



A Financial Inclusion Strategy for Worcestershire

2011 - 2014

A vision for Worcestershire is for its residents in all areas of the county to have access to appropriate, desired financial products, services and advice agencies in order to manage their money more effectively and to have skills that enable financial literacy and financial capability

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Executive Summary

Addressing financial exclusion is both a priority at the national and local level because of its strong correlation with high levels of deprivation and drag on the economy. Levels of personal indebtedness have increased significantly in the past 10 years, reaching a record high of 154 per cent of aggregated household pre-tax income in the first quarter of 2008. The onset of the credit crisis later that year tipped the economy into recession and, alongside the consequent increase in unemployment, there has been a surge in mortgage repossessions and insolvencies.

Unemployment has long been recognised as one of the main triggers of debt problems. The extent of debt problems is in part determined by the degree of credit use prior to the loss of work but living on a low income for lengthy periods can itself give rise to debt problems. The long term unemployed in particular are likely to face an additional 'poverty premium' caused by their exclusion from mainstream and affordable financial services.

Partners have identified the need for a strategy for the county to raise public awareness and a partner focus on agreed financial inclusion priorities. The Financial Inclusion Task Group has developed a strategy which sets a three year vision for the county. The vision is to ensure its residents in all areas of the county have access to appropriate, desired financial products, services and advice agencies in order to manage their money more effectively and to have skills that enable financial literacy and financial capability.

The strategy encompasses what we want to change as a result of the strategy, what elements of financial inclusion will be prioritised, an overview of financial inclusion and exclusion, the characteristics of barriers faced by those who are financially excluded and how financial inclusion priorities will be delivered in partnership.

The strategy sets out government priorities at the national level and what actions that are being taken to reduce levels of financial exclusion. The strategy also details who is affected by financial exclusion and provides key national, regional and local statistics linked to a number of domains associated with deprivation and financial exclusion to provide both a national and local picture of financial exclusion, this is further illustrated by district maps showing areas of affordable credit and financial exclusion in Appendix A. The current financial inclusion support available across Worcestershire is listed in Appendix B. The strategy also articulates the strategic direction for future joint working and how this will be delivered in Worcestershire and the process for monitoring and reporting.

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Financial inclusion in Worcestershire

What is Financial Inclusion?

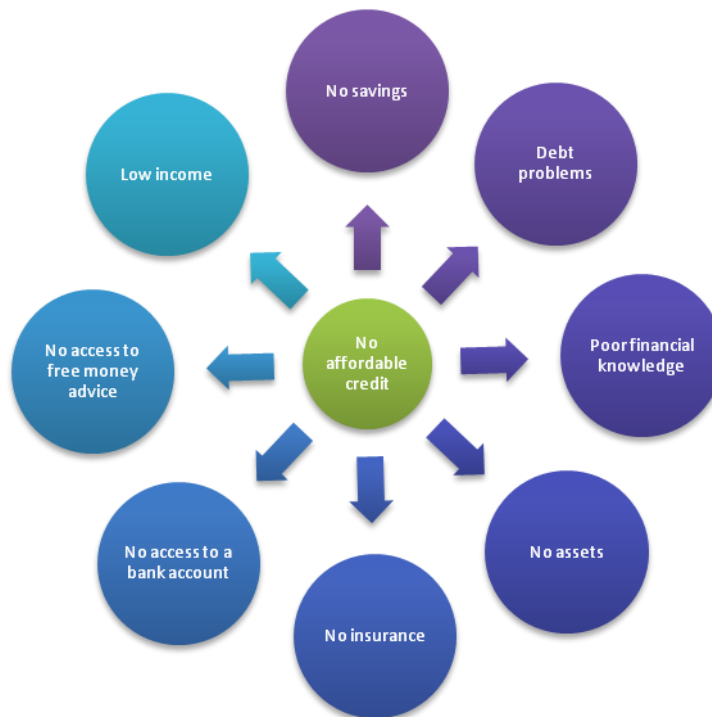
Financial inclusion is about ensuring that everyone has access to appropriate financial services and products, enabling them to manage their money on a day-to-day basis, plan for the future and deal effectively with financial distress. ¹

Financial exclusion priorities have been defined nationally to include the following:

- Access to affordable and responsible credit
- Access to an appropriate bank account
- Access to face to face debt advice
- Access to basic home contents insurance
- Access to savings facilities
- Improved financial education, literacy & capability

What is 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. Barriers to financial inclusion are illustrated below:



¹ HM Treasury Financial Inclusion: An Action Plan 2008-2011 (2007)

Barriers to the financially excluded

Many people, particularly those living on low incomes, cannot access mainstream financial products such as bank accounts and low cost loans. This financial exclusion imposes real costs on individuals and their families often the most vulnerable people in our society. It also has costs for the communities in which they live.² Households that operate solely on a cash budget are unable to make savings via direct debits on utility bills, are more vulnerable to loss or theft and they are far more likely to use the alternative credit market and pay interest many times that of a standard personal loan, often contributing to spiralling debt. In addition, for those who do get into debt or who struggle to make payments, the supply of free face-to-face money advice falls far short of demand.

