

Financial Inclusion Derbyshire

Financial Inclusion Strategy for Derbyshire

2009 – 2012

August 2009

Executive Summary

This strategy provides a framework to inform and shape the work of all agencies concerned with Financial Inclusion in Derbyshire, over the next 3 years.

During the last year, a broad range of agencies have come together across the voluntary and community, statutory and private sectors in the county. They have pooled their knowledge, experience and aspirations to identify the key areas that will contribute to improving Financial Inclusion for the people of Derbyshire. They have also learned from areas of the country which are recognised as being further ahead in this field (eg Leeds City).

In line with the established literature and broadly available national sources, the team formed four Subgroups to address four key themes – i) Improving Financial Capability, ii) Access to Basic Financial Services, iii) Access to Affordable Credit, and 4) Availability of Free Debt Advice. Further definition of these and Financial Inclusion in general is found further ahead in this document.

The long term aim of this strategy is to improve Financial Inclusion in Derbyshire, by being the foundation for developing the services and support needed - to ensure that every person in Derbyshire has the opportunity to access;

- Financial Capability education, from school and through adulthood.
- The range of savings, banking, household insurance and other financial products needed to live cost effectively in modern society
- Affordable credit from local regulated sources, to help with short term problems, at reasonable rates of interest
- Free and independent Debt Advice, with the appropriate level of support needed for the individual

This strategy, together with the supporting Action Plan, provides the framework and stimulus to pull together the broad resources needed to achieve these challenging aims.

Financial Inclusion Derbyshire – the partnership

The Financial Inclusion Derbyshire Partnership began in the Summer of 2008 with a conference on financial inclusion organised by Advice Derbyshire. The conference was exceptionally well attended by people from a wide variety of agencies and many people left feeling inspired to address the issue of financial inclusion in Derbyshire. In the Autumn of 2008 a steering group was convened to build on the momentum and pull together a Financial Inclusion Strategy for Derbyshire. The steering group includes;

- Derbyshire County Council,
- Derbyshire County PCT,
- North East Derbyshire District Council,
- Bolsover District Council
- Derbyshire Probation Service,
- Advice Derbyshire,
- North East Derbyshire Citizens Advice Bureau
- South Derbyshire Citizens Advice Bureau
- Amber Valley CVS,
- Age Concern Derby & Derbyshire
- Derbyshire Rural Community Council
- Derby Diocesan Council for Social Responsibility
- The Derbyshire Building Society
- Royal Bank of Scotland
- Midlands Community Finance
- Erewash Credit Union
- Money Spider (South Derbyshire Credit Union)
- Dales Housing
- Three Valleys Housing
- Rykneld Homes

The steering group organised a research workshop in November 2008 with agencies involved in delivering financial services and focused on four main areas;

- Financial capability
- Access to affordable credit
- Access to basic financial services
- Access to free debt advice.

Again the workshop was very well attended with people from the public and the third sector coming together to share knowledge, to identify gaps in service provision and opportunities for improvements.

The four areas were then condensed into three subs groups brought together to feed information and ideas into this strategy. They focused on; financial capability, debt advice and banking,

credit and savings. The steering group grew to include representatives from more agencies (including the private sector) as they became aware of the partnership and a database of more than 230 interested individuals has been compiled in order to facilitate consultation. This database includes people from a wide variety of agencies from the public, private and third sector including;

- Department of Work and Pensions
- MPs
- District and County Councils
- GOEM
- EMDA
- Housing Associations
- Credit Unions
- Citizens Advice Bureaux

Funding was secured from Capacitybuilders to enable Derbyshire Rural Community Council to pull the research together into a draft strategy and to organise a strategy consultation conference in April 2009 which attracted 75 people from 52 agencies. That conference endorsed the strategy and contributed to the action plan.

At each stage of its development the strategy has been circulated by e-mail to the wider reference group with a request for feedback, corrections and amendments. Financial inclusion is an issue which has relevance for a wide range of organisations, hence the extensive database of interested agencies. Many of those agencies were actively working towards developing their own financial inclusion strategy but recognised the need for cross sector working on this issue and so welcomed the opportunity to contribute to a county wide one instead. This has considerably strengthened the strategy and also secured the following benefits:

- best use of limited resources
- a more rounded realistic strategy
- establishes partnership working as the way forward
- the strategy is more likely to succeed because it is adopted and promoted by a number of agencies
- Implicit within the joint working approach to developing the strategy is a recognition that no one agency can address this issue alone.

Consequently the following agencies have all helped shape the strategy either through involvement in the steering group, participation at the consultation conferences or through e-mail consultation;

Action Housing, Advice Derbyshire, Age Concern Derby & Derbyshire, Amber Valley Borough Council, Amber Valley CVS, Amber Valley Housing, Association of British Credit Unions, Bolsover District Council, Bolsover and North East Derbyshire Citizens Advice Bureau, Bolsover CVP, Chesterfield Asian Association, Chesterfield Borough Council, Chesterfield Citizens Advice Bureau, Chesterfield Law Centre, Churches Together, Dales Housing, Department of Work & Pensions, Derby Homes, Derby Housing Aid, Derbyshire Building Society, Derbyshire Children's Trust, Derbyshire County Council, Derbyshire County Primary Care Trust, Derbyshire Dales CVS, Derbyshire Dales District Council, Derbyshire Probation Service, Derbyshire Rural Community Council, Derbyshire Unemployed Workers Centre, Eckington Children's Centre, Erewash Citizens Advice Bureau, Erewash Credit Union, Erewash Borough Council, Farming Life Centre, High Peak Community Housing, High Peak Citizens Advice Bureau, High Peak Credit Union Study Group, Jubilee Debt Advice, Leicester Money Advice, Life Matters, Links (Chesterfield & North East CVS), Mid Derbyshire Citizens Advice Bureau, Midlands Community Finance, Money Spider (S. Derbys Credit Union), North Derbyshire Home Improvement Agency, North East Derbyshire District Council, Read On Write Away, Release (Financial) Charitable Trust, Royal Bank of Scotland, Rykneld Homes, Third Sector Support for Derbyshire (3D), Three Valleys Housing, South Derbyshire Citizens Advice Bureau, South Derbyshire CVS, South Derbyshire District Council.

NB> I have only included those agencies which either came along to an event or responded by e-mail – there are others on the circulation list I have not referenced.

Derbyshire Partnership Forum endorsed the Financial Inclusion Derbyshire Strategy and Action Plan on 26th June 2009.

Aim

The aim is to create the conditions in Derbyshire which enable people to be financially included. We will be this by working collectively to implement a strategy which will;

- inform and shape the work of all agencies concerned with economic support, learning and advice.
- indentify gaps in service provision and look at ways of addressing unmet needs
- highlight good practice with a view to sharing good models of delivery across the County.

Implementation

The Financial Inclusion Derbyshire Partnership has worked with North East Derbyshire District Council to secure RIEP funding to implement the strategy. The application attracted wide support from District Councils as well as the County Council, the County PCT and other agencies from both the statutory and third sectors.

A further funding application by Advice Derbyshire has been made to the Nationwide Foundation to support some of the tasks outlined in the action plan.

Further funding is sought to implement the key recommendations within the strategy I particular the credit union feasibility study. To date £9 has been secured from the County PCT and £3K has been made available by Churches Together.

Definition of Financial Inclusion

The financially excluded are people who are not accessing mainstream financial services and products such as bank accounts and credit.

A person who is financially **included** is one who has;

- The skills and information to make sound financial decisions
- Access to the services that enable those decisions to be put into practice.

So in order to meet the first criterion of financial inclusion a person will need to know;

- How to manage their own income and expenditure
- The pros and cons of the various financial products available
- Where to get advice about financial products
- How to access all the benefits they are entitled to
- The ability to apply learning to their own circumstances.

To meet the second criterion of financial inclusion a person needs access to:

- Banking services
- Affordable credit
- Financial advice
- Debt advice.

