



Breckland Council  
**financial  
inclusion  
strategy**  
2009-11

## Introduction

Breckland Council's housing team has developed this Financial Inclusion Strategy to understand the impact the current financial climate is having on our residents and to highlight the services which are available from the Council and its partners to improve financial awareness and solutions for those residents.

The Council's vision is to make Breckland 'a better place with a brighter future' by enhancing and improving the wealth, well being and quality of life of people who live and work in the district.

This is being delivered by five thematic priorities :

- Building Safer and Stronger communities**
- Prosperous Communities**
- Environment**
- Delivering the Entrepreneurial Council**
- Your Council, Your Services**

The development of the strategy and its related action plan seek to deliver against the priority for 'Prosperous Communities'. It also underpins the importance of working in partnership especially with Housing Associations to challenge the impact of financial exclusion. Improving the quality of life for the residents is an important priority for the Council which includes improving their financial well being whether it is in investing in businesses to secure jobs, improving skills or tackling debt problems.

Breckland is part of the County of Norfolk , opportunities to improve the quality of life for residents also comes from countywide improvements to services. Thus within the County wide local area agreement we work together to tackle a number of issues which will improve access to services, supporting independent living, increasing the supply of affordable housing, improving skills among some of the areas which relate to financial inclusion. The County strategy Norfolk Ambition is working to

Create communities that prosper, welcome and support.

This Strategy will set out the issues and extent of financial exclusion nationally and locally, identify the work currently happening across the District to promote financial inclusion , highlight our recommendations for improving financial awareness and solutions to reducing the impact of financial exclusion.

## What is Financial Inclusion ?

Financial inclusion is defined as the ability of an individual, household or group to access appropriate financial services or products. Financial exclusion is when people do not have access to the same services. Both terms are used within the document.

Financial inclusion allows people routes out of the current hardship they may be facing, assists people to maintain a comfortable lifestyle and provide prevention options to those that may fall on hard times.

There are a number of barriers to financial inclusion which we wish to address they are illustrated on the following diagram :-



These barriers are most likely to affect quite large numbers of people from particular parts of our community. Following extensive national research by the Chartered Institute of Housing those most likely to be affected are :-

- ⊙ Single parents
- ⊙ Over 60's
- ⊙ Young Adults between 18 and 24
- ⊙ People with disabilities
- ⊙ People who are homeless
- ⊙ Households on low and insecure incomes and / or in receipt of benefits
- ⊙ Refugees and asylum seekers

- ⊙ Living in local authority or housing association accommodation

The causes of financial exclusion can be attributed to a variety of reasons but will always be to a change in circumstances such as :-

- ⊙ Losing your home
- ⊙ Losing your employment
- ⊙ Breakdown of a relationship
- ⊙ Illness, disability or bereavement within the family
- ⊙ New parents
- ⊙ Change to benefit entitlement
- ⊙ Start of a new business
- ⊙ Going into or coming out of prison
- ⊙ Reduction in your income

The Impact of financial exclusion causes additional hardship and disadvantages those affected. The impact of this was highlighted by HM treasury in 2007 in their policy document 'Financial Inclusion : An Action Plan for 2008 – 11'

Inability to set up direct debits to make payments or receive salary without a bank account reduces ability to obtain work

Paying more for utilities due be unable to access benefits of paying through bank account

Not being able to access affordable credit and relying alternative credit at high rates or illegal lenders and loan sharks

Lacking the financial comfort provided by a small amount of savings or insurance products which can reduce unexpected financial pressures

Lack of access to impartial advice particularly on debt problems

The issues surrounding financial exclusion and financial capability can have an impact on an individuals lifestyle putting them at risk of social exclusion as well. Social exclusion then has a wider bearing on our communities affecting health, family breakdowns, crime levels, the environment we live in and an individuals ability to contribute equally.

### 3. National Context

The current financial climate which has a stagnant housing market, falling interest rates, financial institutions in difficulty, increases in mortgage repossessions, increase in unemployment figures creates a bleak back drop for positive activities.

