowered to cook healthy meals on a budget and maintain healthy relationships as well as finding community and friendship with other members of their groups.



Beverley
London Southwark
CAP Life Skills member

'I was spending wildly. I would go into the shops and buy just anything with no budget or plan, so I was in a lot of debt. CAP Life Skills helped with so many things: I learned about budgeting and changed my habits. My relationships are better now and my boundaries have got better. I've also met so many new people through it. It's like a family and I never miss a group.'

CAP Life Skills explained

Meeting on a weekly basis, CAP Life Skills is run as a community group that helps members develop the confidence and decision-making skills needed to survive on a low income. They have three elements which run in parallel:

- An eight-week course covering wider issues related to money management, including: relationships and communication, health and wellbeing (e.g. cooking on a budget and improving mental wellbeing), and organisational skills.
- Regular one-to-one coaching from a trained CAP Life Skills Coach to put together a budget.
- Dedicated community time to provide personal support and build friendships.

These groups are for people who need more time and input to be able to get to grips with budgeting and address wider issues that impact their ability and capacity to maintain their wellbeing amidst the pressures of getting by on a low income and family life.



Shirley
Wirral CAP Life Skills Coach

'At the end of our first course, two members said the best part had been breaking their isolation, getting out and making new friends. Most members commented how astounded they were at how non-judgemental the CAP Life Skills coaches were. We just love working alongside our members to help them build a brighter future!'



7,790

people attended a
CAP Money Course
in 2016

The CAP Money Course

The CAP Money Course is the largest free face-to-face adult financial education course in the UK. Run by 760 churches, CAP Money has been empowering people to take control of their finances since 2008 and is now attended by thousands of people each year.

In 2016, 7,790 people attended one of the 1,581 CAP Money Courses that took place. These were run by over 2,500 volunteers from 760 partner churches. This network means CAP Money reaches communities right across the UK, where in many places courses are run in conjunction with organisations working with groups known to be at high risk of facing financial difficulty, such as the Jobcentre Plus and housing associations. There were eleven training days run in 2016 to maintain this reach, which saw 271 churches and 669 CAP Money Coaches trained to run the course for the first time.

In addition to providing adult financial education, 654 CAP Money Youth and Kids resource packs have been distributed to CAP Money Coaches. These are used to provide financial education in schools and youth groups to instill financial capabilities in young people for their future financial welfare. As well as being a preventative initiative, one fifth (18%) of CAP Debt Help clients have also attended a CAP Money Course to build their financial capability so that they can stay free from problem debt once they have completed their journey out of debt with CAP's help.

The CAP Money Course explained

A free, short financial education course that makes managing money simple. Normally taking place over three sessions, the CAP Money Course teaches simple money management skills and techniques. Delegates also have access to an interactive online budgeting tool to build their budget and can change this as their circumstances change in the future. The course covers:

- Balancing income and expenditure to prevent debt.
- Maximising income and reducing expenditure by cutting costs, cutting back or cutting out.
- The importance of saving.
- Benefits of spending with cash.

There are also versions of the course adapted to provide financial education to younger audiences, to set a foundation of the importance of good money management in later life and help young people appreciate the value of money and financial pressures that may be facing their families. These are CAP Money Kids, CAP Money Youth and CAP Money Students. CAP also offers CAP Money Plus, a gateway into CAP's Debt Help service for delegates that are facing problem debt.



Colin

CAP Money Coach,
Struthers Memorial Church

'I am eager to share with others that it is possible to live in control of money rather than money controlling you. I love seeing people get to grips with that message through the CAP Money Course. I still hear from people who tell me how they continue to see the benefits of the principles they learnt from the course a year on.'

Funding

As CAP expands and the range of services offered grows, each year there is a greater income need. In 2016, this need was met by a 10% increase in income generated by the charity. In total CAP received £11,076,000, two thirds (66%) of which was from regular income sources, bringing valuable stability.



Victoria Taylor

Specialised Support Unit Lead, MBNA

'MBNA provide Fairshare to CAP as they support the most vulnerable in society. Through visiting consumers' homes, CAP are able to gain a true oversight of the customers personal situation to then determine the right treatment. We are proud to work with them so that our customers who need this support have access to it.'

