



**NORWICH**  
City Council

# **Making your money count**

a Financial inclusion strategy  
for the city

**2009-10**

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## Foreword from Councillor Alan Waters

Norwich is known as a prosperous city, the economic, social, cultural and environmental hub for the wider region. However, deprivation levels in Norwich remain high in certain areas and this means that many people are not able to benefit from the city's successes. More than 30 per cent of Norwich children are affected by income deprivation and Norwich has the highest proportion of housing and council tax benefit recipients of all local authorities in the eastern region. Average resident earnings are low compared to the rest of the region, and many people (as is the case nationwide) have made financial choices that have led to financial difficulties.

This is partly a result of low income and financial capability, as well as limited access to products and services that enable people to manage their money effectively. It is likely that the recession will lead to even more restricted availability of products and services due to more cautious procedures and practices from providers.



Norwich City Council's executive prioritised the development of a financial inclusion strategy in 2008-09. This was in order to assess the current situation in Norwich and plan a coordinated response to financial exclusion. Financial exclusion is where residents' access to income, advice and products that would assist them with personal finances is restricted due to lack of availability or awareness. Financial exclusion is most prevalent in areas of urban deprivation, and Norwich is one of the most financially excluded local authorities in the eastern region.

The council acknowledges that long-standing issues regarding income deprivation and poverty in some parts of the city need to be addressed. The recent economic downturn has increased the significance of this strategy, which is one of several council initiatives designed to support people through and beyond the recession. Financial inclusion will continue to be a priority for the council after the recession to ensure that all residents can access products and services that help them to manage their money effectively.

### Councillor Alan Waters

Portfolio holder for corporate resources and governance



## 1. Introduction

**1.1** Two million adults in the UK do not have access to a bank account. At least three million people cannot get mainstream credit and half of the poorest households have no home contents insurance. This is the reality of financial exclusion. Financial exclusion hurts individuals, disrupts families and burdens society. It makes living on a low income more expensive, unstable and stressful than it would otherwise be, and acts as a barrier to personal development and economic progress. For instance, without a bank account people cannot get the discounted prices for gas and electricity by direct debit. Without insurance or savings, it can be impossible to recover from a flood or burglary. Debt problems can lead to mental health issues, family breakdown or homelessness.



**1.2** Traditionally anti-poverty strategies in the United Kingdom have focussed on income maximisation – putting more money into peoples’ pockets, often by ensuring that individuals are supported to claim the state benefits that they are entitled to. However, in the last five years, financial inclusion has become a key method of reducing poverty by enabling people to manage better with the money they do have. Norwich City Council acknowledges that both income maximisation policies and a financially inclusive society are essential in order to reduce poverty in Norwich; both principles are employed in this strategy.

**1.3** The current recession reinforces the importance of putting more money into the pockets of Norwich residents as well as enabling people to access support and advice to manage their finances. As shown by the evidence contained in this strategy, Norwich is one of the most financially excluded districts in the eastern region and the impact of the recession will exacerbate the situation further. It is anticipated that the strategy will not remain static; it will evolve to embrace developments in the local and national economy and new government initiatives. In order to implement a financial inclusion strategy it is vital for Norwich City Council to work in partnership with key stakeholders from the public, private and voluntary and community sector.

## 2. What is financial inclusion?

**2.1** Financial inclusion is:  
'A state in which all people have access to appropriate, desired financial products and services in order to manage their money more effectively. It is achieved by financial literacy and financial capability on the part of the consumer, and access on the part of financial product, services and advice suppliers.'

**2.2** Financial exclusion can manifest itself in a number of ways:

- lack of access to a bank or building society account
- exclusion from cheaper services such as direct debit discounts
- lack of necessary financial services and credit such as insurance eg home contents insurance and pensions
- limited access to services which could improve an individual's financial situation such as advice and education
- arrears of rent, utility, council tax, TV licence payments
- disconnection from utilities
- reliance on non-mainstream credit (sources other than high street banks where APR for credit can range from 100-400 per cent)
- an inability to save even small amounts.

## 3. Financial capability

**3.1** Financial inclusion should be viewed hand in hand with improved financial capability/literacy. Making sense of the range of products and services available and what best suits individual circumstances requires a certain degree of financial capability. Simply having access to a bank account or credit cards does not necessarily make an individual more financially included, as ill-informed decisions can lead to financial difficulties and even over-indebtedness.

**3.2** Moreover, the Financial Inclusion Taskforce (instigated by HM Treasury) has emphasised the need to stimulate demand for appropriate services amongst excluded groups. Some people are reluctant to take up advice, even when it is available. The reasons for this can vary and include :

- a culture of not using financial advice services
- a lack of trust in advice services
- a lack of understanding on the value and relevance of advice services
- a lack of knowledge about where to find advice
- prohibitive costs of services.

**3.3** Financial capability can be determined by how well people:

- make ends meet and budget accordingly
- keep track of finances
- plan ahead for the future – retirement
- choose financial products that meet financial needs
- stay informed about finance matters eg energy prices.

#### 4. Who is affected by financial exclusion?

**4.1** Research has shown that certain groups are more at risk of becoming financially excluded than others; various changes in circumstances can also be a contributing factor.

Groups more likely to be affected	Changes in circumstances
Households on low and insecure income and/or in receipt of benefits	Moving out of parental home
Single parents	Loss of employment
Social tenants	Divorce
Refugees and asylum seekers	Illness or death within the family
Over 60s	New parents
Young people between 18 and 24	Change or cessation in benefit eligibility
People with disabilities or additional learning needs	Start up of a business
The homeless	Going in or coming out of prison
Single people living alone	
Victims of domestic violence	

**4.2** Contact with local authorities who have been awarded beacon status for promoting financial inclusion has established that they appear to focus their efforts on specific groups (such as those listed above) so that the most financially excluded people are targeted as opposed to a more universal approach. However, the recession is likely to increase the number of people who suffer from financial exclusion, particularly regarding financial advice. Therefore this strategy considers targeted and generic approaches given the current financial issues facing the city.



*Particularly NEET young people (not in education, employment or training)*

## 5. Benefits of financial inclusion

Financial service	Why it is needed	Consequences of financial exclusion
<b>Money guidance and education</b>	<ul style="list-style-type: none"> <li>To enable people to make the most of their money, using financial products and services well.</li> </ul>	<ul style="list-style-type: none"> <li>People do not make the most of their money.</li> <li>People do not make the most of the financial services that they do have, which decreases the benefits of having them.</li> </ul>
<b>Bank account</b>	<ul style="list-style-type: none"> <li>To store, save and access money safely.</li> <li>To make electronic payments by direct debit, standing order and, where accounts have them, debit cards. Some goods can only be bought over the internet or phone. Others, such as satellite TV, are only available by direct debit. Some goods and services, including gas and electricity, are cheaper when paid for electronically.</li> <li>It is a gateway to other services: bank account holders can build up a credit rating, learn about finance, and are exposed to marketing. Some accounts are a direct gateway to credit, via overdrafts.</li> </ul>	<ul style="list-style-type: none"> <li>Managing money can be more complicated, take longer, and be less secure.</li> <li>People miss out on the discounts that come with paying by direct debit for services like gas and electricity.</li> <li>It is harder to get a job, because most employers pay wages electronically.</li> <li>People are forced to rely on cheque cashers.</li> <li>People do not get opportunities to access other services.</li> <li>It is harder to build up assets.</li> <li>It is hard to access welfare including state benefits, local housing allowance and manage personal care packages</li> </ul>
<b>Affordable credit</b>	<ul style="list-style-type: none"> <li>To smooth consumption when income or expenditure varies eg at Christmas or birthdays, and to smooth consumption over a lifetime.</li> <li>To meet emergency needs.</li> <li>To develop assets.</li> </ul>	<ul style="list-style-type: none"> <li>Reduces opportunities (such as school trips and training).</li> <li>People have to go without, or may rely on expensive or illegal lenders.</li> <li>Doorstep lenders cost the local economy significantly.</li> <li>It is harder to acquire assets or become a homeowner.</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>To smooth consumption when income or expenditure varies eg at Christmas or birthdays, and to smooth consumption over a lifetime.</li> <li>To meet emergency needs.</li> <li>To develop assets.</li> <li>To increase confidence and sense of security.</li> </ul>	<ul style="list-style-type: none"> <li>People have to turn to credit in emergencies.</li> <li>Reduces opportunities (such as school trips and training).</li> <li>It is hard to acquire assets or investments, or to become a homeowner.</li> </ul>
<b>Contents insurance</b>	<ul style="list-style-type: none"> <li>To replace assets lost in the event of a crisis such as a fire or burglary.</li> </ul>	<ul style="list-style-type: none"> <li>People are at risk of serious losses.</li> </ul>
<b>Debt advice</b>	<ul style="list-style-type: none"> <li>To help people manage a crisis.</li> <li>To reduce the impact of debt-related mental health issues upon public sector budgets.</li> </ul>	<ul style="list-style-type: none"> <li>People can suffer stress and anxiety over unmanageable debt.</li> <li>It can lead to ill health and relationship breakdown.</li> <li>People can lose assets and even go bankrupt.</li> </ul>

**5.1** In addition, owed rent arrears impacts negatively on social and private housing providers. Moreover, many people admit to taking time off work due to money worries thus impacting on the wider economy.