The Government has produced a range of strategies, policies and initiatives for organisations to work with to improve outcomes for people facing financial exclusion based on their findings to support 'Promoting Financial Inclusion' 2004. It is clear that one organisation can not achieve this alone and it is key that organisations work in partnership to tackle exclusion in an area. The Government have also allocated resources through a Financial Inclusion Fund to deliver a range of initiatives which include:-

Increase of face to face money advice for individuals

- ⊙ Money advice outreach pilots through the Legal Services Commission
- ⊙ Department of Work and Pensions to have a growth fund to support credit unions and third sector lenders
- ⊙ Support for the Now Lets talk Money campaign via the Department of work and pensions to work with intermediaries in increase access to financial services

Financial Inclusion has to started to have a higher profile among organisations, this has made it easier to produce information on the impact of financial exclusion within communities, although a lot of the statistics are focused nationally rather than locally. Transact – the national forum for financial inclusion have collated some useful national statistics :-

#### Bank Accounts

- ⊙ 6% of all UK households do not have a bank account of any kind and 1in 10 do not have a current account;
- ⊙ Around two thirds of households with no bank account have an annual income under £14,500;
- ⊙ 10% of individuals with income below £100 per week do not have a bank account, compared with 2% with an income between £500 and £800;

- ⊙ Approximately half of the unbanked households are single people living alone, compared with 30% of the population as a whole;
- ⊙ A further fifth are lone parents, roughly double the proportion among the population as a whole;
- ⊙ Approximately 60% of the unbanked households rent accommodation from local authorities or housing associations;
- ⊙ At least 800,000 children live in households with no bank account;
- ⊙ Individuals with no bank account can pay up to 10% in commission to cash a cheque.

### Cost of accessing money and credit

- ⊙ It has been estimated that individuals on low incomes pay a 'poverty premium' of £1,000 per year in accessing basic financial services and utilities (through use of pre-pay utility meters, cheque commission charges and the use of non standard credit such as home credit lenders);
- ⊙ People without access to direct debit pay an extra £70 per year for their energy bills;
- ⊙ 7.8 million individuals cannot access mainstream credit;
- ⊙ Low income consumers pay an average of £129 per month (11% of their income) on servicing high cost finance;
- ⊙ A quarter of Social Fund loan applications are refused and 1 in 4 of those applicants borrow from doorstep lenders or loan sharks;
- ⊙ An estimated 2.3 million individuals in the UK borrow from home credit lenders and 600,000 use pawnbrokers;
- ⊙ Individuals on benefits borrow an estimated £330 million per year from home credit lenders, paying £140 million per year in interest;
- ⊙ The average APR charged by home credit lenders is 177%, whilst loan sharks can charge up to 1000%;
- ⊙ Up to 165,000 individuals use illegal lenders at any time;
- ⊙ Between 1995 and 2003 around 3,000 banks and building societies closed in areas with a concentration of low income households;

- ⊙ A quarter of all cash machine withdrawals made from fee-charging ATMs is under £20, with the average charge at £1.50 per withdrawal;
- ⊙ The proportion of fee-paying machines has increased from around 2 per cent in 2000 to over 40 per cent in 2006
- ⊙ Although accounting for less than 4 per cent of total cash withdrawals, it is estimated that consumers paid around £140 million in cash machine charges in 2004
- ⊙ 1,701 areas with the most deprived households have no free cash machine or access to one within a kilometre.

### Savings and assets

- ⊙ 60% of adults among the poorest 20% of households in the UK would like to save at least £10 per month but are unable to do so;
- ⊙ 55% of individuals on low income have no savings, compared to 33% of the population as a whole;
- ⊙ Nearly a quarter of the UK's wealth is owned by 1% of the population, with the proportion of households with no assets at all doubled to 10% between 1979 and 1996.
- ⊙ 3 million households in social housing do not have contents insurance but are twice as likely to be burgled than those living in privately owned accommodation;
- ⊙ Half of the poorest 20 per cent of households are uninsured, whereas only one in five households on average incomes are uninsured;
- ⊙ Only half of the poorest 10 per cent of households have home contents insurance, compared to 78 per cent of the population as a whole;
- ⊙ No progress was made in reducing the proportion of low income households without contents insurance in the five years up to 2004/05.

### Community make-up

- ⊙ 35 per cent of people living in deprived areas lack bank accounts;
- ⊙ 68 per cent of financially disengaged people live in the 10 per cent most financially excluded postcode areas;
- ⊙ 25 per cent of financially disengaged people

live in the 3 per cent most financially excluded postcode areas.