Why have a financial inclusion strategy for Worcestershire?

Our vision

The Financial Inclusion Task Group partners will work together to:

- Identify and support those who are facing financial difficulties making a clear link between financial and social inclusion.
- Deliver targeted services in neighbourhoods which have been identified as most at risk of financial exclusion.
- Continue to audit, monitor and improve the services that we jointly provide to those who are most at risk of financial exclusion within Worcestershire.
- Share good practice in financial inclusion work.
- Secure funding to support services which address financial exclusion within Worcestershire.

Partners in Worcestershire have identified a need for a financial inclusion strategy for Worcestershire (Partners listed in Appendix B)

This strategy will enable us to identify

- a. The extent of financial exclusion in Worcestershire
- b. The existing service provision to tackle financial exclusion; and
- c. How we can best work in partnership to improve services for those who are most affected by financial exclusion.

² See [Archived Content] Financial Inclusion Taskforce website - http://webarchive.nationalarchives.gov.uk/20100104214853/hm-treasury.gov.uk/fit_index.htm

Partners recognise that issues relating to income deprivation and poverty in certain parts of the county need to be addressed. The strategy will help to provide a local picture of financial exclusion enabling targeted support where it is most needed. Additional benefits of working in partnership are that it can bring public attention and partner focus to specific elements of financial exclusion, an example of where this has happened formerly is the loan sharks campaign that took place in Worcestershire which raised awareness amongst the local community of illegal money lending, but also trained staff from different agencies with the skills required to identify a local shark.

The economic recession and the continuing concern of unemployment, particularly youth unemployment, has placed further emphasis on the need for a strategy to ensure residents access the support required to enable them manage their money more effectively. The financial inclusion strategy and an action plan will build on the national approach and best practice and focus on the agreed Worcestershire Financial Inclusion priorities and outcomes.

What do we want to change as a result of the Strategy

The outcomes that the strategy will work to deliver for residents in Worcestershire are outlined below alongside the way in which we will monitor our achievements.

➤ **Access to affordable and responsible credit**

<p>We will work with local credit unions and other providers of affordable credit in Worcestershire to ensure that affordable loans are available across the county through a variety of methods such as on-line, by phone and direct access but paying particular attention to our identified priority areas.</p>	<p>We will monitor the number of affordable loans delivered by partners. We will monitor the number of access/contact routes for service.</p>
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➤ **Access to appropriate financial services**

<p>We will work as partners to promote the take up of:</p> <ul style="list-style-type: none"> ➤ Basic bank accounts ➤ Savings schemes ➤ Home contents insurance 	<p>We will monitor the number of new referrals for schemes from residents known and identified to be at risk of financial exclusion. More work is needed to audit existing take up of affordable home contents insurance.</p>
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➤ **Access to face to face debt advice**

<p>We will work to maintain the countywide provision of debt advice services.</p>	<p>In 2008-9 33.3% of enquires to Citizen Advice Bureaux in Worcestershire were in connection with debt advice. Partners will monitor the</p>
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	continuing requirement for these services, funding available and the capacity available locally to deliver this service.
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➤ **Access to welfare benefits**

We will work to promote awareness of welfare benefits and ensure take up of available benefits	We will monitor the outcomes of the 2011 pensions campaign which seeks to increase the take up of pensioner benefits. We will monitor the impact of changes in the welfare benefits system and work to advise residents of the changes.
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➤ **Improved financial education, literacy and capability**

We will work to improve levels of financial capability focusing on the areas of highest financial exclusion.	We will monitor the funding and availability of capacity to provide financial capability services. Audit of current services suggests insufficient funding is available.
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The agreed priorities 2010/11 for the group are:

- Improving access to affordable credit
- Improving access to money and debt advice
- Maximising the take up of welfare benefits and tax credits with an emphasis on in-work benefits (income maximisation).

Benefits of partnership working

In 2008 a Financial Inclusion partnership group was established within Worcestershire.

The group currently has 24 partners who are registered as interested in this area of partnership work (and over 30 members). They come from a wide spectrum of organisations which include:

- Debt and advice agencies
- DWP Pensions Service
- Housing associations
- Worcestershire County Council - Economic Department, Supporting People
- National Housing Federation, My Home Finance project
- Worcestershire Hub
- Worcestershire Partnership
- The Illegal Money Lending team
- Voluntary and community sector organisations

Links with the Worcestershire Partnership and local economy

The Financial Inclusion Task Group (FITG) reports to the Worcestershire Partnership. The Worcestershire Partnership is the County Local Strategic Partnership for Worcestershire and provides a framework for all agencies, sectors and partners to work collectively to promote the economic, social and environmental well being of Worcestershire. This is achieved through our Forum, the Worcestershire Partnership Board, the Public Service Executive Group and various theme and task groups delivering key pieces of work on behalf of the Partnership. The Partnership are currently reviewing their structures but it is expected that the link between worklessness, low level of skills and financial exclusion will be maintained.