What must also be highlighted is the context in which financial exclusion arises and therefore provides the background against which financial inclusion will be addressed. In the words of Neil Moulden CEO of Derbyshire Dales CVs which is responsible for the Signposting and Support Service in Derbyshire;

Looking at the cases that we see in our own services it is fairly obvious that debt is a symptom of much wider and endemic problems in communities. Poor general education, worklessness, lack of social cohesion, the breakdown of family units and increasing materialism all play a significant part in creating an environment where financial exclusion is almost inevitable.

I also think that debt has also become too culturally acceptable within society and that we have created a situation where being in debt is seen as the norm. It's difficult to blame the sort of people mentioned in the paragraph above for getting into debt

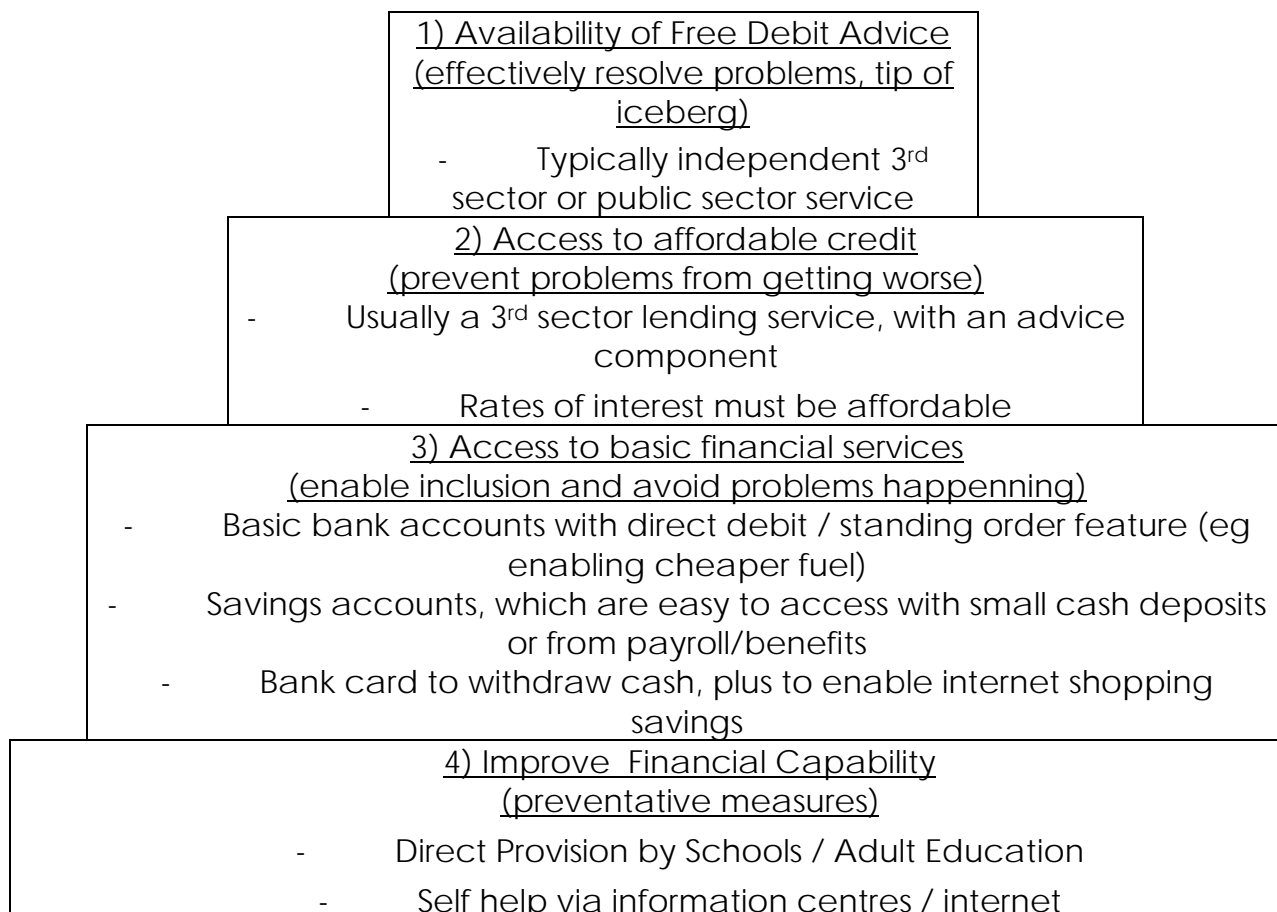
when they are essentially behaving in the same way as the more educated and affluent.

Consequently it is vital that this strategy link in with strategies designed to address community cohesion, social exclusion and promote the development of strong families.

Financial Inclusion is a concept that pulls together the key elements of the various practical difficulties that the more disadvantaged people in society face, in dealing with their financial affairs. It aims to provide a more holistic approach than looking at each element separately. It looks beyond what can be seen as the tip of the iceberg – that is giving people advice when they are in debt – with more emphasis on preventing that from happening.

The key elements of Financial Inclusion are seen to be as follows. The pyramid/iceberg model has been chosen to represent the key foundations that are needed to improve the situation longer term, with the tip of the iceberg as the piece that many people are currently focussed on (which must continue to happen).

A model for the Definition of Financial Inclusion



The impact of financial exclusion on the individual

The consequences of financial exclusion are numerous for both the individual and society. For the individual the consequences include:

- Paying more for services such as gas and electricity (because suppliers prefer payment by direct debit and offer lower prices)
- Having to pay more to borrow money (doorstep lenders can charge as much as 800% APR)
- Having to pay more to replace goods lost or stolen because of a lack of insurance cover
- An inability to manage crisis situations or a sudden change in circumstances because of a lack of financial flexibility
- Not being able to take up certain jobs as the employer will only pay wages into a bank account
- Having to pay more to access funds (cheque cashing services) or to pay bills, (postal orders)
- For those people on low incomes that do have a bank account and have direct debits in place, cashflow issues can lead to cheques/direct debits being bounced, which can trigger penalty charges of £40 each time.

So for people who do not have access to mainstream financial products the methods for managing finances that are available to them are less effective and significantly more costly.

In addition a number of research projects have established clear links between debt and an increased likelihood of experiencing;

- poor health and, in particular, poor mental health
- family breakdown
- domestic violence
- limited range of life choices.

The impact of financial exclusion on society

The consequences of financial exclusion for society as a whole include:

- Funding designed to help people out of poverty having a reduced effect as it is used to service massive loans with doorstep lenders and to pay for more expensive services and products
- People remaining on benefits rather than supporting themselves through work
- The need for state intervention when a financial crisis leads to homelessness and/or the breakdown of families
- Increasing demand for support provided by charities on issues such as debt advice, family support, and help with housing and household goods.

- Evidence suggests that poverty and debt are contributory factors to poor health, poor mental health, re-offending rates, family breakdown and domestic violence. All of these have significant resource implications for the state and the third sector
- The establishment of patterns of behaviour which could lead to an ongoing problem of financial exclusion for future generations.

Who is affected by Financial Exclusion?

There has always been a significant proportion of the population who have not accessed financial products such as bank accounts and credit. Previous research suggests that this proportion has decreased from 75% in the 1970s to approx 30% by 2000. Of that 30% it has been shown that;

- a small minority chose not to access such products
- the vast majority are prevented by a range of barriers such as poor literacy, poor banking history, low income, poor health, disability, life circumstances.

Poor financial decision making is not the prerogative of those on low incomes, but the impact is much greater because of the need to manage scarce resources as effectively as possible.

People who are particularly vulnerable to financial exclusion include:

- Women
- People on low incomes
- Housing association tenants
- Homeless people
- Young people not in employment, education or training
- Care leavers
- Lone parents and divorced people
- Disabled people
- Carers
- People with mental health problems
- People living in rurally isolated areas
- Ex-offenders and offenders' families
- Members of BME communities
- Migrants, asylum seekers and refugees
- People recovering from drug and alcohol abuse
- People with long term illnesses
- Older people
- People living in disadvantaged areas
- Long term unemployed people.

National Picture

The number of people without access to a bank account has been falling for some years and saw a sharp decline between 2003 and 2006 with the introduction of the Basic bank Account. It is still estimated, however, that 1.9 million adults in the UK do not have access to any kind of bank account and the impact of that exclusion is much greater than in the past.