**5.2** Greater numbers of affluent people are seeking debt advice as the recession bites, according Consumer Credit Counselling Service. 12 per cent of the organisation's 93, 720 clients in 2008 had a household income of more than £30,000, a rise from 8.7% in 2007.

## **6. Government action**

**6.1** The Government's first financial inclusion strategy, Promoting financial inclusion, was published in December 2004, and included the following key announcements:

- The creation of a dedicated Financial Inclusion Fund of £120 million for the 2005-08 spending period.
- Prioritisation of the three areas of access to banking, affordable credit and free face-to-face money advice.
- The establishment of an independent Financial Inclusion Taskforce to advise the Government and monitor progress.

**6.2** In 2004, the Government announced a goal, shared with the banks, of halving the 2.8 million adults living in 1.8 million households without access to a bank account. Family Resources Survey data shows that the number of unbanked people in 2005-06 had fallen to 2 million adults, living in 1.3 million households, meaning that 800,000 adults had been brought into banking between 2002-03 and 2005-06.

**6.3** Since 2006, the Financial Inclusion Fund (provided by the Financial Inclusion Taskforce) has provided growth funding for third sector lenders. The growth fund is a £42 million initiative run by the Department for Work and Pensions (DWP), which has contracted with over 100 third sector lenders around Great Britain. The fund provides capital for lending to financially excluded customers, with revenue support to meet costs.

**6.4** To increase the supply of free face-to-face money advice the Department for Business, Enterprise and Regulatory Reform (BERR) is administering £47.5 million to recruit and train over 500 new money advisers; these new advisers are now in post and have so far provided crucial assistance to over 66,000 clients struggling with debt.

**6.5** The next steps: financial inclusion: the way forward (TWF) – was published in March 2007. This strategy announced a policy framework for financial inclusion in 2008-11 including:

- a new Financial Inclusion Fund for 2008-11
- an extension of the Financial Inclusion Taskforce until March 2011, so that it can continue to monitor and evaluate progress and advise the Government on financial inclusion developments
- a ministerial working group chaired by the Economic Secretary to the Treasury, with members from DWP, BERR, the Department for Communities and Local Government (CLG), the Cabinet Office (CO) and the Ministry of Justice (MoJ) to develop a detailed action plan for financial inclusion in 2008-11.

## 7. National facts about financial exclusion

### 7.1

Component of financial exclusion	Prevalence of exclusion
<b>Not being financially capable</b>	The 2006 Financial Services Authority (FSA) baseline survey of financial capability in the UK found that 1.5 million people are falling behind with bills or credit commitments, and another 3 million face a 'constant struggle' to keep up.
<b>Not having and using a bank account</b>	3 million adults in the UK do not have access to a transactional bank account, according to the Family Resources Survey (2005/6). One in nine of the poorest households do not have an account.
<b>Not using mainstream, affordable credit, and using expensive sub-prime credit</b>	In 2005, researchers at the University of Bristol conservatively estimated that more than three million people living in the poorest UK households are excluded from the mainstream credit market. A similar number use expensive sub-prime credit, such as doorstep loans and pawnbrokers. Some people use both mainstream credit and sub-prime credit; others use neither. Low income consumers pay on average £129 per month in interest – 11 per cent of their income – servicing high cost borrowing.
<b>Not building up savings</b>	The Family Resources Survey (2005/6) found that 28 per cent of households have no savings, rising to 43 per cent for households earning less than £300 per week. The 2006 FSA baseline survey suggested that the numbers of people without savings may be even higher, finding that 43 per cent of all households have no savings at all, with a further 15 per cent only having savings of less than half of one month's income.
<b>Not having insurance</b>	Half of the poorest households have no home contents insurance, compared to only a fifth of those on average incomes. Households with without home contents insurance are more than three times as likely to be burgled as those with insurance.
<b>Being over-indebted</b>	7 per cent of households are at least two months behind on at least one credit or bill payment. An average of 292 people are declared bankrupt or insolvent every day.

**7.2** Research suggests that the 'poverty premium' – the total cost borne by low-income families as a result of financial exclusion – can amount to more than £1,000 per annum and this is a major contributor to childhood poverty.

## 8. Financial exclusion in the East of England

- 8.1** Of the 4.6 million working age people living in the East of England:
- 28 per cent have no savings account
  - 4 per cent have no current account
  - 13 per cent have been refused credit in the past
  - 29 per cent have no home contents insurance
  - 47 per cent have no credit card
- 8.2** The distribution of financial exclusion in the Eastern region is concentrated in urban areas. Mapping financial inclusion at the local super output area (LSOA) level confirms a strong inverse relationship household income. Conversely financial exclusion is strongly correlated with areas of multiple deprivation, high populations of benefit claimants, migrant communities and tenants of rented accommodation.

## 9. The situation in Norwich

- 9.1** The Norwich Needs research study (2007) provides useful statistical data suggesting that many Norwich residents fall into the most 'at risk' categories in terms of financial exclusion (see section 4.1). It also reflects high levels of income deprivation.
- The city has high levels of young adults, social housing and one person households
  - Norwich is the second most deprived of 49 local authorities in the region in terms of average Indices of Multiple Deprivation score
  - The proportion of working age people claiming benefits across the city remains above the national average – in August 2008 there were just under 14,000 claimants in the city. In February 2009, Norwich City Council paid 16,449 benefit claims (housing and council tax benefit).
  - Resident weekly earnings in Norwich are below county, regional and national averages. Norwich is among the 10 per cent of local authorities in the country with the lowest median earnings, with only Great Yarmouth having lower earnings in the region.
  - The lowest earners in Norwich earn only one fifth the median national wage.
  - The number of people experiencing income deprivation has increased between 2004 and 2007:

	2004	2007
Income scale	21,460	24,239
Income deprivation affecting children	6,413	6,501
ID affecting older people	4,720	5,257
Employment scale	9,339	9,539



**9.2** Information received from Norwich and West Norfolk Citizens' Advice Bureau (CAB) highlights that debt is a serious issue in Norwich and the demand for debt advice is increasing significantly. Debt remains the single biggest issue for Norwich CAB clients – figures from the 2007/08 annual report show that debt represents approximately 40 per cent of all issues that clients bring to CAB (25,115 out of 65,659). Although actual levels of debt per CAB client fluctuate, the demand for debt advice has increased by approximately 20 per cent per annum for the past three years.

The greatest impact of this increase in demand is that customers have a longer waiting period before they can see someone. This is a serious issue when relating to debt advice for individuals, as the longer debt problems continue the worse their situation becomes. Moreover, Norwich CAB currently run a project providing face to face debt advice that records information regarding financial exclusion indicators. The indicators used are: no bank account; no savings; user of high interest credit; priority debts owed; income below £14.5k; and advice sought previously. The figures below suggest that the majority of CAB clients are financially excluded.