The benefits to the FITG of this linkage are that priority outcomes which the group works to achieve for residents are delivered more effectively. Financial exclusion as this strategy details is experienced by a section of the Worcestershire population who are often similarly affected by periods of unemployment and low skills and educational attainment. Recognition of the link between financial exclusion and the economy is essential. It is vital that the needs of residents who are economically inactive, on low incomes and in debt are addressed to benefit the wider economy of the County.

The FITG has no additional funds beyond the resources of its partners which supported a number of projects and initiatives in 2009/10 and will contribute to the 2010/11 priorities. It has worked to secure external funds also in 2009/10 to further the work of partners to achieve the priorities of the group.

Links to other Strategies

The strategy will compliment the Affordable Warmth Strategy for Worcestershire and support the priorities of the Sustainable Community Strategy for Worcestershire 2008 – 2013, however it should noted that this strategy is under review.

Delivering Financial Inclusion priorities

The Financial Inclusion Task Group will oversee the implementation of the strategy and monitor and update priorities reflected in an action plan on a quarterly basis. The group will recommend amendments and additions to both the strategy and action plan as necessary and work with other partners and organisations to eliminate financial exclusion. The strategy will be reviewed in December 2012.

2 The impact of financial exclusion in Worcestershire

Why a national approach to promote financial inclusion?

Financial inclusion is a national priority for number of reasons, firstly, financial exclusion affects some of the most vulnerable members of society, extensive research has shown that those living on low incomes, and experiencing multiple forms of disadvantage, are most likely to be affected by financial exclusion. Tackling this problem, therefore, is an important part of social policy and action to break the inter-generational cycle of disadvantage.

Financial exclusion is also a question of economic efficiency. Many of the barriers to financial inclusion are examples of market failure. These failures of the market mean that the economy is operating below its potential, and that these costs are borne by individuals, their communities, and society as a whole.

The former government set out its strategy to tackle financial exclusion in 'Promoting financial inclusion', published alongside the 2004 Pre-Budget Report. The report sets out a range of measures in three priority areas:

- access to banking
- access to affordable credit
- access to free face to-face money advice

The former government also established a framework for delivery, including a Financial Inclusion Fund of £120m over three years and a Financial Inclusion Taskforce. The Financial Inclusion Taskforce was launched 2005 and is responsible for monitoring progress on the objectives the Government set out and is required to make recommendations on what more needs to be done. The Coalition government has now disbanded the Taskforce and the Financial Inclusion Champions initiative. Transact (national financial inclusion charity) are lobbying to maintain the key areas of work undertaken by the Taskforce and an announcement is expected in May 2011.

The Taskforce's remit covered the Government's strategic priorities to improve access to banking, affordable credit, free face-to-face money advice, savings and insurance. It also advised on stimulating demand for financial services amongst hard-to-reach groups.

The Coalition government announced in April 2011 the investment of £73 million over the next four years in improving access to credit union services. It is expected that the post office will have a bigger role in offering credit union services.

What actions have been taken to address financial inclusion at the national level

Now let's talk money

The Now let's talk money small project fund was supported by the Department for Work and Pensions (DWP) and took place between spring 2008 and spring 2009. It channelled funding through the regional financial capability forums to support small training projects aimed at frontline workers. It also generated good practice training materials that were used to deliver sessions. All 14 forums were involved, providing financial capability training to 1,658 frontline workers across England and Wales, above the target of 1,250. The forums are still operational in some areas but no further funding has been made available.

Financial inclusion champions initiative

Regional teams have been established to build evidence by undertaking a base lining exercise to identify what services are available and examples of financial inclusion good practise. To bring about collaboration and identify the shortfalls and work in partnership at a strategic level to promote financial inclusion and to increase impact, embed change through local strategies and partnerships. This initiative came to an end in March 2011 and it is unclear as to whether further commitment to the promotion of financial exclusion will be made by the Coalition government.