....the consequences of not having access to key financial products- a bank account, consumer credit, savings, or insurance – are much more serious now than in the past. Being part of a small minority who are outside the mainstream financial services creates a new set of difficulties. On the whole, the options for operating a household budget outside the mainstream financial services sector are far more costly and often unregulated. Moreover, when whole communities have limited access to financial products, the process becomes self-reinforcing and an important contributor to social exclusion more generally.¹

Financial exclusion has been a concern for a number of agencies for many years including;

- Church Action on Poverty
- Oxfam
- New Economics Foundation
- Joseph Rowntree Foundation

Their research has highlighted the damage done to individuals and communities as a result of not addressing this issue. Now, with the world and national economies in a downward spiral the issue of debt and financial exclusion has become a reality for many more people and seems likely to touch yet more people as the economy shrinks, people are made redundant, banks tighten up on lending, repossessions mount and debt advice agencies see the demand for their services soar.

- Total UK personal debt at the end of January 2009 stood at £1,457bn. It increases at £1m every 40.6 minutes.¹
- Average household debt in the UK is £9,550 excluding mortgages and £59,730 including mortgages.¹
- 1 in 33 people in the UK workforce, it is estimated, will be unemployed in 2009.¹

¹ Kept out or opted out? Understanding and combating financial exclusion – The Policy Press- Elaine Kempson & Claire Whyley 1999.

- 2831 people are being made redundant every day.¹
- 1 person is declared bankrupt every 4.5 minutes and every 10 minutes a property is repossessed.¹
- Every day £209m is paid in interest.²
- 43% of Citizens Advice Bureau clients were in fuel poverty because they spent more than 10% of their income on fuel.²
- 58% of Citizens Advice Bureau clients had no spare money to pay their credit debts and of those with spare money it is estimated it will take them an average of 93 years to pay their debts in full. ³
- 2.8 million people living in 1.8 million households are without a bank account.⁴
- With the National Social Fund (introduced in 1988) crisis loan fund refusals have almost doubled from 2006 to 2008 and are running at 596,000p.a ³
- There are 6 million doorstep loan transactions each year with a typical interest rate anywhere between 180-500%.³
- People in rural areas experience the same financial challenges as people living in towns and cities but rural areas are less well equipped to respond...the infrastructure required (credit unions, debt advisers, banking facilities etc) is weak and often missing in rural areas.
- The nature of loan shark activity makes it difficult to pinpoint the precise volume or intensity of illegal activity – but a combination of anecdotal evidence and an awareness of the state of the credit market suggest that during this recession the problem is beginning to raise its head again. ³

¹All of the above figures are taken from Credit Action Debt Statistics March 2009. See www.creditaction.org.uk 2. Citizens Advice Bureau survey of England and Wales July 2008

⁴ Circling the Loan Sharks – New Local Government Network. May 2009

Government Action on Financial Inclusion

The Financial Inclusion Action Plan for 2008-2011 sets out how the Government plans to ensure everyone has access to appropriate financial services enabling them to;

- Manage their money on a day to day basis, effectively, securely and confidently;
- Plan for the future and cope with financial pressure, by managing their finances to protect against short term variations in income and expenditure, and to take advantage of longer-term opportunities; and
- Deal effectively with financial distress, should unexpected events lead to serious financial difficulty.

To achieve this the Government has committed more than £150million between 2008 and 2011 to promote financial inclusion by;

- Funding free face to face money advice to financially excluded people;
- Increasing consumer access to affordable credit through credit unions and other third sector lenders;
- Funding dedicated Financial Inclusion Champion teams to work to promote financial inclusion locally;
- Increasing financial capability by helping people with money issues online, over the phone and face-to-face; and
- Kick-starting a saving habit among working age people on lower incomes by providing a strong incentive to save through a Government contribution for each pound saved.

The Financial Inclusion Champion Initiative is a key part of the Government's drive to promote financial inclusion locally. The Department for Work and Pensions has recruited 15 regional Financial Inclusion Champion teams and two specialist Champion teams focusing on the role of social landlords and the needs of rural communities. These teams are working in partnership with local authorities and a broad range of stakeholders from the voluntary and private sectors to help deliver money guidance and increase the number of people with basic bank accounts, savings, access to affordable credit and face-to-face debt advice, as well as promoting the benefits of having home contents insurance.

Despite these national goals there is no single indicator within the National Indicator Set that references financial inclusion or debt issues.⁵

Derbyshire Picture

- Between February 2008 and February 2009 the number of people out of work and claiming benefit in Derbyshire has risen from 8365 to 16865. This is a rise from 1.8% to 3.6% of the working age population. In Bolsover, Chesterfield and Erewash the rate is 4.5% compared with an England average of 3.8%. These figures do not reflect how many working hours in rural areas have been lost as the pattern here is for people to have a number of part-time jobs.
- Using Treasury figures it is estimated that 100,000 people in Derbyshire are financially excluded out of a total population of 770,000.
- 37% of all offenders supervised by Derbyshire Probation Service in the community each year have a link between some level of financial difficulties and their offending.
- The Experian report of 2007 mapping the demand for, and supply of, third sector affordable credit, shows that there are a number of areas within Derbyshire which are a cause for concern. Local Authorities which have been identified as "Red Alert" are Chesterfield (ranked 12) and Bolsover (ranked 24) – these are shown to have substantial gaps between demand for third sector credit and current supply, and represent the areas in most immediate need of new provision. North East Derbyshire has also been identified in the category for "Amber Alert" Authorities, where significant areas have a lack of coverage of third sector credit where it is most needed.
- All Derbyshire Citizens Advice Bureaux have seen a sharp increase in the number of debt cases. High Peak CAB report they have doubled in the last two years, Erewash CAB debt enquiries have risen by 50% in the last 12 months.
- Chesterfield Law Centre are reporting a 40% increase in the

⁵ Rural Money Matters: A support guide to rural financial Inclusion – Commission for Rural Communities – June 2009

number of employment queries in 2008/9.

- Derbyshire Unemployed Workers Centres have seen a 25% increase in all enquiries in 2008/9.
- Across all Derbyshire CABs in 2008/9;
 - the number of redundancy related queries rose by 204%
 - Job seekers allowance enquires rose by 212%
 - Mortgage arrears enquiries rose by 68%.
- Erewash Credit Union made 179 loans in 2007/8. In 2008/9 the number of loans rose to 870 with the vast majority of these (680) being Growth Fund loans, which are only available to people on benefits or very low incomes.
- Erewash Credit Union Money Advice Project launched at the end of January 2009 by mid April 2009 had dealt with 130 clients in need of assistance.
- Derbyshire County Council have launched a Credit Crunch campaign and every household in the County has received a brochure setting out appropriate support services.
- Derbyshire has a very inclusive Financial Inclusion Partnership which is pulling together all those agencies looking to improve financial inclusion in the County.
- Bolsover District Council have commissioned Bolsover CVP to compile a Financial Inclusion Strategy for Bolsover.
- The Department of Work and Pensions has recently appointed a Financial Inclusion Strategic Champion for Derbyshire and Nottinghamshire who is working with the Financial Inclusion Derbyshire Partnership.

Financial Capability

Aim

To provide the residents of Derbyshire with the skills that will enable them to manage their finances effectively.

Background

The Financial Services Authority define financial capability as being able to manage money; keep track of finances; plan ahead; choose financial products; and stay informed about financial matters.

Therefore financial capability is about individuals having knowledge, understanding and skills around and taking personal responsibility for:-

- Budgeting
- Understanding what credit is
- How to access affordable credit
- How to make best use of bank and savings accounts
- Awareness of the benefit entitlement
- The importance of insurance and in particular home contents insurance.

Financial capability is also inextricably linked with general literacy, in Derbyshire, Read on Write Away (ROWA) lead on supporting literacy within the family.

Low literacy is associated with poverty, low educational attainment, overcrowded housing and low income levels. Family literacy is our focus because parents have the greatest influence on the achievement of young people by supporting learning in the home and the earlier parents become involved in their children's literacy practices, the more profound the results and the longer-lasting the effects. ⁶

A related issue is that of income maximisation for employed people whose employment is at risk and support for people looking to secure paid employment. This strategy will need to take account of initiatives that provide free employment advice and representation to enable, for example, people to retain their jobs, improve terms and conditions, achieve national minimum

⁶ Angela Packwood - Read On Write Away Derbyshire

wage or get appropriate compensation for loss of job. There is a need for this type of support to be available across Derbyshire.