Income breakdown

Percentage breakdown of income sources in 2016

45% Life Changers

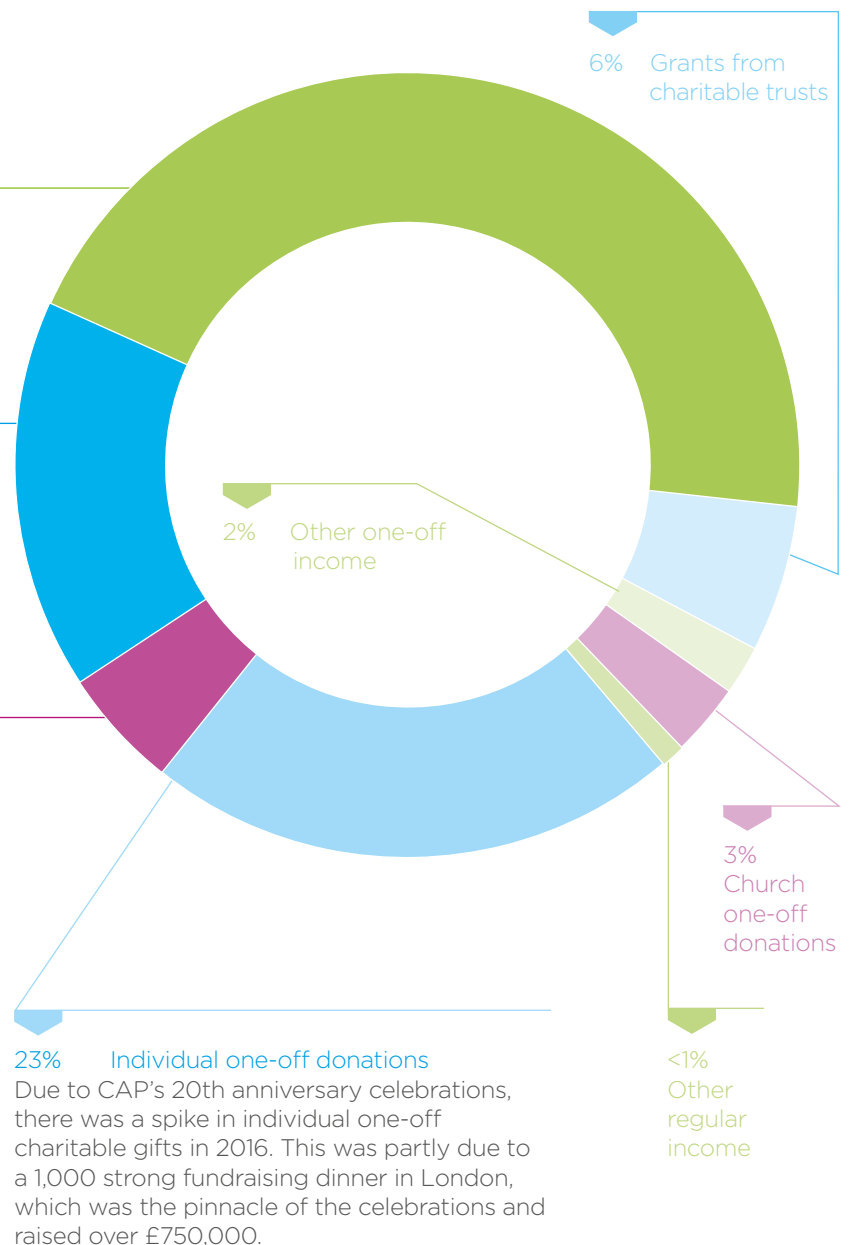
The largest single source of funding is CAP's Life Changer initiative, through which 28,419 members of the general public give a regular monthly donation to support CAP's work.

16% Regular church gifts

As well as providing volunteers, CAP's partner churches pay a regular monthly contribution to the cost of running their CAP service. This accounts for a significant proportion of total funding, but the total cost is subsidised through other income sources.

5% Fairshare

Fairshare makes up a small percentage of total income because of the low income nature of CAP's client base and the high proportion of insolvency cases. Despite this, Fairshare is an important funding stream which would leave a significant hole if withdrawn, and is gratefully received.



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Lifting people out of debt and poverty