Growth Fund

A Growth Fund of £36 million was established in 2004 to increase the availability of affordable personal loans via third sector (not-for-profit) lenders such as credit unions and community development finance institutions. The Fund was increased in March 2007 by £6 million to £42 million and again in December 2007 by £38 million for the period 2008 to 2011. In 2009 an extra £18.75m was allocated to the Growth Fund, bringing the total to almost £100m.³

Given its key role in the wider Financial Inclusion agenda and experience in dealing with third sector lenders, HM Treasury invited DWP to administer the Growth Fund. Third sector lenders were invited to bid to deliver the Growth Fund (affordable lending) service within deprived areas throughout England, Scotland and Wales. The bids were evaluated during April and May 2006 and rollout of the service followed. The fund has provided 271,085 loans, and has also seen 145,841 Growth Fund borrowers open bank or savings accounts.⁴ However this service is unlikely to continue, as there will be no further funding beyond the end of March 2011. The Coalition government has committed £73 million to support credit unions but no details are currently available on the criteria for funding awards.

³ DWP - What is the growth fund? Website: <http://www.dwp.gov.uk/other-specialists/the-growth-fund>

⁴ National Housing Federation Website: <http://www.housing.org.uk/Default.aspx?tabid=150>

Child Poverty Act

The Child Poverty Act 2010 enshrines in law the Government's commitment to eradicate child poverty in the UK by 2020. The Act gives local authorities and partners the responsibility to produce both a child poverty needs assessment and a child poverty strategy. The Act will play an important role in increasing financial inclusion.

Who is affected by financial exclusion?

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.

Table 1: Those particularly vulnerable to financial exclusion

Groups Likely to be affected						
Indicator		Date	Source	Worcestershire	West Midlands	England
Households on low and insecure income and/or in receipt of benefits						
Key out of work benefits		Aug –10	Nomis	34, 890	13.8	12.3
				9.9		
Lone parents						
Number of lone parents claiming JSA Aged 16-64		Aug-10	DWP, 2011	4,400	67,630	584,130
Housing association tenants						
Housing association tenants	Total Social Homes ⁵	as at 1st April 2010	CLG	36,875	n/a	n/a
	Number of Households on Waiting List ⁶			19,765	n/a	n/a
Asylum seekers and refugees						
No data available						
Members of ethnic minorities						
Members of Ethnic Minorities	All people	mid 2007	ONS	555,435	5,381,800	51,092,000
	Non-white number			25,941	747,800	6,009,200
	Non-white percentage			4.7%	13.9%	11.8%
	Non-white British number			40,223	907,200	8,356,000
Migrants						
Migrants - migrant workers allocated a National Insurance No. ⁴	NINO's	2008-09	DWP	3,230	43,910	607,810
Over 60s						
People and Proportion of People aged 60-plus - mid-2009	60 plus	mid 2009	ONS	144,586	1,249,015	11,541,135
	Total pop			556,548	5,431,079	51,809,741
	Percent			26.0%	23.0%	22.3%
18 to 24 not in education, employment or training (NEETS)						
NEETS	Aged 16-18 (18-24 are not NEET)	Dec-10	Connexions	5.3%	6.1%	5.9%
People with disabilities or additional learning needs						
People and Proportion of People aged 60-plus - mid-2009	60 plus	mid 2009	ONS	144,586	1,249,015	11,541,135
Number predicted to have a learning disability ¹	Aged 18-64	Apr-11	PANSI	8,114	81,064	793,905
Number predicted to have a moderate physical disability ²	Aged 18-64			27,865	259,445	2,510,626

Number predicted to have a serious physical disability ²	Aged 18-64			8,557	77,020	739,400
Prisoners, ex-offenders and families of prisoners						
No data available						
The homeless						
Homeless	Numbers Accepted as being homeless and in priority need	April 09- March 10	P1E returns CLG	435	7,100	40,020
Living alone						
One person households (household projections)	Number	mid 2008	CLG	70,347	730,000	7,315,000
	Percent			30.0%	32.6%	33.7%
Victims of domestic violence						
No data available						
Those leaving care						
No data available						
Those with mental health illness and carers						
Number predicted to have a common mental disorder ³	Aged 18-64			54,109	536,175	5,249,261

Learning Disability ¹These predictions are based on prevalence rates in a report by Eric Emerson and Chris Hatton of the Institute for Health Research, Lancaster University, entitled Estimating Future Need/Demand for Supports for Adults with Learning Disabilities in England, June 2004. The authors take the prevalence base rates and adjust these rates to take account of ethnicity (i.e. the increased prevalence of learning disabilities in South Asian communities) and of mortality (i.e. both increased survival rates of young people with severe and complex disabilities and reduced mortality among older adults with learning disabilities). Therefore, figures are based on an estimate of prevalence across the national population; locally this will produce an over-estimate in communities with a low South Asian community, and an under-estimate in communities with a high South Asian community

Physical Disability ²This table is based on the prevalence data for moderate and serious disability by age and sex included in the Health Survey for England, 2001, edited by Madhavi Bajekal, Paola Primatesta and Gillian Prior.