#### 4. Breckland

Facts and figures are much more accessible to highlight the issues on a local level. This has been due to the East of England Development Agency (EEDA) undertaking some research which was published in 2009 and the ability of Experian (credit reference agency) to publish data they hold.

Breckland is a large rural district with 5 market towns covering an area of 135,010 hectares with a population of 128,300 (according to the latest population figures). It is one of the fastest growing areas in England with the population changing by 12% since 1991. There is a growing diversity to our population with a number of residents coming from Europe.

Our population in relation to financial inclusion:-

- ⊙ Nearly 10% of households receive an income of less than £10,000 in 2007 compared to 8% nationally
- ⊙ Almost 22% of Breckland's population, aged 16-59 were claiming for one or more benefits for the following reasons; sick and disabled, unemployed, housing/council tax benefit, income support, jobseekers allowance
- ⊙ 4,235 are registered as long term sick or disabled (Mar 07)
- ⊙ 2500 were unemployed (Mar 07)
- ⊙ Increase of 75% in unemployment claimants in January 2009
- ⊙ A significant reduction of vacancies across the district
- ⊙ 13,500 are economically inactive ( Mar 07)
- ⊙ 23,260 residents are over 65
- ⊙ Over 33% have no qualifications
- ⊙ 6% of 16-18 year olds were not in employment, education or training (NEET)
- ⊙ 50% of our residents live in areas with no ATM
- ⊙ Post offices are still closing in rural areas
- ⊙ There are 7507 social housing units in the District

#### 5. Current activities within Breckland

##### Credit Unions

Credit Unions are not for profit financial institutions which provide loans, savings accounts and other financial services. They are supported by a range of agencies such as the Department for Work and Pensions, Councils and Housing Associations. In Breckland, Norfolk Credit Union is the largest Credit Union which can be accessed through its branches in Watton, Swaffham and Attleborough. They are looking to expand to provide cover for the whole of the District. The Credit unions are run mainly by volunteers and provide a community alternative to the high banks and building societies as they do not make a profit.

##### Housing Associations

There are a number of Housing Associations who provide homes across the District, the largest of which is Peddars Way Housing Association. The Housing Associations have been tackling financial exclusion with their tenants for a number of years but lately this activity has improved by working together as landlords and with the Council.

For new tenants the process begins with effective tenancy sign up processes where officers work with the new tenants to set up rent accounts, make benefit claims and sort out energy suppliers. If appropriate support may continue following the commencement of the tenancy through floating support provided by Stonham Homestay. Each partners positively works to ensure that the rent remains paid and that tenancies are sustained for the future

New technology is used such as texting to remind people to pay their rent and in some cases to check their rent balances.

When a tenant does fall into arrears contact is made very quickly to work with the tenant to prevent them losing their home.

As the majority of tenants are on fixed low incomes, they are at a greater risk to losing their belongings so the Housing Associations offer affordable home contents insurance to their tenants, either through AON, National Housing Federation or Fars. Take up has been quite low.

Housing Associations have formed strong partnerships

with the Credit unions to guarantee lending to their tenants. This means that tenants who may not usually fall within the lending risk criteria of the Credit Union can be lent to as the loan is backed by the Housing Association. Some funds have been set-up specifically to allow tenants to borrow to pay for Oil, however most funds are general.

Allowing tenants to borrow through these schemes at an affordable interest rate, should lower the burden on their financial commitments.

Wherry Housing Association has created posts for in-house mobile money and benefits advisors and all their staff have been trained in benefits and money advice. They are due to publish their money management booklet, which sets out how tenants can save money, budget effectively and manage their debts. The booklet will cover topics such as loans and grants, savings and borrowing, bills, paying for childcare, training and recycling.

Broadland Housing Association have created a partnership with the training and employment agency Meridian East, targeting tenants who are out of work and assisting them to retrain.

Cotman Housing Association are holding an Employment fair in early 2009 aimed at bringing employers and potential employees together. This provides employers with a choice of candidates without the drawn out process of going through many CV's. The employment fairs also provide support from agencies such as ACAS, who support residents who have been made redundant in addition to other Housing Associations and benefits departments.