### 9.3 Norwich CAB clients

	<b>November 2006</b>	<b>October 2008</b>	<b>March 2009</b>
Average indebtedness per client (£)	28,153	38,198	27,540
Average value of priority debt (£)	1898	5318	3480
% of clients with non-priority debts over £100k		7	
% of clients with non-priority debts over £50k		17	
Average number of creditors	8	11	8
% of clients recording at least two indicators of financial exclusion	n/a	53	45
% of clients recording three or more indicators of financial exclusion	n/a	40	55

**9.4** A small sample of customers who have accessed Norwich City Council’s money advice team reflected the following with regards to access to products and sources of credit:

Access to products:

Product	Bank account	Savings	Credit card	Bank loan	Home contents insurance	Car insurance
% of cases	93%	0%	20%	13%	13%	27%

Sources of debt:

Typical APR	Credit source	% of cases
17.9%	Overdraft	33%
8.9-9.9%,	Bank loan	40%
16-17%	Credit card	40%
117%	Licensed doorstep lender	67%
1000%	Loan shark	3%
29%	Catalogues	67%
12.67%	Credit union	3%
24%	Store cards	33%
n/a	Friends/family	13%
n/a	Other	23%

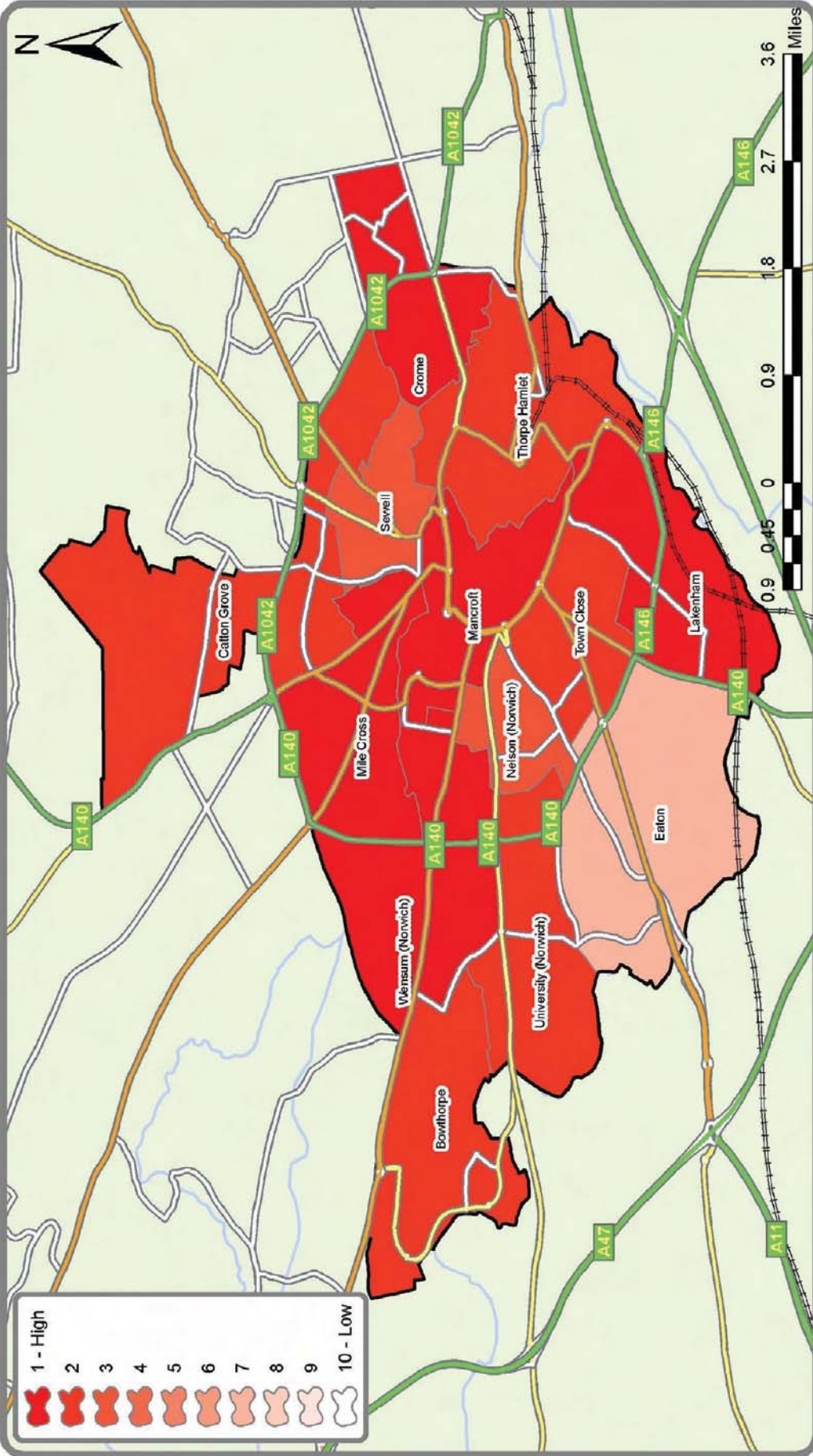
**9.5** Key points to note from these statistics are that they indicate:

- a high proportion of council tenants use door step lenders and catalogues as a source of credit even though the interest charges can be high
- tenants who experience debt problems tend not to have home contents insurance
- borrowing from credit unions is limited.

**9.6** Experian has undertaken some mapping at ward level which reflects the ‘likelihood’ of being financially excluded in Norwich. The map and table overleaf reflect the high probability of Norwich residents being financially excluded. Ten of our thirteen wards are ranked in the top two deciles when compared to other wards across the country. The variables used by Experian to construct ward rankings are attached in the appendices.

# Norwich

Wards colour-coded by their level of Financial Exclusion



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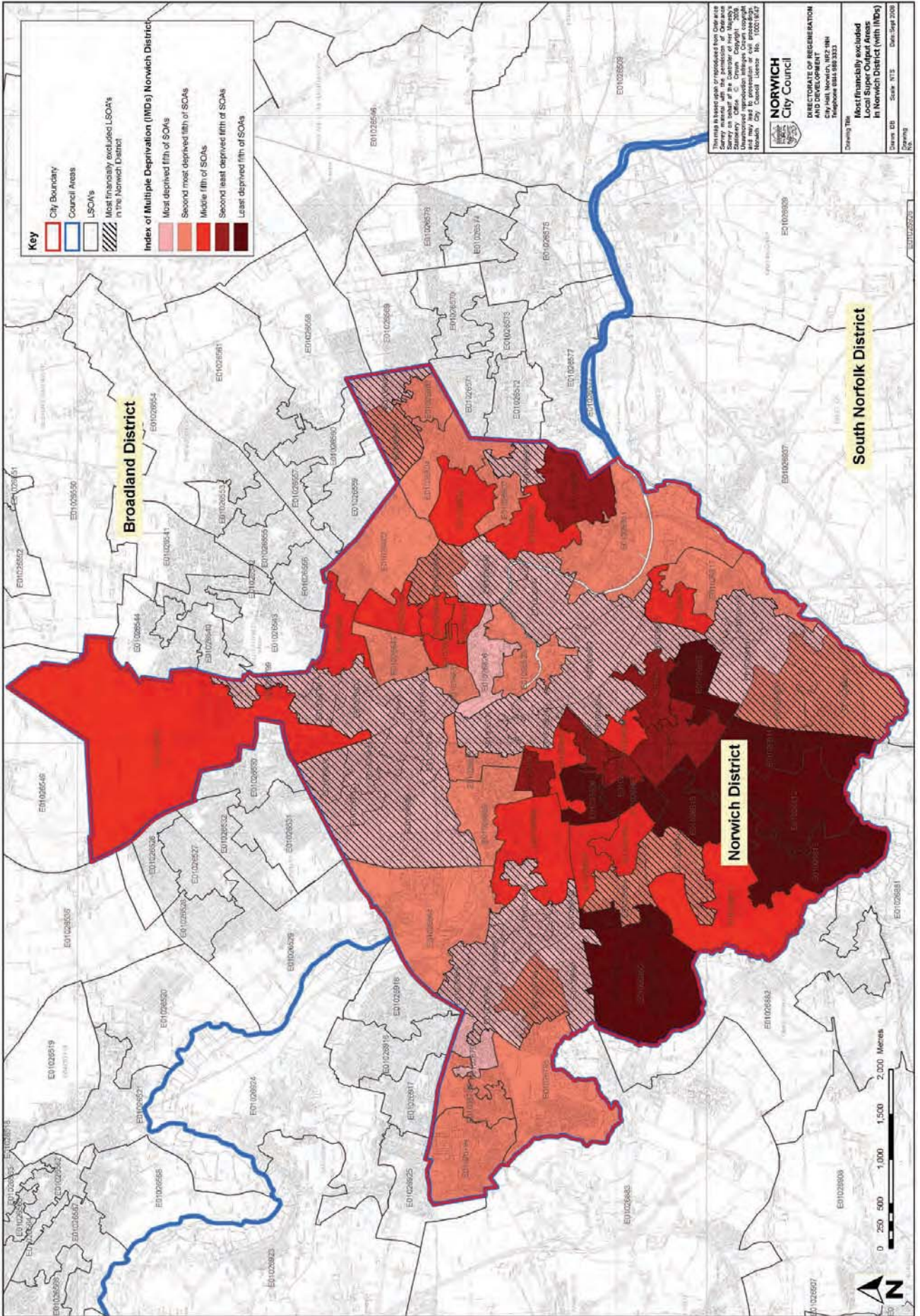


Ward ranking:

Rank – Norwich LA	GB rank	Decile	Ward	Local authority
1	401	1	Mancroft	Norwich
2	473	1	Mile Cross	Norwich
3	851	1	Lakenham	Norwich
4	877	1	Wensum (Norwich)	Norwich
5	999	1	Crome	Norwich
6	1065	2	Catton Grove	Norwich
7	1189	2	Bowthorpe	Norwich
8	1225	2	University (Norwich)	Norwich
9	1383	2	Town Close	Norwich
10	1484	2	Thorpe Hamlet	Norwich
11	2145	3	Sewell	Norwich
12	2707	3	Nelson (Norwich)	Norwich
13	6442	7	Eaton	Norwich

**9.7** In addition, the East of England Development Agency (EEDA) commissioned research (2008) into levels of financial inclusion at a local super output area level (LSOA). Using the following variables, the most financially excluded LSOAs have been identified: no savings account; no current account; refused credit in the past; no home contents insurance; no credit card. When overlapped with data from the Indices of Multiple

Deprivation (2007), it is clear that the most financially excluded areas in Norwich correlate almost perfectly with the most deprived areas. This is portrayed via the map overleaf. Norwich has a population of approximately 60,000 people living in the most excluded LSOAs and the highest number of significantly excluded LSOAs in the eastern region. See the appendices for more detail regarding this analysis.