Common mental disorder ³This table is based on the report Adult psychiatric morbidity in England, 2007: Results of a household survey, published by the Health and Social Care Information Centre in 2009. Common mental disorders (CMDs) are mental conditions that cause marked emotional distress and interfere with daily function, but do not usually affect insight or cognition. They comprise different types of depression and anxiety, and include obsessive compulsive disorder. The report found that 17.6% of the population surveyed met the diagnostic criteria for at least one CMD, with women (19.7%) more affected than men (12.5%).

NINOs ⁴ New allocations of National Insurance Numbers to new migrant workers in 2008-09. No details are known as to how long migrant workers stay in the area

Total Social Homes ⁵ Worcestershire Housing Market Area Monitoring Report, Research and Intelligence, 2010 – these figures do not include the Redditch area.

Number of Households on Waiting List ⁶ Housing Strategy Statistical Appendix, CLG, 2010.

Change in circumstances						
Indicator		Date	Source	Worcestershire	West Midlands	England
Moving out of parental home						
No data available						
Loss of employment						
No data available						
Divorce						
No data available						
Illness or death within the family						
No data available						
New parents						
No data available						
Change or cessation in benefit eligibility						
No data available						
Start up of a business						
No data available						
Going in or coming out of prison						
Leaving prison	Leaving prison/on remand and falling into housing need	2009/10	P1E returns CLG	3	n/a	n/a

Implications for the financially excluded

Without access to the products and services that people need to be able to manage their money on a day-to-day basis, plan for the future, cope with financial pressure and deal effectively with financial distress individuals and communities face many disadvantages, including:

- Not having a bank account with a direct debit facility excludes people from this method of paying bills. Most utility suppliers charge more for using other methods of payment, such as pre-payment meters, pay-point cards in convenience stores, postal orders or cash.
- Cheque cashing agencies may charge 7 to 9 per cent of the value of the cheque plus a fee for the transaction.
- A lack of insurance and savings makes families vulnerable to financial crises following unexpected events such as burglary or flooding. A lack of savings can lead to poverty in old age.⁵
- Exclusion from affordable loans leaves people having to pay extremely high rates of interest to borrow from doorstep lenders or other providers of "alternative" credit, or worse, facing extortion, intimidation and violence at the hands of illegal lenders or "loansharks".
- Finding it hard to get a job as more and more employers require bank accounts for direct credit of wages or salaries

Key National Statistics

Bank accounts

- The proportion of low-income households without a bank account is now not that much greater than the proportion of households on average incomes who are without a bank account: 5% compared with 3%.
- The number of adults without access to a transactional (current or basic) bank account fell from 1.65m in 2006/07 to 1.46m in 2007/08.⁶
- 80 per cent of households with no account are in the bottom four income deciles.
- The proportion of lone parent households with no account has decreased, whereas the proportion of single households with no account has increased.
- The proportion of female-headed households without access to an account fell from 57 per cent in 2002/03 to 51 per cent in 2007/08.
- The retired and those who are classified as 'unoccupied, under NI age 'make up the greatest proportion (79 per cent) of unbanked households.

Monthly figures regarding financial exclusion are published on the website

⁵ Joseph Rowntree Foundation (2008) Financial Inclusion in the UK: A Review of Policy and Practice, p. 2.

⁶ UK: Without a bank account: The Poverty site: <http://www.poverty.org.uk/73/index.shtml>

<http://www.creditaction.org.uk/> This is an independent charity established since 1992, whose vision is to support people in debt and promote financial inclusion. From figures compiled for 1/10/2010, it is confirmed that:-

Personal Debt

- 381 people everyday of the year will be declared insolvent or bankrupt. This is equivalent to 1 person every 52 seconds during the working day.
- 1,359 Consumer County Court Judgements (CCJs) were issued every day during Q2 2010 and the average judgement amount was £4,063.
- Citizen Advice Bureaus dealt with 9,000 new debt problems every day in England and Wales
- 1,000 people are seeking some form of formal debt rescheduling every working day.
- 103 properties were repossessed every day during Q2 2010
- 195 mortgage possession claims will be issued and 147 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 255 landlord possession orders will be made today.
- Four in ten adults in Britain (almost 19m people) are worried about their debt, according to research by R3. For those who worry about their debts 51% were most concerned by their credit cards, 32% were most concerned by their overdraft and 19% worried most about bank loans and mortgages payments.
- Over the last two years there has been a 27% increase in the number of workless households in the UK. Over the same period advisers at National Debtline have seen the number of calls from unemployed people more than double.
- Consumer Credit Counselling Service (CCCS) figures show that one in eight (14,446) people who contacted the charity during the first half of 2010 for help with their unsecured debts were claiming JSA. On average, clients claiming JSA owe £15,412 to five different creditors.
- Over the first six months of 2010, almost a quarter of people contacting CCCS (22.4 percent) cited unemployment as a reason.
- The Insolvency Service said there were 34,743 individual insolvencies in England and Wales (381 people a day or 1 every 3.78 minutes) in Q2 2010 on a seasonally adjusted basis. This was a decrease of 2.6% on the previous quarter and an increase of 5% on the same period a year ago.
- **The most recent Insolvency Service data available at the county level shows that the number of new cases of personal insolvencies in Worcestershire for the year 2009 is 1,632 and the rate per 10,000 adult population is 37.0. This figure is higher rate than the West Midlands at 31.8 and an increase of 8.6 for previous year in 2008. The highest rate at district levels per 10,000 population is Wyre Forest and Redditch both at 43.9 and the lowest rate is Bromsgrove at 20.1.**