All Housing Associations are investing in improving their housing stock to make it more energy efficient to improve tenants lives and reduce the cost of fuel.

### Trading Standards

Trading Standards operate across the County on a variety of issues which includes their campaign to reduce the amount of illegal money lenders throughout Norfolk. The campaign called 'Don't get in with a loan shark...it will cost you an arm and a leg' is supported with an increase in partnership work with Housing Associations and Local Authorities to increase awareness and increase prosecutions of illegal money lenders

### Rent Deposit Loans Scheme

The Council provides a rent deposit loan scheme which has helped 85 with a deposit and 1 months rent, successfully preventing them from becoming homeless. The loan is interest free and enables people to manage their payments to suit their income level.

### Mortgage Rescue Scheme

The Mortgage Rescue Scheme is funded by central government but delivered through Housing Associations and Local Authorities. The scheme is targeted at potential cases of mortgage repossession with an income of less than £60,000 and a property value of less than £190,000. The applicant either sells out to the Housing association and becomes a tenant or they can part sell to a Housing Association in a similar way to Shared Ownership.

### Furniture projects

There are several furniture projects in Breckland, namely; Keystone Green Ventures, YMCA, Salvation Army and The Gatehouse. The projects recycle unwanted furniture for those on a low income who can not afford to furnish their home. It enables those that have just secured a tenancy to be able to move in without the need to borrow large amounts of money to furnish their home.

### Intensive Money Advice Service

The council works in partnership with a local Citizens Advice Bureau to deliver a debt advice service to those threatened with losing their home due to serious debt problems. The advisors work with clients to reduce their debts, secure their home and put plans in place to continue to reduce their debts.

### Affordable housing

The provision of other housing options for people who can not buy their own home is available through the many Landlords who operate in the District be that Private sector landlords or registered social landlords such as Housing Associations. A range of options are available to meet the financial situation of those seeking a home, from social rented accommodation to part own and part rent to ownership at a lower level.

Access is through the Councils Housing register and the

Housing Options team which manage the service.

## 6. Gaps in our service

Through looking at what we are doing and where we need to be we have identified a number of areas for improvement and development. As a housing focused document we recognise that a wider net needs to be thrown to tackle financial exclusion for everyone and this is a start to that process.

**Recommendation 1:** Develop appropriate services for Breckland residents to increase awareness and greater understanding of financial matters because the current climate has seen an increase in the number of housing benefit claims made, an increase in the number of housing applications and the number of requests for debt advise.

We will do this by

- ⊙ delivering appropriate services and tools to reduce financial inclusion in a partnership approach with Housing Associations and voluntary organisations. We believe it has to be customer led through effective consultation to increase the knowledge, skills and ability levels of residents to budget and reduce outgoings.
- ⊙ aim to involve agencies/companies/financially excluded people in the delivery of the Financial Inclusion Action Plan

**Recommendation 2:** Reduce the number of homelessness applications for repossessions due to mortgage or rent arrears because we have seen an increase in the number of applications for advice and subsequent homelessness prevention action due to mortgage and rent difficulties .

We will do this by

- ⊙ raising awareness of Financial Inclusion and increase access for our residents to affordable and manageable financial services
- ⊙ Increasing the skills and knowledge of our front line staff so they are better equipped when supporting customers who may be financially excluded
- ⊙ Ensuring the appropriate support and advice services are available to all residents

- ⊙ Reducing the number of customers struggling as a result of using illegal money lenders and offering alternative options
- ⊙ Educating young people about the importance of budgeting and prioritising payments
- ⊙ Continuing a supply of housing options

**Recommendation 3:** Lift 200 households out of Fuel Poverty each year because the increase in energy bills more households are finding it difficult to manage not just in keeping warm but in travelling to key services.

We will do this by

- ⊙ increasing household income and lower residents energy bills by improving energy efficiency of homes
- ⊙ Increasing the number of customers benefitting from bulk fuel ordering schemes
- ⊙ Increasing household income of those who are financially struggling

**Recommendation 4:** Increase awareness of debt organisations through public and employer debt information and advice sessions because we are a large rural area we recognise that not everyone has access to services which are predominantly provided in the market towns.