## 10. Current activity in Norwich

A range of support and services are currently available and on offer in Norwich. This includes services that are specific to certain groups, such as council tenants or specific sectors such as small businesses. These include:

### 10.1 Free money advice

Norwich's CAB is the main provider of free money advice through generalist advice and debtline services. CAB also carry out regular outreach advice (generalist and benefits advice on alternative weeks) in the NELM area (North Earlham, Larkman and Marlpit). Norwich City Council tenants have access to a team of money advisors who provide free face to face money advice in tenants' homes, including negotiations with creditors, budgeting, debt advice, representation at court, maximising income and improving financial capability. The Money Advice and Budgeting Service (MABS), based at West Norwich Credit Union but open to all Norwich residents, helps people to reduce their debts and manage their money better. Norfolk Community Law Service provides free debt advice for offenders, ex offenders and their families.

### 10.2 Community development finance institutions (CDFIs)

CDFIs are independent organisations that provide loans and support to businesses and individuals, particularly people who have had trouble obtaining finance from banks/building societies. Several CDFIs are present in Norwich including: norwich4business, Foundation East, Women's Employment Enterprise and Training Unit (WEETU), and Norfolk and Waveney Enterprise Services (NWES). In addition, the Local Enterprise Growth Initiative (LEGI) Neighbourhood Business Grant Scheme provides grants to local businesses.

### 10.3 Social Fund

The Social Fund is administered by Jobcentre Plus. It provides lump sum payments, grants and loans. Loans and Community Care Grants from the Social Fund are discretionary and not for a standard amount. People can access the Social Fund for important costs that are hard to pay for out of regular income. The government are currently consulting on reforming the Social Fund via the Welfare Reform Bill.

### 10.4 Support from social housing providers

Most housing associations that have properties in Norwich offer a tenancy pack which is given to customers with lots of information regarding their tenancy, including energy suppliers and who to contact if there is a problem with paying rent. Prospective Norwich City Council tenants can receive advice on budgeting, finances, tenancies and paying rent through tenancy awareness sessions. Norwich City Council's housing team also work in partnership with Stonham Homestay to provide support for people who are need help to settle into a new property or support when at risk of losing their home.

### 10.5 Low-cost home contents insurance

The majority of housing associations in Norwich offer affordable home insurance to their tenants, either through AON or the National Housing Federation. Norwich City Council tenants are able to access low cost home contents insurance which is included with rent charges.

## **10.6 Housing mediation scheme**

Prior to being summoned to a court hearing, Norwich City Council tenants with rent arrears are invited by the court to attend a meeting with an advisor from Norfolk Community Law Service. During this meeting contact is made with an arrears officer to negotiate a repayment scheme and a benefits advisor to ensure that all benefits are being claimed. This scheme, successfully piloted with council tenants, is currently being rolled out to other social housing providers in Norwich and the Ministry of Justice are promoting the scheme nationwide.

## **10.7 Energy efficiency**

Several council-led projects exist to encourage energy efficiency in the home; these have a positive impact on the environment by reducing carbon emissions, as well as reducing household outgoings. The Norwich Warm Homes Project provides a range of services for all private sector households. Energy surveys are offered to priority group households and those with specific issues to help identify possible improvements that can save both energy and money, and grants are provided for loft and cavity wall insulation and heating improvements, through the council's energy supplier partner, the Government's Warm Front scheme and the council's own private sector renewals programme.

A newly-established, award winning partnership with the CAB will enable local residents with debt management issues or concerns about their energy bills to be referred through to Norwich City Council for advice, and work is underway to train several CAB staff to become energy champions. The highly successful Warm Let project provides grants to accredited landlords to make improvements to the energy efficiency of their properties, helping to ensure warm, healthy and affordable properties for tenants.

The Home Improvement Agency provides financial assistance to people in receipt of passporting benefits to enable them to improve their homes to the decent homes standard, to carry out minor repairs or improve disabled access. Norwich City Council is currently undertaking a window replacement scheme for council tenants, due for completion in 2012. All tenants will benefit from better insulation and more efficient heating as a result.

## **10.8 Benefits uptake**

Norwich City Council works in partnership with the pension service to target people who are entitled to benefits but are not claiming them. On an annual basis the pension service provide the council with a list of individuals who claim pension credits but do not claim housing or council tax benefit. This information allows the council to identify people who may not be claiming benefits even though they may be entitled to them; a benefits officer subsequently visits the individual and assists them with a benefits claim. The council also shares information with the pension service to enable them to target people who are not claiming pension credits.

## **10.9 Anti loan shark initiative**

A loan shark is someone who lends money without the appropriate licence issued by the Office of Fair Trading. Loan sharks rarely, if ever, give any paperwork and if payments are missed they often use intimidation and violence to get money from their 'clients'. The East of England illegal money lending team, working with Norfolk Trading Standards, has been working to reduce the number of illegal money lenders in the county and support victims of loan sharks.

## 10.10 Furniture projects

There are currently two furniture projects in Norwich providing affordable furniture to vulnerable people. Norfolk Homemakers provide low cost second hand furniture to the public. By means of a referral system, social services and Umbrella Housing Association clients can benefit from further discounts. The Salvation Army also offers low cost furniture. This is available to the public and informal referrals can be made from various agencies (including the council); in some cases the furniture provided is free with a small delivery charge.

However, there are signs that the supply of second hand furniture is reducing as people delay purchasing new items perhaps because of the impact of the recession.

## 10.11 Other voluntary organisations

A wide range of voluntary organisations play an important role in reducing financial exclusion in Norwich. For example, Build, who support adults and young people with learning difficulties, will be providing workshops to improve financial capability in 2009 in partnership with Norwich and Peterborough Building Society. Age Concern Norwich offers a variety of free advice for

older people including pensions, benefits and debts. The Mancroft Advice Project offer counselling and budgeting support for young people. Norfolk Community Law Service offers a range of free advice including advice on housing repossession. Norwich Consolidated Charities provides grants for Norwich residents to help relieve hardship and distress. The Foundation Training Company provides a resettlement programme for young offenders in HMP Norwich, and with changes occurring before the end of 2009, they will be able to offer the programme to all offenders, including adults. Part of the programme involves assisting clients to open bank accounts and teaching the importance of personal budget management.

## 10.12 Credit unions:

Credit unions are financial cooperatives owned and run by their members with a self-help ethos that enables members to save and borrow money to suit their own personal budget and circumstances. To become a member of a credit union you need to share a common bond with other members. Any profits made by credit unions are paid to members as an annual dividend. Norwich has four credit unions that are run by volunteers:

Name	Membership	Common bond	Further information
Wherry Dragon Credit Union	200	All local government employees of Norfolk	Formerly for Norwich City Council employees, the common bond has been recently expanded
Ketts Credit Union	150	Live or worship in east and north Norwich	Recent expansion supported by local churches where many collection points are based
Norwich Community Co-op Credit Union	180	Live in Norwich/employed by specific organisations in Norwich	Have established partnerships with the Mancroft Advice Project, City College Norwich and Solo (housing association)
West Norwich Credit Union	650	Live or work in west or south Norwich	Runs a junior savers club for young people and MABS

Norfolk Credit Union, based in Long Stratton, has recently expanded its common bond to cover anyone who lives or works in Norfolk. They have been awarded growth fund money from the DWP to allow the provision of instant loans to low income households. Norfolk Credit Union do not currently have a collection point in Norwich but plan to open one imminently. In the longer-term they hope to offer credit union card accounts to members. Membership is around 500 (March 2009) with numbers increasing by approximately 50 per month. Some housing associations (such as Wherry and Cotman) provide tenants with access to immediate loans through an agreement with Norfolk Credit Union.