- However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in today's statistics. According to estimates by R3 this could amount to 500,000 people, more than double the number in formal insolvency procedures. Below them, under the waterline are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying is another group further down comprising of 961,000 individuals who are struggling with debts but have not sought help. This group could find themselves in formal insolvency procedures unless they take swift action.
- Citizens Advice Bureaux across England and Wales in the 3 months ending June 2010 advised 0.5 million clients about 1.7 million new problems. Debt is still the largest advice category with 562,000 new debt problems (32% of all problems - including mortgage and rent arrears, benefit overpayment debts).

Regional and local statistics

Population change

The population of Worcestershire is expected to increase by about 38,000 (or 7%) by 2026 (Office National Statistics [ONS], 2004-based projections) to approximately 590,000. This compares with an estimated increase of about 10% in England over the same time period. The 2009 mid-year population estimate for the Worcestershire was 556,500. This compares with the 2001 estimate of 542,200 and the 2008 mid-year estimate of 555,300. The population of Worcestershire County is tending to increase, at an average rate of 1,800 per annum over this 8-year period. The number of children in Worcestershire has fallen by almost 3,500 in the 2001-09 period. In contrast the number of people aged 65 and over has risen by almost 15,000, an increase of almost 17%. A 3,000 rise is estimated in the 18-64 age groups over the whole time period although the numbers have fallen slightly since 2007.

The most significant population growth in Worcestershire will be in the older age groups. The 65 and older population is expected to rise by 56% to 151,000, with the 85+ population almost doubling to just over 24,000. The Centre for Census and Survey Research (CCSR) at the University of Manchester has undertaken a study examining the potential future change in the population of the County with a Limiting Long-Term illness (LLTI).⁷

As a result of the economic downturn, many people who have retired, or are nearing retirement age, are experiencing difficulties. Those with large amounts of savings, for example, have been

⁷ The Worcestershire Story of place(2008), p.6

affected by the falling interest rates. As a result, many people are now being forced to use some of their savings because the interest provides too little to live off.⁸

We have a significant rural population. Approximately one third of Worcestershire's residents live in rural areas (more than the entire population of neighbouring Herefordshire). Many of these residents experience relatively inaccessible services and a lack of facilities. Nearly 40% of areas in Worcestershire are ranked within the top 20% most deprived nationally in terms of geographical barriers to services. Eight areas (all of which are within rural parts of Wychavon and Malvern Hills) are in the top 1% nationally.⁹

Income

The West Midlands has lower productivity and gross household income per head than the UK average. Household incomes vary across the Local Authorities of Worcestershire the highest incomes are found in Bromsgrove at £38,690 where they increased by the greatest percentage at 4.3 % between 2007 and 2008, and lowest in Wyre Forest at £33,120 where they have increased by the smallest percentage at 1.5 %.¹⁰ 12,783 people in rural areas are income deprived – this is 20.5% of the total across Worcestershire.¹¹

Earnings

The average earnings of those employed within Worcestershire are less than the West Midlands and England, however they have increased by 6.2% compared to 2008. People who live in Worcestershire earn on average 8.9% more than those who working in Worcestershire.¹²

Unemployment

During the downturn West Midlands recorded the highest unemployment rate among the English regions, peaking at 10.5 per cent in May and June 2009. In the three months to March 2010 the unemployment rate had declined to 9.3 per cent. (ONS)

Claimants

The NOMIS, 2010 Annual Population Survey indicates that in September 2010 a total number of 10,729 people were claiming benefits in Worcestershire. The claimant count unemployment rate is 3.9% this is lower than the regional average of 6.3% and the national average of 5.0%. Across

⁸ Economic Assessment, p. 41

⁹ The Worcestershire Story of place(2008), p.1

¹⁰ Worcestershire County Economic Assessment (2008-2009), p. 40

¹¹ Oxford Consultants for Social Inclusion (OCSI), (2009) Rural Deprivation in Worcestershire.