Any Financial Inclusion Strategy also needs to link in with other strategies around getting people into work and in particular ways of reducing the barriers that disadvantaged people face in accessing employment and training.

A key element of financial capability is raising awareness of the importance of having savings as a cushion against sudden changes in income or expenditure. Many people advocate a return to the practice of saving up for purchases rather than buying everything on credit. Credit Unions work very hard to promote this approach and operate young savers clubs, currently there are 100,000 young savers registered with credit unions in the UK.

What is already in place.

The following agencies/services/activities are already available in Derbyshire;

Schools	<ul style="list-style-type: none"> • Provide general education and some incorporate financial capability into aspects of the curriculum.
Derbyshire County Council	<ul style="list-style-type: none"> • Take a lead in the co-ordination of Children's Centres which offer a range of financial literacy support services and are working to better co-ordinate this type of support to families. • Through Adult Community Education deliver training and education • Promote and support access to benefits and tax credit through the Welfare Rights Service.
Royal Bank of Scotland and Natwest	<ul style="list-style-type: none"> • Offer a Money Sense programme aimed at primary and secondary schools. The programme has 5 modules including school banks run by pupils. The programme is currently active in 12 Derbyshire Schools. • Money Sense is also available to adults via Adult Education, churches and Housing Associations.
Citizens' Advice Bureaux	<p>Some CABS offer the following but this is not available across the whole county;</p> <ul style="list-style-type: none"> • Provide individual support to disadvantaged people focussing on budgeting & accessing affordable credit, bank accounts and

- addressing fuel poverty.
 - Talks on the Money Basics to targeted groups.
 - Work with schools on financial literacy – pilot in High Peak.
 - Sessions in GP surgeries to facilitate referral to debt advice.
 - In addition Chesterfield CAB leads a Regional Capability Forum.
- Midlands
Community
Finance
- Carry out budget planners with all customers prior to evaluation loan applications.
- Derbyshire
Unemployed
Workers
Centre
PCTs
- Runs pro-active income maximising campaigns.
 - GPs, Health Visitors, District Nurses, Community Mental Health and other front line staff signpost people to appropriate services. Currently there are weekly CAB sessions in 47 of the 98 GP surgeries in the Derbyshire County PCT area, fortnightly sessions in a further 6 GPs surgeries with rollout to the remaining surgeries due later in 2009/2010 at a cost of £790k p.a.
- FSA
- Responsibility around making information accessible e.g. folder for first time parents and offering advice or support about Child Trust Funds
 - Deliver work places seminars for employees on financial capability
 - Fund work in schools and universities
 - Website resources
 - Through regulation, increase leverage on banks to sell their products responsibly.
- Borough
Councils /
RSLs and
ALMOs.
- Provide advice and support to individuals linked to housing and accommodation issues.
 - Referral to other services.
 - Examples of best practice are:
Three Valleys Housing Association works very closely with Erewash Credit Union and hosts one of their money advice workers to facilitate easy referral between the two agencies.
Amber Valley Housing has recently set up its own in-house Money Advice Service with plans to offer financial capability training as well as referrals to

other services.

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|------------------------------|--|
| Derbyshire Probation Service | <ul style="list-style-type: none"> • Provide a signposting service for their clients as appropriate. |
| Universities | <ul style="list-style-type: none"> • Support and guidance is available on campus throughout university life sometimes in conjunction with CABs. |
| Third Sector Organisations | <ul style="list-style-type: none"> • The Signposting and Support Service, funded by DCC, is delivered across the County by Derbyshire Dales CVS, Amber Valley CVS, South Derbyshire CVS and North East Derbyshire CAB. This offers signposting and support to families and is able to offer information and support about managing debt, accessing benefits and housing as well directing families to a wide variety of other services. • Homestart- provide signposting as appropriate. • Erewash Credit Union operate a Money Advice Project • Age Concern – Work with older people to ensure they are enabled to access their benefit entitlement. • Amber Trust provide financial literacy advice to people with mental health problems. • Rethink – also working with people with mental health problems provide tips on their website around managing money and maximising income. |
| Christians Against Poverty | <ul style="list-style-type: none"> • Offer seminars on financial education across Derbyshire – usually in conjunction with the local churches. |
| Release | <ul style="list-style-type: none"> • Offers money education mostly in South Normanton and Pinxton. The focus is on an holistic approach which seeks to address the revolving door issue. |
| Jubilee Debt Advice | <ul style="list-style-type: none"> • Offers financial capability development in High Peak, works predominantly with people with mental health problems and care leavers. |

What is missing

Currently no one body is looking at what is available, identifying the gaps and working to address them. There is, however, work in progress as part of the 'Putting People First' agenda.

Derbyshire County Council are charged with developing a 'Universal Offer' for advice information and advocacy for all adults. This will consolidate the network of inter-agency referrals and support offered by existing agencies and work to identify and address gaps in service provision.

An easy access point for people in need of help with financial capability.

Promotion and development of examples of best practice in Financial capability.

A concerted campaign to attract people to the support available.

Resources to implement the recommendations below.

Recommendations

1. Get in early

Currently Financial Capability is included in the National Curriculum at key stages 3 and 4 but as a non-statutory element. Consequently within Derbyshire different schools are taking different approaches to teaching Financial Capability. This strategy advocates a campaign to persuade all Derbyshire schools to prioritise financial literacy within the curriculum and to ensure there is a consistent approach to teaching children about money management across the County.

2. Better use of existing support

There are a plethora of agencies involved in providing financial capability training targeting different groups of people in different geographical areas. Work needs to be done to ensure;

- The support is available to everyone who needs it
- There is better co-ordination to avoid duplication and gaps and better promotion of what is available –possibly via a website.
- Improve the awareness of potential referral agencies about what support is on offer and how to access it.

3. Financial capability support must be accessible

Support to achieve and maintain financial capability needs to be available locally and from venues that are welcoming and seen as available to all members of the community. Such places include (this is not a comprehensive list);

- Schools
- Citizens' Advice Bureaux
- Credit Unions and other third sector providers
- GP surgeries
- Community Adult Education venues
- community buildings
- Job Centre Plus
- Children's Centres
- Libraries
- Council offices
- Tenants and residents associations offices.

There also needs to be a range of support available with one to one support for some people at one extreme all the way through to leaflets and an on-line resource to support people who are more accustomed to receiving support this way. An on line facility may also have the added benefit of reaching people unwilling to admit to financial capability difficulties.

4. Support families to pass on learning

It is recognised that families are the first and best providers of knowledge and awareness about financial capability through positive experiences and role modelling. Nevertheless families may need support to achieve this.

5. Target help at specific groups at specific times

The groups of people most likely to be financially excluded have been identified on pages 9 and 10. For each group there will be at least one agency offering general support to that group, for example for families affected by domestic violence there is Women's Aid, for disabled people there is Derbyshire Coalition for Inclusive Living, Age Concern are working with older people etc. If each of those agencies can be given training in how to spot when financial capability is an issue, and to refer appropriately, this will increase the take-up of financial capability support and ensure help is targeted where it is most needed.

In addition reinforcement, support and information around financial capability needs to be available at key stages in individuals' lives. These can be summarised as follows:-

- Routine as a part of childhood awareness and development
- leaving school and becoming more independent
- getting first job
- starting a family
- acquiring a house
- redundancy
- release from prison
- chronic disability
- becoming a carer
- separation / bereavement
- retirement.

Again agencies providing support to people at these key stages in life, for example Derbyshire Probation, Derbyshire Carers Association, Homestart etc. are a route to equipping people with the tools they need to become financially savvy.

Debt Advice

Aim

To provide the residents of Derbyshire with free, independent, high quality debt advice that is easy to access and appropriate to their needs.