Norwich City Council has commissioned a review of the work of credit unions to better understand:

- if the credit unions are effective in changing members behaviour for saving and obtaining credit from legitimate sources rather than doorstep loan companies
- how they might achieve a greater level of sustainability and become free standing – including marketing, diversification, growth and volunteer development
- the contribution credit unions can make as part of the financial inclusion tool kit.

The evaluation contains a number of recommendations including the following:

- Credit unions in Norwich are currently over dependent on volunteers and need resources in order to have an equal seat at the financial inclusion table. All the other organisations have paid staff with administration support while credit unions lack these resources.

- Nationally the majority of credit unions are now either employing staff or moving towards that as an urgent priority as part of any expansion plans for their businesses. As an interim measure an option could be to consider sharing a development manager employed by the Federation of Norwich Credit Unions and tasked with reaching agreed growth targets, and establishing more shared operations. While a dependency upon self-reliance is empowering and has contributed towards the underlying strength in these businesses, it does constrict growth and put unrealistic expectations upon time limited volunteers.
- On-going support for credit unions should be organised through a service level agreement (SLA) which can specify agreed outputs, outcomes and timescales. These might include numbers of new members, loans and savings as well as the introduction of new products and services. The SLA should be agreed with the Local Federation of Credit Unions thus ensuring that a common agenda is shared for the future. Specific financial inclusion work can also be negotiated and agreed through this mechanism.
- Look at the feasibility of the Federation of Credit Unions becoming a constituted organisation. This also opens up the possibility of the Federation becoming a CDFI which could engage in business lending and/or manage a growth fund contract.
- There is a need for Norwich credit unions to embed themselves in the wider credit union movement as they have been a little isolated due to lack of resources as well as geographical factors.

- The city council should provide strong leadership in the development of a financial inclusion toolkit by convening a task group of key partners and stakeholders including:
  - representatives from the Federation of Credit Unions
  - CAB in their capacity as the major provider of money advice and debt counselling services
  - Voluntary Norfolk
  - Norwich Consolidated Charities
  - relevant city council departments, particularly housing
  - major RSLs
  - a financial literacy provider, perhaps the local FE College
  - representatives of banks in their capacity as providers of basic bank accounts
  - Aviva.
- While so far payroll deduction facilities have been under-exploited the potential is there to expand much more into this important market. It can make an important contribution with regards to sustainability. As a counter balance to the higher costs of servicing cash transactions, the automated payroll accounts of mainly higher income members will help cross subsidise more expensive parts of the business. Market research with larger industrial credit unions also shows that this service is valued by lower income members such as part time workers including domiciliary and cleaning staff etc.
- Identify and analyse the underlying reasons for the migration of custom. This will have important implications for any financial inclusion strategy credit unions engage with. Credit unions may also need to expand their range of 'transactor' products to retain custom.
- Support the development of a targeted marketing strategy for Norwich credit unions.

## 11. What will the financial inclusion strategy achieve?

**11.1** 'Norwich City Council will work with key organisations from the public, private and third sectors to ensure that all residents in Norwich have the resources to enjoy a decent quality of life. This means that people should have enough money in their pockets, advice and support about managing their money effectively and access to reliable and safe sources of credit.' Councillor Alan Waters – executive member for corporate resources and governance at Norwich City Council

**11.2** The Financial inclusion strategy and action plan will build on the principles of the national approach and best practice and focus on:

- access to free money advice
- increasing access to financial products and services
- access to affordable credit.

In addition, this strategy incorporates measures to:

- income maximisation
- improve the way people manage their money
- working more collaboratively.

There is considerable overlap between these strategic themes and often the best approach is a holistic one. However it is sensible to stratify these themes to reflect the significance of each and allow an action plan to be developed under each theme. The strategy will work towards the Government's pledge to end child poverty by 2020 and compliment Norwich City Council's Affordable warmth strategy (due for completion in 2009). In addition, work undertaken under the banner of financial inclusion should take into account the council's draft Community engagement and

Diversity strategies. Actions that are put in place need to ensure that they reflect the needs of communities of place, identity and interest; service provision needs to be accessible both in terms of location and format.

**11.3** Improving levels of financial inclusion in Norwich also supports a number of city council corporate objectives, priorities of the Sustainable community strategy, and local area agreement (LAA) indicators. These are:

#### Norwich City Council corporate objectives

- **A strong and prosperous city** – working to improve the quality of life for residents, visitors and those who work in the city now and in the future
- **Safe and healthy neighbourhoods** – working in partnership with residents to create neighbourhoods where people feel secure, where streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities
- **Opportunities for all** – helping all of our communities to be able to access the wide range of services where there are active local communities

#### Sustainable communities strategy priorities

##### Theme 1 – City of economic growth and enterprise

- To help enterprise flourish.
- To raise aspirations, skills and achievement.
- To develop the right infrastructure for business.
- To raise Norwich's profile.
- To promote the well-connected city through sustainable transport.

##### Theme 3 – City of culture and creativity

- To improve quality of life.

##### Theme 4 – City of safe and strong communities

- To reduce crime and anti-social behaviour.
- To support families in crisis.

##### Theme 5 – City of health and well-being

- To reduce poverty and disadvantage.
- To reduce the incidence of mental health problems.
- To reduce health inequalities.
- To ensure adequate housing for all Norwich residents.

##### Theme 6 – City of learning and personal development

- To improve levels of educational attainment.
- To boost aspirations of and opportunities for people of all ages.

#### LAA indicators

- Working age people on out of work benefits.
- Tackling fuel poverty – percentage of people receiving income based benefits living in homes with a low energy efficiency rating.
- Fair treatment by local services.
- Individuals receive advice, advocacy and support to exercise choice and control over their lives.
- Mental health of adults and older people.

**11.4** Norwich City Council will employ a financial inclusion officer from April 2009 to implement the strategy in cooperation with key stakeholders. The key outcomes of the strategy are:

- **More money in people's pockets.**

Many people in Norwich have inadequate income levels (see section 9.1) and turn to credit to plug income gaps. Using credit is sensible to smooth out peaks and troughs but the use of perpetually extended credit to make ends meet suggests that a more fundamental problem of poverty needs addressing. A key measure to put more money into peoples' pockets is to ensure that benefits are claimed. The council will develop a programme of targeted benefits surgeries in partnership with the DWP. In addition, the council will play an educational role by publicising money saving projects (see section 10) and carry out research on the living wage – the appropriate wage required by people to live in Norwich above the poverty line.

- **Improved partnership working with relevant stakeholders to work together to combat financial exclusion through generic and targeted provision of advice and support.**

Financial inclusion covers a wide range of issues that cannot be tackled by one organisation. Extensive analysis has been carried out to map levels of income and rent arrears across Norwich. This data, coupled with financial exclusion mapping included in this strategy, will be used to target specific areas in Norwich that are the most financially excluded. The council will work in collaboration with relevant partners to identify priority locations to implement

outreach provision of debt and benefits advice, and improving financial literacy services. These areas should be identified in conjunction with those who have an in depth knowledge of local neighbourhoods, such as ward councillors, neighbourhood housing officers, community engagement officers and neighbourhood wardens as well as staff from partner organisations such as health visitors.

- **Decrease in the use of high interest credit providers, enabling individuals to save money and/or spend it in the local economy.**

The council will encourage residents to avoid using high interest credit providers via information disseminated in council publications and supporting the development of credit unions.

- **Increase the number of people with bank accounts, savings and home contents insurance.**

The council will work with private and third sector partners to promote the uptake of the above products. Training of front line staff will also equip them to support clients in obtaining appropriate financial products (see overleaf).

- **Improved availability and accessibility of free financial advice services.**

The council will provide additional funding to Norwich's CAB to increase its capacity to deliver debt advice in Norwich. This funding will enable the council provide fast-track referrals for debt advice and allow the CAB to provide more outreach advice in the community. The council will also develop web pages providing 'self help' support and relevant signposting for residents in need of financial advice.

- Improved financial capability.**  
Local partners have raised the issue of the importance of improving financial capability which can prevent financial exclusion as well as alleviate it. However, the idea of financial education is not immediately compelling, and it is not surprising that many people do not want to attend a class on budgeting, bank accounts or interest rates. Some organisations offer incentives to encourage participation in financial education. Another method is to target low income groups, such as social housing tenants, with marketing material prompting tenants to seek financial education. Timing is also important, as people are more likely to be receptive of financial education at certain times (see section 4.1). Norwich City Council will work with local agencies to develop a partnership approach to improving financial capability.