¹² Worcestershire Monthly Economic Summary(September 2010), p. 27

the county, the Districts with the highest and lowest unemployment rates are Redditch 5.1% and Malvern Hills 2.9% respectively. ¹³

In Worcestershire analysis of claimant count data by Ward shows that in September 2010, 2,950 people aged 18-24 had been claiming for up to one year, the proportion of claimants in the county who have been in receipt of benefit for more than six months between August and September is 35.0% and the proportion in receipt of benefit for more than 12 months was 17.5%. ¹⁴

In Worcestershire 8,900 people of working age in rural areas are receiving some form of DWP benefit – 20% of all such claimants across Worcestershire (roughly 30% of Worcestershire's population live in rural areas). Analysis of other indicators of deprivation, low income, worklessness and poor health show a similarly significant rural share of deprivation in Worcestershire. ¹⁵

Deprivation and financial exclusion across Worcestershire

Worcestershire is not regarded as having very high levels of deprivation overall, but parts of the county do experience significant deprivation. The English Indices of Deprivation 2007 rank Worcestershire as a whole as 113th out of the 149 counties and unitary areas in England (with 1 being the most deprived). However, when viewed at a national level, deprivation issues in Worcestershire can be missed. This is in part because areas of deprivation in Worcestershire are small geographically but in these areas it is highly concentrated. Redditch is ranked as the most deprived district in the county (ranked 144th out of the 354 LA's in England), followed by Wyre Forest (ranked 161st).

Worcestershire has 56 Super Output Areas that fall within the most deprived 30% in England. Eleven areas in Worcester are in the top 20% most deprived nationally and three areas are in the top 10%. These are Old Warndon, Rainbow Hill, and Southwest Gorse Hill. These areas experience multiple deprivation associated with income, employment, ill health, education, and crime, and are ranked as particularly deprived for education, being in the most deprived 2.5% of areas nationally.

Areas of challenge also cover Oldington & Foley Park, Comberton, Habberley, Broadwaters & Greenhill in Kidderminster, the Walshes in Stourport, Pickersleigh in Malvern, and Batchley, Church Hill, Greenlands and Central parts in Redditch. Deprivation concerns are not solely linked

¹³ Worcestershire Monthly Economic Summary(September 2010), p. 4

¹⁴ Worcestershire Monthly Economic Summary(September 2010), p. 21

¹⁵ Worcestershire Oxford Consultants for Social Inclusion (OCSI), (2009) Rural Deprivation in Worcestershire. p.8

to the urban parts of Worcestershire. Some rural parts of the county are within the top 2% most deprived areas in England in terms of barriers to housing and services. These include Lindridge and Teme Valley wards in Malvern Hills, Eckington and Hanbury in Wychavon, and Rock in Wyre Forest.

The Index of Multiple Deprivation 2007 (IMD 2007) is the Government's official measure of multiple deprivation at small area level. Based on the IMD 2007, 30 Lower Super Output Areas (LSOAs) in Worcestershire are among the most deprived 20% of areas across England. However, none of these areas are rural.

Analysis at Output Area level uncovers hidden pockets of deprivation in rural Worcestershire as it examines rural deprivation a finer level of detail. The data on the Index of Multiple Deprivation at the more detailed Output Areas (identified by our modelled data at OA level) that lie in SuperOutput Areas that are not themselves highly deprived (i.e., not identified using nationally-published data):

- Four rural areas are ranked among the most deprived 20% Output Areas in England
- A further 17 areas are ranked among the most 30% deprived Output Areas in England.

All four pockets of deprivation in the most deprived 20% of areas across England are located in Wyre Forest District. The most deprived rural Output Area in Worcestershire is located in Cookley ward in Wyre Forest, covering the Lea Castle Centre. Other deprived pockets include the area of Northwood in Wribbenhall ward, the Severn Bank park area near Stourport and the Kinverdale area of Wolverley ward.¹⁶

A comparison with Super Output Areas in Worcestershire and base line data from DWP Financial Inclusion Champions team demonstrates that financial exclusion is closely correlated with areas of deprivation, Areas of Highest Need (priority areas identified to deliver outcomes in Worcestershire's most deprived neighbourhoods) and barriers to accessing services. The tables in the following pages highlight the areas with the highest requirement for affordable credit and financial exclusion, these areas match IMD areas across Worcestershire.