Background

Debt has a corrosive effect on the individual, families and communities. It affects health, mental health, re-offending and family cohesion. It is also a significant factor in homelessness. It is crucial that the housing providers within the County make early referrals of people facing financial difficulties and being responsive to ways of preventing those people spiralling into further difficulties (such as losing their home). The strategy should also link to other initiatives aimed at preventing mortgage possession such as the Government's mortgage rescue scheme. The experience of Chesterfield Law Centre is that;

debt clients almost invariably also have problems meeting payments in respect of their housing (either mortgage or rent) so the financial inclusion strategy needs to make the link between debt and housing / homelessness prevention.⁷

The Citizens Advice service is a leading provider of debt advice in the UK. During 2008/9, 1.89million clients presented one or more debt issues to Citizens Advice Bureau. The most common types of debt were credit/store card debts and unsecured personal loans. These debts combined account for 35% of all debt issues. A little over half of all the debt issues presented to CAB concern consumer issues. 10% are mortgage or rent related, and a further 17% are other priority debts (such as council tax or fuel debts). Priority debts are those where the ultimate sanction for non-payment is loss of home, liberty, essential service such as fuel or loss of essential goods on hire purchase.⁸

Free

The ideal is for debt advice to be free to anyone in need in order to ensure maximum take up of the service.

⁷ Clare Lodder – Chesterfield Law Centre

⁸ Rural Money Matters: A support guide to rural financial inclusion – Commission for Rural Communities – June 2009

Appropriate to the Individual

There are opportunities to tailor support according to the needs of the person and the complexities of the debt involved. Simple advice can be made available via websites and written materials or via workers in other agencies working alongside that individual.

Independent

In order for people to have confidence in the advice they receive the independence of the advice provider is critical. If the provider is perceived to have their own agenda around debt recovery the danger is that people will not use the service or not follow the advice given. For example the following would not be independent:

- Local authorities – have an interest in recovering certain debts.
- Credit Unions – have an interest in recovering certain debts.

Quality

The quality of the advice provided should be a prime concern. There are Quality Marks available from the Legal Services Commission and new Quality Marks are being developed by the Advice Services Alliance. This strategy would look to encourage all debt advice providers to have a recognised Quality Mark. A linked concern is the need for debt advice providers to have professional indemnity insurance cover and verification that agencies hold a consumer credit licence.

Easy Access

Unless the service is widely known and easy to access for both clients and referral agencies it will not achieve its aim.

What is already in place

High Peak CAB	Covers – High Peak Holds - Legal Service Commission contracts for debt advice & have the LSC specialist Quality Mark.
Mid Derbyshire CAB	Covers - Derbyshire Dales & Amber Valley Holds - LSC Quality Mark for their debt casework.
Chesterfield CAB	Covers – Chesterfield Holds - Legal Service Commission contracts for debt advice & have the LSC specialist Quality Mark.
NE Derbyshire CAB	Covers – North East Derbyshire and Bolsover Holds - LSC Quality Mark for their debt casework.

Erewash CAB	Covers – Erewash Holds - LSC Quality Mark for their debt casework
South Derbyshire CAB	Covers – South Derbyshire Holds - LSC Quality Mark for their debt casework.
Chesterfield Law Centre	Covers Chesterfield and North East Derbyshire with a more limited “legal aid only” service for people living in the rest of North Derbyshire (Bolsover District, High Peak and Derbyshire Dales). Holds specialist legal services commission quality mark in housing, debt and employment. Runs County Court possession schemes at Chesterfield and Mansfield courts
Derbyshire Housing Aid	Covers – South Derbyshire, Erewash and Derbyshire Dales Holds - Legal Service Commission contracts for debt advice & have the LSC specialist Quality Mark.
RELEASE	Covers - South Normanton & Pinxton, Langley Mill. Holds Advice UK and Money Advice Quality Mark.
Erewash Credit Union	Covers - Erewash and Amber Valley Operates a Money Advice Project.
Phoenix Enterprises	Covers - Chesterfield, NE Derbyshire & Bolsover
Housing Associations	Some H.A.'s provide in house debt advice
Life Matters	Offer debt counselling in the Amber Valley and North Derbyshire. Also offer therapeutic counselling to combat depression and anxiety resulting from financial exclusion.
Churches	Some churches are providing some level of money Advice.
Amber Trust	Covers Amber Valley and High Peak. Specifically works with people with mental health problems in housing related work.
Midlands Community Finance	Provides signposting to for those customers where debt is an issue.
Derbyshire	Provides signposting to debt advice as appropriate.

Unemployed Workers Centre	Provides debt advice in the High Peak area – in particular to people with mental health problems and care leavers.
Jubilee Debt Advice	UK wide provision of free telephone advice and website access to information.
National Debtline and Consumer Credit Counselling Service	High Street Banks also offer impartial advice on debt management to customers and non customers via local branches.
Private sector provision	There are some private sector firms of solicitors holding LSC contracts for Debt advice within Derbyshire.

What Is Missing

Tailored support to reflect the needs of the individual and the complexity of the case.

The flexibility to adopt creative solutions for providing services to hard to reach people. Sometimes funders targets mean only a short amount of time can be devoted to each case leaving little available for outreach work to those groups in need of help but unlikely to ask for it.

Training for front line staff in other agencies in a position to notice when debt is an issue and a clear referral pathway.

A co-ordinated approach to the delivery of debt advice across the county.

A campaign to share and develop best practice such as co-location of staff within related agencies. An example is Erewash Credit Union staff working out of Three valleys Housing offices and able to make quick and appropriate referrals.

Recommendations

6. Develop a clear referral route into debt advice

Undertake a survey of agencies who wish to refer people for advice. Provide their staff with training in how to make appropriate referrals. Also explore the possibility of them funding / hosting a debt adviser to work with their organisation.

Develop or build on a clear brand for debt advice. Publicise availability of services for people at key life events.

Provide problem noticer training for referring agencies backed up with a common screening tool and resource pack devised with a view to staff being able to identify and support those low level cases appropriately and refer more complex cases which need specialist advice to the appropriate agency.

Develop common pro forma for use by referral agencies for collecting relevant information, develop an information sharing protocol.

Link to other strands of the Financial Inclusion Strategy to ensure joined up approach.

7. Provide a clear pathway for the individual to access appropriate help

Long term aim is to provide a single point of access for debt advice that is well known, instantly recognised and valued.

Build on triage system, where an assessment on levels of debt and assistance required is made and a referral made to the appropriate agency. Tailor made help can consist of the following level of intervention:

- Self help – this can be web based or leaflets
- Self help supported by another agency (eg probation service)
- One-off advice integrated within triage phone service
- Casework if case requires it.

Casework should be offered based on complexity of case; where the client lacks the capacity to deal with a straightforward case, support from other agencies should be sought.

Self help should be centralised via gateway system. Need a consistent self-help process across Derbyshire, both website & booklet. Setting clients' expectations is important – if clients expect self help, they will be more prepared to engage with this.

The aim is to make initial assessment accessible to everyone. This will reveal more demand than we are currently aware of, but it will allow us to prioritise existing casework capacity according to clearer criteria; and to offer a robust self-help service to others.

8. Quality

There should be a commitment that all agencies providing debt advice hold an appropriate quality mark, professional indemnity insurance cover and a consumer credit licence.

9. Proactive Outreach

Different routes need to be opened up to ensure that debt advice is promoted and readily available to people who currently do not seek help from recognised sources. The provision of CAB services within GP surgeries should be extended across all surgeries within Derbyshire. Other potential referral points could be developed particularly with third sector agencies working in communities that do not traditionally use mainstream services.

Banking, Credit and Savings

Aim

To ensure that all communities and vulnerable people in Derbyshire have access to basic banking facilities, savings, affordable credit, are in receipt of the benefits to which they are entitled and have home contents insurance.

Background

It is estimated that 100,000 people across Derbyshire are financially excluded. The Experian report of 2007 mapping the demand for, and supply of, third sector affordable credit, shows that there are a number of areas within Derbyshire which are a cause for concern. Local Authorities which have been identified as "Red Alert" are Chesterfield (ranked 12) and Bolsover (ranked 24) – these are shown to have substantial gaps between demand for third sector credit and current supply, and represent the areas in most immediate need of new provision. North East Derbyshire has also been identified in the category for "Amber Alert" Authorities, where significant areas have a lack of coverage of third sector credit where it is most needed.