- Developing front-line intermediaries.**  
As reflected in this strategy, many organisations across Norwich already provide services that contribute to financial inclusion. A key issue that has been identified with partners is that front line staff would benefit from training to enable them spot the signs of financial exclusion and to signpost and support customers to access

the service most appropriate for their needs. It is also important that staff can offer basic advice regarding financial products in order to discourage residents from using expensive sources of credit such as doorstep lenders and catalogues. In order to be cost efficient, the training should be received by staff that are able to train other members of staff within their organisation. This training should be developed with input from external agencies and may include topics such as:

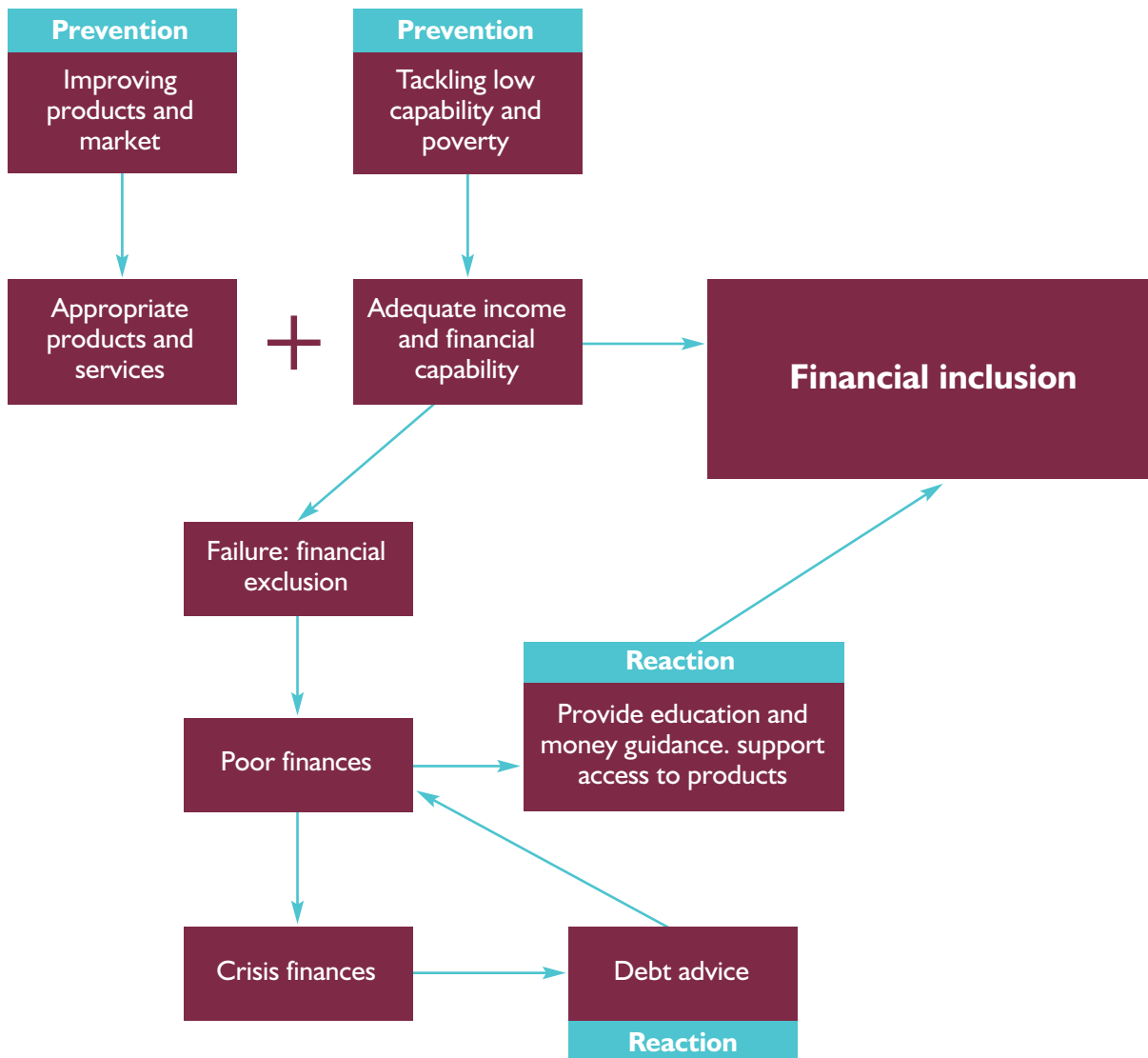
- financial inclusion – what is it and who does it affect?
- basic benefits awareness
- bank accounts – variances between different accounts and supporting clients to open the account appropriate for their needs
- credit unions – what are they and local provision
- financial advice – services provided locally and nationally
- financial capability – where can residents go to receive advice on managing their money?

Most of this training can be provided by Norwich City Council's financial inclusion manager, with support from external organisations such as credit unions and the financial inclusion champion for Norfolk.

## 11.5 The path to financial inclusion.

The above measures will work towards improving the levels of financial inclusion in Norwich as illustrated by the diagram below. For example, financial inclusion training will equip staff to support financially

excluded customers; a benefits uptake campaign and improving the availability of services tackling poor financial capability will act as a preventative measure; and increasing the capacity of debt advice provision in Norwich will assist those currently in financial crisis.



**11.6** Voluntary Norfolk organised a financial inclusion event in conjunction with Norwich City Council through the Norwich third sector forum in January 2009. The event focussed on the impact of the recession and sought the views of voluntary and community organisations for the financial inclusion strategy.

In February 2009, these recommendations were discussed at a joint meeting of the City of Norwich Partnership<sup>29</sup> and key advice providers in the city. The short, medium and long term priorities for the strategy were recommended under the following objectives.

	<b>Improving financial capability and access to products</b>	<b>Access to advice</b>	<b>Access to affordable credit</b>
<b>Short term (2009/10)</b>	<ul style="list-style-type: none"> <li>• Review current financial capability training available with a view to developing new provision if required</li> <li>• Publicise availability of training to stimulate demand</li> <li>• Promote social tariffs (utilities) to residents</li> </ul>	<ul style="list-style-type: none"> <li>• Address the need for more advice, information and training</li> </ul>	<ul style="list-style-type: none"> <li>• Advertise and promote credit unions, particularly through community groups</li> </ul>
<b>Medium term (2010/11)</b>	<ul style="list-style-type: none"> <li>• Develop support referral systems rather than relying on signposting alone</li> </ul>	<ul style="list-style-type: none"> <li>• Work towards removing the stigma attached to seeking help due to debts, possibly through anonymous case studies</li> </ul>	<ul style="list-style-type: none"> <li>• Information on personal budgeting ie MABS to be developed across all credit unions</li> </ul>
<b>Long Term (2011/12)</b>	<ul style="list-style-type: none"> <li>• Stronger emphasis on financial capability in schools, also to be conveyed to parents</li> </ul>	<ul style="list-style-type: none"> <li>• Increase and improve financial education from an early age and through life skills courses to decrease the need for advice</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate methods to allow residents access to immediate credit; encourage credit unions to work with larger institutions to develop a guarantee system for immediate loans.</li> </ul>

## 12. Developing an action plan

**12.1** Taking into account some of the long standing issues facing individuals and families in Norwich which have been accentuated by the impact of the recession, an action plan will be developed to put in place mitigating and supportive measures.

**12.2** The short term priorities have been identified in conjunction with partners and prioritise the issues faced by an increasing number of residents.

**12.3** The short term priorities proposed are:

- Increase the level of free debt advice and ensure it is available at neighbourhood level.
- Extend the Norwich MABS.
- Develop a multi-agency road show to provide information and advice to residents at a neighbourhood level.
- Develop the work of the community learning mentors to provide early financial capability learning as a pathway to more structured learning opportunities.

- Develop a multi-agency information point at the Norman Centre, Mile Cross.
- Develop a free swimming programme for residents who hold Go 4Less cards.
- Promote free events and activities through Citizen and other mechanisms.
- Develop a programme of targeted surgeries by the benefits team and staff from DWP.
- Undertake research into the opportunities for developing a living wage initiative in Norwich.
- Promote the services available from partners which contribute to financial inclusion through new printed, web based material and other mechanisms.
- Publish a Citizen special on the recession.

**12.4** These short term priorities are reflected in a 2009/10 action plan overleaf. The plan, along with medium and longer term objectives, will evolve and develop over the coming months.