We will do this by

- ⊙ Increasing access to independent and impartial debt advice through voluntary and statutory organisations
- ⊙ Providing information and advice for residents affected by some of the issues relating to financial inclusion

It is recognised that the strategy is a housing focused document and the direction of travel needs to move it to a joined up approach from all departments across the Council. We will aim to have the strategy and action plan reviewed annually until a new inclusive strategy is produced.

## Financial Inclusion Action Plan

**Recommendation 1:** Develop appropriate services for Breckland residents to increase awareness and greater understanding of financial matters .

### Aim to

- ⊙ deliver appropriate services and tools to reduce financial inclusion in a partnership approach with Housing Associations and voluntary organisations. We believe it has to be customer led through effective consultation to increase the knowledge, skills and ability levels of residents to budget and reduce outgoings.
- ⊙ aim to involve agencies/companies/financially excluded people in the delivery of the Financial Inclusion Action Plan

### Outcome

Appropriate services made available to residents of Breckland

Ref	Action	Partner	Resources	Timescales
1.1	Meet with agencies/companies to gain commitment and ownership over delivery of the Action Plan, formalise partnerships to	Breckland Council	Within existing resources	Ongoing
1.2	Incentivise customers who are potentially financially excluded and/or not financially capable to participate in consultation, which will help shape the development of actions	Breckland Council / Mancroft Advice Project	£250 required Homelessness Prevention Fund	Ongoing

**Recommendation 2:** Reduce the number of homelessness applications for repossessions due to mortgage or rent arrears.

### Aim

- ⊙ raise awareness of Financial Inclusion and increase access for our residents to affordable and manageable financial services
- ⊙ Increase the skills and knowledge of our front line staff so they are better equipped when supporting customers who may be financially excluded
- ⊙ Ensure the appropriate support and advice services are available to all residents
- ⊙ Reduce the number of customers struggling as a result of using illegal money lenders and offering alternative options
- ⊙ Educate young people about the importance of budgeting and prioritising payments
- ⊙ Continue a supply of housing options

### Outcome

Reduction of homeless applications vs enquiries to 15% for mortgage arrears/ repossessions and 5% for rent arrears and possessions on private sector tenancies. Increase in the use of Credit Unions and reduction in the use of illegal money lending.

Ref	Actions	Partner	Resources	Timescales
2.1	Provide training to Breckland front line staff specifically aimed at increasing their knowledge and skills when supporting customers who may be financial excluded and/or not financially capable	Breckland Council	Breckland Council	During 2009/10
2.2	Approach Housing Associations in Breckland to facilitate an information session for their staff regarding loan sharks from a representative of the Illegal money lending team	Breckland Council / Trading Standards	Within existing resources	All Associations by March 2010
2.3	Arrange for a representative of the illegal money lending team to give an information session regarding loan sharks to the Homelessness Forum and Homelessness Team Meeting	Breckland Council / Trading Standards	Within existing resources	Completed

Ref	Actions	Partner	Resources	Timescales
2.4	Deliver lessons in schools to educate and raise 15 and 16 year old skills for independent living	Breckland Council / YMCA	£30,000 CLG grant linked to schools project	To be delivered during 2009/10
2.5	Investigate and develop a mobile phone tenancy program to help young people understand responsibilities of budgeting and renting/owning a property	Breckland Council / Housing Associations / YMCA schools project	£6000, Part funding identified further resources to be sourced.	March 2010
2.6	Approach Housing Associations in Breckland and Home Insurance providers to further market their home insurance packages to social tenants	Home Insurance Providers / Housing Associations	Resources to be identified with partners	30 September 2009
2.7	Support the introduction and promotion the CUNA affordable insurance options to Credit Union customers	Breckland Council / Norfolk Credit Union	Norfolk Credit Union	30 March 2010
2.8	Support the creation of a Credit Union Current Account and the ability for customers to have a separate budget account	Breckland Council / Norfolk Credit Union	Resources to be identified with partners	30 March 2011
2.9	Promote a young savers account for people aged 0-16 to Housing Association tenants in Breckland	Breckland Council / Credit Unions / Housing Associations	Within existing resources	30 Dec 2009
2.10	Promote a Credit Union lock-in savings account to Housing Association tenants in Breckland	Breckland Council / Credit Unions / Housing Associations	Within existing resources	30 Sept 2009
2.11	Support the expansion of a Credit Union outlets in all Breckland market towns	Breckland Council / Norfolk Credit Union/ Housing Associations	Resources to be identified with partners	30 March 2010
2.12	Support the recruitment of Credit Union village representatives	Breckland Council / Norfolk Credit Union	Resources to be identified with partner	30 March 2010
2.13	Approach Housing Associations in Breckland to set-up a hardship fund where Credit Union loans are guaranteed by them to enable their tenants to borrow	Breckland Council / Credit Unions / Housing Associations	Credit Unions / Housing Associations	Ongoing
2.14	Investigate and develop a mobile banking service for residents in rural Breckland	Breckland Council / Banks / Building Societies	Resources to be identified with partners	30 March 2011
2.15	Investigate and develop a scheme to allow Breckland residents to acquire free or subsidised computer equipment and internet access	Breckland Council	Resources to be identified	30 March 2011