A report by Barnardo's called *Below the Breadline : A year in the life of families in Poverty* showed how families on low incomes struggle to access banking services, with banks using money laundering regulations to prevent low income families from opening bank accounts.

*There are also those who have tried but been unable to open bank accounts. Barnardo's research includes examples of families who have been unable to open a bank account after many attempts. They were told consistently that the only acceptable forms of identification were a passport or driving license neither of which the families had access to, or could afford to get hold of.*⁹

Barnardo's also found that families on low incomes had, in the past, easy access to credit from a number of sources, including legitimate doorstep lenders, pay day loans and pawnbrokers. All of which make small sums available at an exorbitant cost (typical APR of 254%) which trapped in them in a cycle of crisis borrowing and indebtedness.

Over the last two years there has been a contraction of doorstep

⁹ Counting On Credit – Barnardo's – July 2009

lending provision (two of the major players are no longer lending) as demand has increased. The new Local Government Network report *Circling the Loan Sharks* suggests there are as many as 10 million people in the UK using non standard or sub prime consumer credit. Currently the largest of the legitimate doorstep lenders (Provident) now rejects 60% of new applications for loans. When people can not access affordable credit from legitimate sources there is a danger they may turn to illegal money lenders with even higher interest rates.

Statistics indicate that a confluence of indebtedness, disadvantage and the diminished availability of regulated sub-prime credit are creating the conditions where a sizeable number of people have little option but to borrow from nefarious sources.¹⁰

The Public Protection Team, who are tackling illegal money lending within the East Midlands, have prosecuted five loan sharks from the Derby area in January 2009. The PPT have also made several arrests recently around the Derby area of other alleged illegal money lending and debt collecting with licenses.

Access to high interest credit has caused financial difficulties for many in Derbyshire. Of particular note are those who research shows are female, aged between 19-35, supporting children and vulnerable to doorstep lending for its ease of access and small loan sums. In some areas there is concern that doorstep lending has become embedded as a way of life and help is not sought from other sources.

The closure of post office services has had an impact on rural areas in Derbyshire, but nationally the Post Office network continues to provide a useful, if limited, service. The Commission for Rural Communities found that;

Despite the closure of 469 rural post offices in 2008, the Post Office Network continues to have extensive geographical coverage with more than 9,000 offices in England, over half of which are in rural locations. The Post Offices has become an increasingly important means of addressing financial exclusion in rural areas.¹¹

Post offices give access to some basic bank accounts although the Post Office Card Accounts are less functional than basic bank accounts, e.g not offering Direct Debits or Standing Order

¹⁰ *Circling the Loan Sharks* – New Local Government Network May 2009

¹¹ *Rural Money Matters* – Commission for Rural Communities June 2009

facilities, which **some** basic accounts can provide.

While there are ATM facilities, shared by main banks and building societies spread across Derbyshire, anecdotal evidence suggests that there are communities and people who cannot easily access these facilities, or are charged for access.

Credit Unions are third sector organisations which offer responsible lending at affordable interest rates and can provide a real, community based alternative to doorstep lenders. They are regulated by the Financial Services Authority and are motivated by a desire to provide a service rather than to generate profits. The objects of Credit Unions are set out in the Financial Services Act, they are:

- The promotion of thrift amongst its members by the accumulation of their savings
- The creation of sources of credit for the benefit of its members at a fair and reasonable rate of interest.
- The use and control of members savings for their mutual benefit
- The training and education of members in the wise use of money and in the management of their financial affairs.

Although there are 40,000 credit unions with a world-wide membership of 120 million and UK membership is growing at 15% per annum geographical coverage remains patchy. In Derbyshire there is no credit union provision in High Peak, Derbyshire Dales, Amber Valley and North East Derbyshire. Moves are underway to encourage Worksop Credit Union to extend its coverage into Bolsover.¹² This lack of provision in the most rural areas of the county echoes the findings of the Commission for Rural Communities which found that:

*According to the Association of British Credit Unions (ABCUL) less than 20% of credit unions in the UK operate in predominantly rural areas. Credit Unions in rural areas face substantial challenges linked to growth and becoming financially sustainable. Operating in sparsely populated areas, they find it difficult to reach the critical mass of membership base.*¹³

A key element of credit union activity is the promotion of the benefits of savings, many operating young savers clubs which nationally have a membership of over 100,000. Savings are also

¹² Bolsover District Financial Inclusion Strategy 2009-2014.

¹³ Rural Money Matters – Commission for Rural Communities – June 2009

identified by Barnardo's as a key factor in combating child poverty. Families which have access to savings, however limited, are better equipped to deal with a crisis or sudden change in circumstances and so less dependent on borrowing. This has been recognised by Government and its Savings Gateways pilots are due to be rolled out nationally in 2010. These seek to motivate low income households to save on a regular basis by matching their savings for a limited period of time.

For many people on low incomes, home contents insurance is given lower priority than day to day living expenses. This is further exacerbated for people living in high crime areas as the costs of such insurance in those areas is higher and therefore even less affordable to exactly those people who most need it. The lack of home contents insurance can prove disastrous to a household budget when essential items such as washing machines are either stolen or break down.

Moreover compared to their insured counterparts who had lost possessions, those who had no policy to draw on were much less secure financially. Two thirds of them had no savings at all, more than half had household incomes below £100 per week, and half of them said they were experiencing financial difficulties. They were also likely to lose necessities rather than luxury goods, yet over half of them were unable to replace the items they had lost. ¹⁴

What is in Place

Chesterfield Credit Union	<ul style="list-style-type: none"> • Covers Chesterfield and NE Derbyshire • Services - savings & loans • 720 members • No staff, 10 volunteers • 2 part time collection points • Also works with MCF offering Growth Fund loans.
Worksop & District Credit Union Ltd	<ul style="list-style-type: none"> • Covers Worksop and surrounding areas including Harworth, Warsop, Shirebrook & Cresswell, • Services - Savings, 2 types of loans, Life Savings and Loans Protection Insurance, Family Protection Plan, Junior Savings, Christmas and Holiday savings

¹⁴ Kept out or opted out? Understanding and combating financial exclusion – The Policy Press – Elaine Kempson & Claire Whyley - 1999

	<ul style="list-style-type: none"> accounts • 1182 members(not clear how many live in Derbyshire) • 7 collection points • 3 paid staff and 24 volunteers
High Peak Credit Union Study Group	<ul style="list-style-type: none"> • In early stages, just starting consultation with local interested parties, backed by High Peak Community Housing. Interested in possibilities of a Derbyshire-wide Credit Union if feasible, or attaching to an existing major credit union, ie Sheffield/Manchester if they could extend common bond. Difficulties for a stand-alone credit union would be viability due to small size and the rural location.
Erewash Credit Union	<ul style="list-style-type: none"> • Covers borough of Erewash, DE7, DE72 and NG10. • Services - Savings Products, Cash ISAs, Child Trust Funds, Christmas Savers Accounts, Holiday Savers Accounts, Loan Products, including Handiloans (instant loans to people on low incomes with ability to repay with interest fixed at 2% per month), and regular loans – over £1000 to long-term borrowers with sufficient incomes – interest fixed at 1% per month • 950 members • 4 Collection points • 3 full time staff, 4 part time staff and 17 volunteers. • Also operate Money Advice Project.
Money Spider Credit Union Ltd	<ul style="list-style-type: none"> • Covers South Derbyshire and East Staffordshire. • Services - Savings, Loans based on ability to repay at 1% per month, Life Savings and Loans Protection Insurance, Junior Savings, Christmas savings accounts. Accept benefit payments. Debt payment service - on referral from CAB • 281members • 7 Collection points • No paid staff & 20 volunteers
MCF Loans (Midlands Community Finance)	<ul style="list-style-type: none"> • MCF Loans (Midlands Community Finance) previously called Derbyloans is a community development financial institution (CDFI). It is an independent, not-for-profit business that has been set up to provide credit to people, businesses and community groups in Derbyshire and East Staffordshire who can't get credit from the well-known banks and building societies. Helps those

who are on a tight budget, on benefits or working full time, been declined by the banks.