### 13. Financial inclusion action plan 2009-2010

Abbreviations: NCC – Norwich City Council; CoNP – City of Norwich Partnership; CAB – Norwich Citizens’ Advice Bureau; FIM – financial inclusion manager; DWP – Department of Work and Pensions; NCLS – Norfolk Community Law Service; CU – credit union; 3SF – Third Sector Forum; NHS – National Health Service, Norfolk

Ref	Action	Lead partner	Resource implications	Time-frame	Output
<p><b>Theme: working more collaboratively</b>  <b>Goal: Involve partner agencies in the development and delivery of the financial inclusion strategy and action plan</b>  <b>Outcome: To provide effective services and support to Norwich residents via the implementation of a financial inclusion action plan</b></p>					
I.1	To organise awareness raising events and seek feedback from key partners to shape the financial inclusion strategy and action plan	NCC, Voluntary Norfolk, CoNP	Funded by NCC/Voluntary Norfolk	Completed January – March 2009	Norwich 3SF and CoNP recommendations
I.2	To set up an internal officer group to ensure ongoing information sharing and coordination between council departments	NCC	Nil	Completed February 2009	Quarterly information sharing meetings
I.3	The employment of a FIM to implement the strategy	NCC	Funded by NCC	Completed March 2009	FIM in post
I.4	Organise mobile Money Fairs to provide advice to residents in deprived communities on how to obtain support through the recession	NCC, third sector and other public organisations	£25,000	July – September 2009	Four Money Fairs
I.5	Work internally and with partners to identify key locations to provide outreach debt advice	NCC, CAB, NHS	FIM	April – June 2009	Priority locations selected
I.6	To develop financial inclusion training for front line staff (NCC and external partners)	NCC	£5000, FIM	April – June 2009	One day training courses designed
I.7	To deliver financial inclusion training for relevant front-line staff	NCC		July 2009 – March 2010	Three training days delivered
I.8	Develop a multi-agency information point at the Norman Centre, Mile Cross	NCC, third sector and other public organisations	Funded by NCC	April 2009	Locally delivered information and advice
I.9	Identify a method for NCC front-line staff to support vulnerable customers seeking advice	NCC	Funded by NCC	April – June 2009	Establish network of support staff

**Theme: income maximisation**

**Goal:** To identify ways of maximising the income of Norwich residents

**Outcome:** To reduce levels of income deprivation in Norwich

Ref	Action	Lead partner	Resource implications	Time-frame	Output
2.1	Development of a communications strategy to disseminate information regarding products and services that enable residents to improve their financial situation	NCC	£10,700	April 2009 – March 2010	Communications strategy implemented
2.2	To produce a May edition of Citizen focussing on the recession and money saving tips	NCC	£8000	May 2009	Every household in Norwich to receive May Citizen
2.3	To provide free swimming facilities to low income households	NCC	Funded by NCC	April 2009	Free swimming for Go 4less card holders
2.4	Research and map the living wage in a Norwich context	NCC, Unison	Funding to be identified	April 2009 – March 2010	Employment of research officer for six months to undertake the task
2.5	Develop a programme of targeted surgeries by the benefits team to provide benefits advice in local communities	NCC, third sector partners	Designated NCC benefits officer to lead	April 2009 – March 2010	At least four surgeries completed
2.6	Develop a programme of housing and council tax benefit take up campaigns for targeted groups	NCC	See reference 2.1	May 2009 – March 2010	Three benefit take up campaigns
2.7	Develop a benefit take up campaign focussed on disability living allowance (care) and attendance allowance	NCC, Age Concern Norwich, pension service, DWP	See reference 2.1	January – March 2010	Fifty new claims lodged and paid

**Theme: access to free money advice**

**Goal:** To increase accessibility of free financial advice for Norwich residents

**Outcome:** Reduce average levels of indebtedness, bankruptcy and repossession

Ref	Action	Lead partner	Resource implications	Time-frame	Output
3.1	To agree a referral system from NCC housing services to Norfolk Community Law Service who provide debt advice to offenders, ex offenders and their families	NCC, NCLS	Nil	Agreement completed March 2009	Five referrals per quarter
3.2	To provide extra funding to increase CABs capacity to provide debt advice via a service level agreement. This will enable: <ul style="list-style-type: none"> <li>• Direct referrals from NCC housing to CAB</li> <li>• Increase CAB's debtline capacity</li> <li>• Pinpoint the people and communities in the most need of financial advice and subsequent provision of outreach advice</li> </ul>	NCC, CAB	£43, 000	April – March 2010	Sixty referrals from NCC housing 09/10 Reduce time taken for CAB clients to see debt advisors Priority areas for outreach advice identified
3.3	To provide debt advice to NCC employees and their families	NCC	NCC funded	April 2009 onwards	Provision in place from April
3.4	To provide self-help advice on money and budgeting on NCC website and publications	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented
3.5	Internal and external promotion of NCC money advice team for tenants	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented
3.6	Produce a series of leaflets detailing local and national sources of free financial advice	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented

**Theme: increase access to financial products and services**

**Goal: To increase the usage of financial products and service**

**Outcome: Norwich residents saving money through informed use of financial products**

Ref	Action	Lead partner	Resource implications	Time-frame	Output
4.1	Contact local banks/buildings societies to refresh NCC basic bank account leaflet	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented
4.2	Research social tariffs that utilities companies provide and produce a guide for residents	NCC	FIM and see 2.1	April 2009 – March 2010	Communications strategy implemented
4.3	Explore the possibility of working with local banks/building societies to promote basic bank accounts, child trust funds and potentially to provide free financial advice	NCC	FIM	April 2009 – March 2010	TBC
4.4	Marketing campaign to promote the benefits and value for money of low cost contents insurance for social housing tenants	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented
4.5	Enable front line staff to signpost and where appropriate support customers to choose and opening an appropriate bank account via financial inclusion training	NCC	See 1.6	July 2009 – March 2010	Three training days delivered

**Theme: improve the way people manage their money**

**Goal:** To stimulate demand for and increase accessibility of sources of financial capability training and money guidance  
**Outcome:** Increase the number of Norwich residents able to improve their financial capability and manage their money better

Ref	Action	Lead partner	Resource implications	Time-frame	Output
5.1	Commission CAB to provide financial capability sessions in deprived communities	CAB	See 3.2	April 2009 – March 2010	Service level agreement
5.2	Review and publicise existing providers of financial education/capability, and identify whether there is a need to develop new provision	NCC, adult education, City College Norwich	FIM, and see 2.1	April 2009 – March 2010	Communications strategy implemented Report produced on current service provision with recommendations for the future
5.3	Develop the work of the community learning mentors to provide early financial capability learning as a pathway to more structured learning opportunities	NCC	£24,300	April 2009 – March 2010	Sixty clients undertaking basic skills courses
5.4	Identify a means to expand MABS across the city via credit unions, to include activity in deprived areas of the city providing basis budgetary advice	NCC, Federation of Credit Unions, external partner to be identified	£42,000	April 2009 – March 2010	Fifty new clients signed up for the service

**Theme: increase access to affordable credit**

**Goal:** To support the development of Norwich's credit unions and increase their membership

**Outcome:** Reduce the number of people accessing high interest credit which can lead to debt problems

Ref	Action	Lead partner	Resource implications	Time-frame	Output
6.1	Commission external consultants to evaluate the credit unions in Norwich, including recommendations regarding their development	NCC	£17,500	September 2008 – March 2009	Completed evaluation
6.2	Distribute credit evaluation to Norwich credit unions and encourage a city-wide agreement on the development of credit unions	NCC, Norwich CUs	TBC	April – June 2009	Increase credit union membership
6.3	Allow NCC staff who volunteer with Wherry Dragon CU to commit a working day devoted to the promotion and marketing of the credit union	Wherry Dragon Credit Union	Impact on staff's day job	April – May 2009	WDCU promotion strategy developed
6.4	Work close with the illegal money lending team to inform NCC staff of the consequences of illegal money lending and support for loan shark victims currently available	NCC, Birmingham City Council	Nil	April – May 2009	A presentation from illegal money lending team to NCC staff
6.5	Ensure that victims of loan sharks are referred to the illegal money lending team and recommended to join a credit union	NCC	See 1.6	April 2009 – March 2010	See 1.6
6.6	Work with the illegal money lending team to identify hotspots of loan shark activity	NCC, Birmingham City Council, CAB	Nil	April 2009 – March 2010	Priority areas for credit union publicity identified
6.7	Marketing of credit unions, CDFIs and social fund via NCC website, leaflets, word of mouth	NCC	See 2.1	April 2009 – March 2010	Communications strategy implemented
6.8	Encourage residents to volunteer with credit unions to develop skills via council publications	NCC, CUs, Voluntary Norfolk	Nil	April 2009 – March 2010	Twenty new credit union volunteers
6.9	Encourage Norwich credit unions to offer loans which do not exclude people of the Islamic faith	NCC, CUs	Nil	April – June 2009	Loans offered for an up front fee as opposed to charging interest

