

## 1.7 Debt and benefits

The Insolvency Service Population Estimates Unit at the ONS annually produces statistics on personal debt. The statistics show that, within London in 2013, Barking and Dagenham had the highest rate of total individual insolvencies, the highest rate of individual voluntary arrangements (IVAs), the second highest rate of bankruptcy orders after the City of London and the second highest rate of debt relief orders in London. There are vast health inequalities across the London boroughs and social determinants of health such as housing, income and employment play a huge role in widening health inequalities.

**Figure 1.7.1: Rates of Insolvency – Barking and Dagenham 2013**

Rates per 10,000 population	Bankruptcy orders	Individual voluntary arrangements	Total individual insolvencies	Debt Relief orders
Barking and Dagenham	6.4	12.6	25.0	6.1
London	4.0	6.6	13.9	3.3
England	5.3	10.8	22.2	6.1

Source: ONS Neighbourhood Statistics, Insolvency Service

High levels of debt and dependency on benefits not only impacts physical health, but has a direct impact on mental health. Government surveys indicate that 1 in 11 people in the UK report debt or arrears<sup>1</sup>. However, among individuals with mental health problems this figure rises to 1 in 4, and to 1 in 3 among people with psychotic conditions.<sup>2</sup>

A report by the UCL Institute of Health Equity, published June 2012<sup>3</sup>, summarises the likely impacts of the Economic downturn and recent welfare reforms on health inequalities in London.

The report explains that improving health and reducing health inequalities in this macro-economic environment is a significant challenge. Rising unemployment, poorer working conditions, depressed incomes and an inability to pay for decent housing and basic needs will all increase negative mental and physical health outcomes across the social gradient, and especially for more vulnerable groups. Those unemployed for long periods of time will be more likely to be unemployed in the future, and higher levels of parental stress will lead to worse outcomes for many children of this generation.

Key points from the UCL Institute of Health Equity Report:

- Particular groups will be more ‘at risk’ following the economic and welfare changes. The numbers of ‘at risk’ will be increasing. This is particularly relevant in places like Barking and Dagenham where the population of young

<sup>1</sup> <http://apt.rcpsych.org/content/13/3/194.abstract>

<sup>2</sup> Office for National Statistics, 2002a

<sup>3</sup> <http://www.instituteoftheequity.org/projects/demographics-finance-and-policy-london-2011-15-effects-on-housing-employment-and-income-and-strategies-to-reduce-health-inequalities/the-impact-of-the-economic-downturn-and-policy-changes-on-health-inequalities-in-london-full-report>

people is expanding and minority ethnic groups and immigrant populations are becoming the majority groups in the population.

- The welfare reforms are predicted to cause migration between London boroughs and out of London altogether. Poorer areas and outer London may experience a disproportionate rise in their population because of the inward migration of benefit-recipient households, while more expensive areas might experience a reduced population as these households move elsewhere.
- At the same time, London's population is predicted to increase from 7.8 million in 2011 to 8.06 million by 2016, and this increase is higher in poorer areas.
- Population growth will put additional pressures on housing and other resources, at a time when these services are already under additional pressures due to the macroeconomic conditions, reduced budgets and internal migration. It is crucial that housing and other social services in London are sufficiently resourced to deal with these additional pressures.