- Provide Personal Lending to some parts of South Nottinghamshire, North East Derbyshire, Bolsover, most of Derby City, South Derbyshire, Swadlincote, Burton on Trent (East Staffs).
- Business Lending:- Most of Derbyshire and Staffordshire.
- Branches in Derby, South Normanton/Pinxton, Swadlincote, Burton-on-Trent, Chesterfield (- under negotiation at present Bolsover and parts of Staffordshire.)
- Nine paid staff.

Derby City
Credit Union
Derby West
Indian
Credit Union

- Closed in June 2009
- Covers – Derby – open to any Derby resident.
- Services – loans and savings
- Established 1980
- Has 12 volunteers, no paid staff
- 200 members
- 1 collection point.

High Street
banks

- Most of the major high street banks have signed up to the voluntary “Banking Code” agreeing to clearly advertise basic banks accounts where they exist. There is also an industry goal, shared with the Government, to reduce the 2.8 million adults without a bank account by 50%. Progress has been made, the number is now 2 million adults.

Post Offices

- Offer the Post Office Card Account but can only be used to receive benefit payments.

District
Councils

- At least one Derbyshire district authority (South Derbyshire) has trained its front line staff to help people to open basic bank accounts with high street banks.
- Chesterfield Borough Council has a benefits advisor and in 2008/09 an additional £500K of benefits were claimed.
- Chesterfield BC also holds its own housing stock and offers low cost home contents insurance , as an opt in scheme.

- | | |
|--|---|
| Derbyshire
Housing
Authorities | <ul style="list-style-type: none"> • Offer a tenancy deposit scheme which underwrites a bond. This broadens the individual's housing options and helps prevent evictions. • Action for Children project is raising awareness of homelessness on children and young people. |
| Registered
Social
landlords | <ul style="list-style-type: none"> • Some offer affordable home contents insurance |
| Derbyshire
Welfare
Rights | <ul style="list-style-type: none"> • Promote and support access to benefits and tax credits. |
| Derbyshire
Unemploye
d Workers
Centre | <ul style="list-style-type: none"> • Covers Chesterfield, North East Derbyshire, Bolsover and Amber Valley • Campaigns for better benefits. • Enables people to access their benefit entitlement • UK Co-ordinator of the European Anti-Poverty Network's Minimum Income campaign |
| Age
Concern | <ul style="list-style-type: none"> • Works with older people to ensure they are enabled to access their benefit entitlement. |

What is Missing

Basic bank accounts are available but;

- Only in the main centres of population where there are bank branches
- Basic bank accounts are not widely promoted and are sometimes difficult to access.
- No internet basic bank accounts.
- Some people on low income have been charged large bank fees when benefits have been paid late and DDs have been refused – this leads to mistrust of banks.
- Many people with basic bank accounts do not utilise the services banks offer- they simply withdraw all of their benefits the day they are paid and operate a cash economy.

Cash machines are widely dispersed but;

- Often in rural areas there is a charge for withdrawing your money
- Cash point machines are sometimes physically inaccessible to people in wheelchairs or with coordination difficulties or visual impairment
- Some vulnerable people do not feel safe using them.
- Some more deprived areas have no cash machine access eg Langley Mill and Ironville.

An alternative to loan sharks and doorstep lenders and easy access to small loans at affordable rates. Credit Unions can offer a wide range of financial products including affordable loans, savings accounts, cash ISAs and Child Trust Funds but;

- Not all of Derbyshire is served by a credit union
- Not all Derbyshire Credit unions are yet in a position to offer the full range of products.

Post offices offer a good service and are trusted but;

- Many have closed or are facing closure
- Not all benefits can be paid into post office accounts
- The Post office Account will only accept benefit payments so have limited use.

Loans to help people in crisis are available but;

- Often these funds will be spent before the end of the financial year – particularly if there is a specific crisis affecting a number of people such as flooding.
- Many of the claims would not be necessary if people had home contents insurance.

Some Housing Associations do offer affordable home contents insurance schemes but;

- unless the schemes are opt out rather than opt in there is poor take up because people perceive it to be unnecessary, a luxury they can't afford, or untrustworthy.
- Another reason why home contents insurance is key is that some unscrupulous retailers insist on buyers taking out very expensive warranties on household items if they don't have insurance.

Recommendations

Appoint a Financial Inclusion Development Manager for Derbyshire to implement the strategy and report to the DFIP steering group.

10. Credit Union Provision across Derbyshire

Carry out a feasibility study to identify the best option for delivering credit union services across the whole of Derbyshire. All options to be considered including;

- An expansion of existing Derbyshire CUs to fill the gaps.
- The establishment of a new County wide CU
- An invitation to well established CUs on the Derbyshire borders to expand into the County.

11. Provide alternatives to Doorstep lenders

In areas where the Illegal Money-Lending Unit has identified problems, provide alternatives through

- competing with the “personal touch” of doorstep lenders by Credit Unions using the “home agent” mode
- working with the Financial Inclusion Champion to increase awareness of third sector lenders
- Making the public aware that alternatives are available to the doorstep lenders by advertising the trading standards project.
- Expansion of the CDFI Growth Fund to cover all of Derbyshire.

12. Culture Change

Promotion of a culture of saving through;

- active engagement with Government supported saving schemes such as the Child Trust Fund and the Savings Gateway
- access to a credit union for all secondary school (and perhaps even primary school) children.

13. Involve the High Street lenders

Improve access to basic bank accounts by;

- Lobbying banks to decrease the time it take to open a basic bank account
- Providing training to front line staff from a range of agencies in how to support someone to open a basic bank account.
- Offering help to complete paperwork.

14. Improve take up of Home Contents Insurance

Improve take up of Home contents insurance by;

- Working with housing providers to offer opt out rather than opt in insurance.

General Recommendations

The fourteen specific recommendations contained in this strategy will only be achieved if three further recommendations are taken on board.

15. Resources

The Financial Inclusion Derbyshire Partnership to;

- prepare a fully costed action plan to be put in place to support the strategy
- secure resources to appoint a Financial Inclusion Development Manager for Derbyshire
- implement the strategy
- secure ongoing funding.

16. Financial Inclusion Mainstreamed

Wherever possible financial inclusion should be included in the aims of local strategic partnerships and in particular in the Local Area Agreement.

17. Joint working

There are already a number of examples of joint working between agencies to address financial inclusion. They include;

- Derbyshire County PCT and Citizens Advice Bureau working to provide CAB services within GP surgeries.
- Erewash Credit Union basing staff within Three Valleys Housing Offices to facilitate referrals.

The Financial Inclusion partnership has developed from a base of joint working and mutual support between agencies. This approach needs to be further encouraged and developed if this strategy is to succeed.

This Financial Inclusion Strategy has been adopted by

Name of Agency

Signed by Chief executive.....

Name.....

Date.....

Abbreviations

CAB	Citizens Advice Bureau
CDFI	Community Development Financial Institution
CVS	Council for Voluntary Service
DCC	Derbyshire County Council
EMDA	East Midlands Development Agency
FSA	Financial Services Authority
GOEM	Government Office East Midlands
LSC	Legal Services Commission
MCF	Midlands Community Finance
PCT	Primary Care Trust
PPT	Public Protection Team
RIEP	Regional Improvement and Efficiency Programme
Third Sector	Voluntary & Community Sector

Research materials

A Life in Debt: the profile of CAB debt Clients in 2008 – CAB Briefing – Feb 2009

Bolsover District Financial inclusion Strategy 2009 -2014 – Community Voluntary Partners Bolsover - 2009

Break Through Britain: ending the costs of social breakdown, policy recommendations to the Conservative Party from the Social Justice Policy Group, Rt Hon Iain Duncan Smith July 2007.

Breaking through to the future: the strategic development of credit unions in Britain 1998 – 2008. Paul a Jones, Liverpool John Moores University Dec 2008.