## 14. End notes

- <sup>1</sup> New Philanthropy Capital, (July 2008) Short Changed, page 1
- <sup>2</sup> See [www.transact.org.uk](http://www.transact.org.uk)
- <sup>3</sup> Rocket Science UK Ltd, (2008), Financial Inclusion in the East of England, (commissioned by EEDA)
- <sup>4</sup> For more information see: <http://www.fsa.gov.uk/pubs/consumer-research/CRPR03.pdf>
- <sup>5</sup> New Philanthropy Capital, (July 2008) Short Changed, page 11
- <sup>6</sup> AXA research
- <sup>7</sup> See <http://news.bbc.co.uk/1/hi/business/7950390.stm>
- <sup>8</sup> HM Treasury, 'Financial Inclusion: an action plan for 2008-11'
- <sup>9</sup> Financial Services Authority (2006) Financial Capability in the UK: Establishing a Baseline.
- <sup>10</sup> Palmer, G., MacInnes, T. and Kenway, P. (2007) Monitoring poverty and social exclusion 2007. New Policy Institute.
- <sup>11</sup> Collard, S. and Kempson, E. (2005) Affordable credit: the way forward. Joseph Rowntree Foundation.
- <sup>12</sup> New Philanthropy Capital, (July 2008) Short Changed (summary document), page 2
- <sup>13</sup> Palmer, G., MacInnes, T. and Kenway, P. (2007) Monitoring poverty and social exclusion 2007. New Policy Institute
- <sup>14</sup> Atkinson, A., McKay, S., Kempson, E. and Collard, S. (2006) Levels of Financial Capability in the UK: Results of a baseline survey. Prepared for the Financial Services Authority by Personal Finance Research Centre, University of Bristol.
- <sup>15</sup> New Policy Institute (2007) Analysis of the Expenditure and Food Survey. <http://www.poverty.org.uk/45/index.shtml>.
- <sup>16</sup> Joseph Rowntree Foundation: Page 99: <http://www.jrf.org.uk/sites/files/jrf/2315-society-poverty-exclusion.pdf>
- <sup>17</sup> Department for Business Enterprise & Regulatory Reform (2007) Tackling over-indebtedness: Annual report 2007.
- <sup>18</sup> Credit Action (2008) Debt facts and figures: compiled 1st March 2008.
- <sup>19</sup> Financial Inclusion: the way forward, HM Treasury March 2007, p20
- <sup>20</sup> Rocket Science UK Ltd, (2008), Financial Inclusion in the East of England, (commissioned by EEDA)
- <sup>21</sup> NOMIS website: <https://www.nomisweb.co.uk/reports/lmp/la/2038431851/report.aspx?town=Norwich#tabwab>
- <sup>22</sup> Jill Healy, Norwich City Council
- <sup>23</sup> Andy Cobb, Norwich & West Norfolk Citizens' Advice Bureau. Data relates to Greater Norwich as opposed to Norwich City Council's boundaries.
- <sup>24</sup> Andy Cobb noted that the increase in demand may be a positive matter, reflecting more people coming forward for help rather than necessarily deterioration in local indebtedness. Also, CAB's capacity in terms of available casework hours determines client numbers more than any other factor
- <sup>25</sup> Based on a random sample of 30 cases – Norwich city council tenants only
- <sup>26</sup> For Loan Sharks and doorstep lenders see: [http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/BankAccountsAndBankingProducts/DG\\_10035183](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/BankAccountsAndBankingProducts/DG_10035183) For credit cards, the information is based on (March 2009): HSBC 16.9%; Nationwide 15.9%; Natwest 16.9%; Lloyds TSB 15.9%; HBOS 15.9-16.9%; First Direct 16.9-17.9 %; Virgin Money 16.6%; Co operative Bank 15.9%; Abbey 15.9 %. For bank loans, the information is based on (March 2009) Abbey 8.9%; HSBC 9.9%; Nationwide 7.9%; Barclays 9.9%; Natwest 8.9%; Lloyds TSB 9.9%; HBOS 8.9%; First Direct 8.9%; Virgin Money 7.8%. For overdrafts the information is based on (March 2009 EAR) HSBC 19.9%; Abbey 12.9%; Nationwide 17.9%; Barclays 17.9%; Natwest 19.24%; HBOS 19.5%; First Direct 15.9%. Store cards information based on (March 2009) Argos 27.9%; BHS 18.9%; Debenhams 19.9%; Ikea 19.9%; Marks & Spencers 23.9%; Miss Selfridge 29.9%; Mothercare 19.9%; New Look 28.9%; Topshop 19.9%; Burtons 29.9%. For catalogues, the information is based on (March 2009): Littlewoods 29.9%; Grattons 29.9%; Simply B 29.3%; JD Williams 29.3%. Some catalogues offer an initial period interest free before applying these interest rates.
- <sup>27</sup> Rocket Science UK Ltd, (2008), Financial Inclusion in the East of England, (commissioned by EEDA), P 79-80
- <sup>28</sup> For the latest information see: <http://www.dwp.gov.uk/consultations/2008/sf-new-approach-response.pdf>
- <sup>29</sup> Norwich's local strategic partnership

## 15. Appendices

### Appendix I

#### Experian ward mapping

The list of variables used by Experian to construct ward rankings:

- Child Raising Challenge: Vulnerable single parents often relying solely on benefits and struggling with debt repayments.
- Poor Prospects: Very poor singles with few prospects living in council flats, many are unemployed or have only part time, low paid work.
- Seasoned State Reliance: Ageing families in council houses whose income is extremely limited.
- Old Fashioned Prudence: Elderly singles who are careful with their spending and get by on their pension and small savings.
- Shoestring Seniors: Elderly singles of very limited means who can struggle to make ends meet.
- Pensioners in Need: The poorest pensioners who are fully reliant on the state.
- Credit Commitment: Percentage of people who fall into the worst 20% of the country.
- Financial Instability: Percentage of people who fall into the worst 20% of the country.
- Income Security: Percentage of people who fall into the worst 20% of the country.
- Wealth to Poverty: Percentage of people who fall into the worst 20% of the country.
- Upper Floor Families: Low income young families with children in small, hard to let blocks of public sector purpose built flats.
- Tower Block Living: Young people in public sector high rise tower blocks with high levels of deprivation.
- Dignified Dependence: Settled older couples and pensioners with low income renting small flats and maisonettes.
- Sharing a Staircase: Young children in mid-rise, walk-up council flats with poor social and housing conditions.
- Old People in Flats: Single pensioners in small, publicly rented flats, many of which were built for this age group.
- Household income less than £10,000 per annum
- Household income £10,000-£14,999 per annum
- No bank account
- Problems paying bills
- Residents rarely or never have any money at the end of the month
- Receiving income support
- Taking out loans to meet unexpected expenses
- Using unauthorised overdraft to meet unexpected expenses
- Unable to meet unexpected expense
- Fuel Poverty: Experian calculated score. The proportion of households in the top (highest levels of poverty) 15 percent
- No contents insurance
- Post office: Profile of Basic account holders – Customer data

Every individual and household across the country is 'scored' based on these variables, which is subsequently grouped to output area level. These geographic bricks are ranked based on the overall 'score' ie the likelihood to display these financial exclusion indicators. Wards have then been placed into deciles for relative analysis.

## Appendix 2

### EEDA Mapping

The most excluded LSOAs ranked by average exclusion:

Appendices: Financial Inclusion in the East of England

Total exclusion score equals the number of exclusion variables for which an LSOA is in the top 500:

- score of 5 = in most excluded 500 LSOAs for all 5 exclusion variables
- score of 4 = in most excluded 500 LSOAs for 4 out of 5 LSOAs (the 4 include 'no current account').
- score of 3 = in most excluded 500 LSOAs for 3 out of 5 LSOAs (the 3 include 'no current account')
- score of 2 = in most excluded 500 LSOAs for 2 out of 5 LSOAs (the 2 include 'no current account')
- score of 1 = in most excluded 500 LSOAs for 'no current account'.

Details for Norwich are:

Population living in excluded LSOAs: 59,169

Number of excluded LSOAs: 46

Total exclusion score of excluded LSOAs: 199

Average exclusion score: 4.3



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**Polish**

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