**Recommendation 3 :** Lift 200 households out of Fuel Poverty each year .

**Aim**

- ⊙ Increase household income and lower residents energy bills by improving energy efficiency of homes
- ⊙ Increase the number of customers benefitting from bulk fuel ordering schemes
- ⊙ Increase household income of those who are financially struggling

**Outcome**

200 households lifted out of fuel poverty

Ref	Actions	Partners	Resources	Timescales
3.1	Support the set-up a bulk oil ordering scheme in multiple Breckland parishes	Breckland Council / Parish Clerks	Within existing resources	30 December 2009
3.2	investigate gas and electricity bulk ordering schemes	Breckland Council	Within existing resources.	30 December 2010
3.3	Promote take up of benefits to Breckland Residents and help residents to maximise their income.	Anglia Revenues Partnership/Job Centre Plus/DWP/CAB	Anglia Revenues Partnership/Job Centre Plus/ DWP/CAB	Ongoing
3.4	Promote the take up of Warmfront to private sector tenants and homeowners by means of council publications, leaflets and our website to utilise further insulate their home and improve energy efficiency	Breckland Council / Warmfront	Within existing partner resources	30 June 2009 Ongoing
3.5	Investigate and develop a tailored programme of short-term vocational/soft basic skills training that help support individuals who are not eligible for mainstream provision	Breckland Council / Employment Agencies / Job Centre / Housing Associations	Resources to be identified with partners	30 March 2011

**Recommendation 4 :** Increase awareness of debt organisations through public and employer debt information and advice sessions.

**Aim**

- ⊙ Increasing access to independent and impartial debt advice through voluntary and statutory organisations
- ⊙ Providing information and advice for residents affected by some of the issues relating to financial inclusion

**Outcome**

Improved resources available for residents to increase awareness of financial and advice services

Ref	Action	Partner	Resources	Timescales
4.1	Produce an information booklet and aim to distribute to the majority of households across Breckland; the information booklet will include; Dangers of loan sharks Benefits of Credit Unions Affordable Housing Schemes Mortgage rescue packages Budgeting tools Where to go to get financial advice Cut through the financial jargon	Breckland Council / Trading Standards / Credit Unions / Citizens Advice	Resources to be identified with partners	30 September 2009

Ref	Action	Partner	Resources	Timescales
4.2	Create a 'financial inclusion web page' which gives residents of Breckland information detailed in 4.1	Breckland Council / Trading Standards / Credit Unions / Citizens Advice	Within existing resources	30 September 2009
4.3	Create sign-posting information that details where residents that are in financial difficulty can go to get advice and distribute to Parish Clerks to place in village halls	Breckland Council / Parish Clerks	Within existing resources	30 September 2009
4.4	Hold a Money Fair to provide residents with information and advice from a range of agencies, e.g. benefits, housing, debt etc	Breckland Council / Anglia Revenues Partnership / Citizens Advice	Within existing resources	Completed
4.5	Provide financial education to employees in their place of work by providing a free resource to employers.	Breckland Council / FSA	FSA	March 2011
4.6	Create a specific 'tenants' pack for customers going into Private Rented Accommodation that includes budgeting tools, information on their responsibilities as a tenant and places where they can go to get financial help and support.	Breckland Council	Homelessness Prevention Fund £600-£1,000	30 June 2009