Child Poverty In East Midlands: indentifying what works, IEM, GOEM, EMRA Mark Ravenhall & Abigail Diamond Jan 2009

Circling the Loan Sharks: predatory lending in the recession and the emerging role for local Government –New Local Government Network, Chris Leslie and Alex Hood – May 2009

Counting on Credit: Believe in Children & Below the Breadline: A year in the life of families in poverty – Barnardo's – July 2009

Creditation Debt Facts and Figures – compiled March 2009

Debt and Older People; how age affects attitudes to borrowing – Age Concern, Stephen McKay, Elaine Kempson, Adele Atkinson and Mark Crame, University of Bristol, 2008.

Financial Inclusion in the UK: Review of Policy and Practice – Joseph Rowntree Foundation – Lavinia Mitford – July 2008

In The Red; debt and mental health – Mind 2008.

Kept Out or Opted Out? – The Policy Press – Elaine Kempson & Claire Whyley – 1999

Poverty, Financial Exclusion and Health In Northumberland – Rachel Turnbull, Jan Bostock, Kathleen Crebbin – March 2008

Protecting Low Income Borrowers in the Credit Crisis Rt Hon Ian Mccarthy MP and Damon Gibbons Dec 2008.

Quids In – Derbyshire County Council – March 2009

Real Help for the East Midlands – HM Government – February 2009

Rural Money Matters: A support guide to rural financial inclusion – June 2009 & Rural Economies Recession Intelligence – April 2009
Commission for Rural Communities

Scaling Up for Financial Inclusion; Debt on our doorstep – Church Action on Poverty, Jenny Rossiter and Niall Cooper – 2005.

Action Plan

Recommendation	Actions	Responsibility	Resources	Progress
Financial capability				
<p>1. Prioritisation of financial capability education within Derbyshire schools and other agencies working with young people.</p>	<p>1. Campaign aimed at school governors to persuade them of the need to include FC sessions in the curriculum.</p> <p>2. Campaign aimed at other agencies working with vulnerable groups eg Youth Services, to promote access to FC training.</p> <p>3. Raise awareness of the FC programmes for young people available from CABs, Banks and others.</p>	<p>DFIP Financial Capability sub group to include:</p> <ul style="list-style-type: none"> • Advice Derbyshire • DCC Education • DCC Children's Centers • Probation • RSLs • Youth Services • Banks/ Building Societies • Third Sector agencies working with marginalised groups. • Governors Support • FSA. <p>Support from Financial Inclusion manager</p>	<p>RIEP application £150K over 3 years.</p>	<p>Application successful.</p>

<p>2. Better co-ordination and use of FC support for adults.</p>	<p>4. Clearly define and map FC support and funding currently available.</p> <p>5. Identification of gaps and duplication.</p> <p>6. Campaign aimed at agencies working with the most vulnerable group as identified on pages 9 and 10 to raise awareness of FC support available and how to access.</p> <p>7. Raise awareness of need for Financial Inclusion to be embedded in Sustainable Community Strategies.</p>			
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3. FC support to be more accessible in terms of where it can be accessed and how it is delivered.	8. Work undertaken to address the gaps in FC support to ensure it is reaching all groups and is consistently available across the whole County.			
4. Support families.	9. Continuation and expansion of the Children's centres FC programme.			
5. Targeted FC support.	10. Identify front line agencies already providing support to communities and individuals most at risk of Financial Exclusion and then provide them with training in how to spot and address issues around FC.			

Debt Advice				
<p>6. Develop a clear referral route</p>	<p>11. Increased co-ordination between debt advice agencies so that: There is a directory of providers There is a common pro forma for collection and sharing of client information. Clear brand for debt advice.</p> <p>12. Better training and information for staff in front line agencies about appropriate referral.</p>	<p>DFIP Debt Advice Sub group</p> <p>An Advice Derbyshire Plus to include wider range of debt advice agencies.</p> <p>Support from 2 Debt advice workers and Financial Inclusion manage</p>	<p>Support from RIEP funded Financial Inclusion Manager.</p> <p>Additional resources required for co-ordination, training, information sharing and development of protocols. Development worker -@ £50K a. for 18 months = £75K. Plus £20k for branding.</p> <p>NB. Some elements of actions 10 and 11 could be funded via the Advice Derbyshire funding application to Nationwide Foundation, £297K over 3 years with a focus in older people and victims of domestic violence.</p>	<p>Expression of interest submitted May 2009 – second stage application deadline August 2009.</p>

<p>7. Develop a clear pathway for the individual to access debt advice.</p>	<p>13. Development of a pyramid of help with different levels of help appropriate to the individual. Covering self help to case- work.</p> <p>14. Agree a common approach to debt management recognised by credit industry.</p> <p>15. Single point of entry (triage system) for agencies referring people onto debt advice.</p>			
<p>8. Quality</p>	<p>16. Agreement that all providers hold appropriate quality mark.</p>			

<p>9. Proactive Outreach</p>	<p>17. Provision to be available via a large range of agencies. Specific focus to be on ensuring marginalised communities are supported.</p> <p>18. Capacity of debt advice providers will need to be managed to ensure clients can access support early and easily.</p> <p>19. Links to be developed with credit unions to prevent debt arising.</p> <p>20. Links to be made with national developments around financial inclusion.</p>			
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Banking Credit and Savings				
<p>10. Credit Union provision across Derbyshire</p>	<p>22. Feasibility study to identify the most appropriate model for Credit Union provision in Derbyshire.</p> <p>23. Credit unions to provide a wider range of products.</p> <p>24. Need to target more affluent savers as well as people in need of loans.</p> <p>25. Raise awareness of CU benefits to front line agency staff.</p>	<p>DFIP</p> <p>Affordable credit/savings and Banking sub group to include;</p> <p>Credit Unions Banks and Building Societies DWP CDFI delivery agents RSLs Homelessness Agencies</p>	<p>£18K for feasibility study funded by DCC and PCT carried out by ABCUL.</p> <p>Further resources required to implement findings of Feasibility study – one full time post circa £50K p.a. over one year.</p> <p>Ongoing funding required to operate new structure – to be identified as part of feasibility study.</p>	<p>DCC and PCT considering proposal with a response expected June 2009.</p>

<p>11. Provision of alternatives to doorstep lenders.</p>	<p>26.Campaign against loan sharks and other doorstep lenders.</p> <p>27.Compete with the “personal touch” of doorstep lenders by Credit Unions using the “home agent” model.</p> <p>28.Working with the Financial Inclusion Champion to increase awareness of third sector lenders</p> <p>29.Making the public aware that alternatives are available to the doorstep lenders by advertising the trading standards project.</p> <p>30. Expansion of the CDFI Growth Fund to cover all of Derbyshire</p>			
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<p>12. Culture Change</p>	<p>31.Promotion of a culture of saving.</p> <p>32.Promotion of the use of Credit Unions rather than doorstep lenders.</p> <p>33.Campaign to get across just how much doorstep lenders charge.</p>			
<p>13. Involve the High Street lenders</p>	<p>34. Encourage banks to promote their basic bank accounts, to make them easier to access and monitor how well they respond the needs of people on low incomes.</p> <p>35.Encourage banks to develop closer working with communities.</p> <p>36. Provide support to the financially excluded to open bank accounts.</p>			

<p>14. Improve take up of Home Contents Insurance</p>	<p>37. Work with housing providers to increase take up of affordable home contents insurance.</p> <p>38. Explore the use of opt out rather than opt in HCI as part of rent.</p>			
<p>General Recommendations</p>				
<p>15. Resources</p>	<p>39. Appointment of a financial inclusion manager for Derbyshire to drive forward the implementation of the action plan.</p> <p>40. Funding applications to be made to support elements of the action plan.</p>	<p>DFIP steering group Supported by Financial Inclusion Manager</p>	<p>RIEP – see above</p>	

16. Financial Inclusion mainstreamed	<p>41. Work to have Financial Inclusion include in the priorities of local strategic partnerships.</p> <p>42. Strategy to go to Derbyshire Partnership Forum for endorsement.</p>			
17. Joint Working	<p>43. DFIP to continue to work collectively to manage the implementation of the strategy and action plan.</p> <p>44. DFIP to continue to encourage agencies to sign up to the strategy.</p> <p>45. DFIP to continue to be open to new agencies joining the steering group as appropriate.</p>			