¹⁶ Worcestershire Oxford Consultants for Social Inclusion (OCSI), (2009) Rural Deprivation in Worcestershire. p.12

Baseline data from DWP Financial Inclusion Champions team (November 2010)

Table 2 : Requirement for affordable credit (septile ranking 1-7)

Septile 7	Septile 6
Droitwich West (Wychavon)	Droitwich Central (Wychavon)
Warndon (Worcester)	Evesham North (Wychavon)
Gorse Hill (Worcester)	Pickersleigh (Malvern)
Rainbow Hill (Worcester)	St John (Worcester)
Oldington and Foley Park (Wyre Forest)	Nunnery (Worcester)
Batchley (Redditch)	Broadwaters (Wyre Forest)
Greenlands (Redditch)	Central (Redditch)
	Church Hill (Redditch)
	Lodge Park (Redditch)
	Winyates (Redditch)
	Matchborough (Redditch)
	Abbey (Redditch)
	Charford (Bromsgrove)

Table 3: Areas of highest financial exclusion (septile ranking 1-7)

Septile 7	Septile 6
Warndon (Worcester)	Droitwich West (Wychavon)
Gorse Hill (Worcester)	Droitwich Central (Wychavon)
Rainbow Hill (Worcester)	Evesham North (Wychavon)
Oldington and Foley Park (Wyre Forest)	Pickersleigh (Malvern)
Batchley (Redditch)	St John (Worcester)
Greenlands (Redditch)	Nunnery (Worcester)
Charford (Bromsgrove)	Broadwaters (Broadwaters)
	Central (Redditch)
	Church Hill (Redditch)
	Lodge Park (Redditch)
	Winyates (Redditch)
	Matchborough (Redditch)
	Abbey (Redditch)

Table 4: Citizen Advice Bureaux enquiry statistics 1 April 2008 to 31 March 2009

Breakdown of enquires by category - Worcestershire County		
debt	22912	33.3%
benefits	15276	22.2%
employment	7651	11.1%
housing	4902	7.1%
signposting	4640	6.8%
relationships	3379	4.9%
legal	2844	4.1%
consumer	1662	2.4%
finance	1391	2.0%
utilities	1099	1.6%
other	754	1.1%
health	527	0.8%
tax	572	0.8%
travel	453	0.7%
immigration	402	0.6%
education	255	0.4%
total	68719	100.0%

Research commissioned by Worcestershire CABx and undertaken and presented by Rubus consultancy in January 2010 on information and advice provision in Worcestershire, specifically to identify geographic and service gaps across each of the six districts in the county, revealed that Citizens Advice Bureaux have experienced a growing demand for debt advice over the last three years.

Enquiries relating to debt, financial matters, employment casework including advocacy and representation, and welfare benefits have increased significantly across all bureaux in the last year. The report also informs the current economic climate will continue to place significant pressures on CAB. The highest number of enquires are relating to debt in five out of the six districts and debt enquires were highest for the county overall. Similarly the second highest number of enquires are relating to benefits in four out of the six districts and benefit enquires were second highest for the county overall. A gap has also been identified in preventive work around financial literacy / capability i.e. managing

money, budgeting, understanding financial terminology such as APR with children and young people in schools and with adults particularly in deprived areas. CABx have the capability to deliver training but resources are currently targeted at advice provision.¹⁷

Links between housing and income deprivation

In Worcestershire there is an increased delivery of affordable housing and it is a priority for Worcestershire, but there are a number of constraints that inhibit delivery. There is a lack of suitable sites that Housing Association partners can secure for new development, both in terms of the number of sites generally available, and the financial rules that Housing Associations are bound by, in terms of competing with the private sector.

The result is that the lower paid and locally employed are being increasingly excluded from the market, with increasing numbers of households on waiting lists and in inadequate

¹⁷ Information and advice provision in Worcestershire, A gap Analysis (2010), p.106-108

accommodation. Only one third of households currently in housing need are in their own accommodation, and only one quarter are single persons, which suggests an overall shortage of housing that cannot be overcome to any significant extent by increased sharing by younger persons. The longest waiting times for social rented accommodation is for two bedroom houses for young families and four bedroom houses for established families that have outgrown their present accommodation.¹⁸

Tenants in social housing are disproportionately affected by financial exclusion and it is estimated that they make up around 60% of all the financially excluded. According to National Housing Federation 2007 figures:

- Nearly one in six social-rented tenants have no bank account, twice as high a proportion as the rest of the population
- 81% have no savings account
- 91% have no insurance cover¹⁹

The link between social housing tenants and financial exclusion is evident in Worcestershire, examples include the Malvern Hills district, data indicates that 57% of all Elgar Housing Association tenants are in receipt of Housing Benefit, 78% of tenants in sheltered housing are in receipt of Housing Benefit and 53% of tenants in general needs housing are in receipt of Housing Benefit. The situation is similar in Wychavon as data shows that 60% of all Spa Housing Association tenants are in receipt of Housing Benefit, 80% of tenants in sheltered housing are in receipt of Housing Benefit and 57% of our tenants in general need housing are in receipt of Housing Benefit.²⁰

Fuel Poverty

Fuel poverty is caused by a combination of factors:

- Poor energy efficiency in the home
- Inefficient or expensive heating systems and high fuel costs
- Low household income and high hours of occupancy

Although individual household circumstances have considerable influence there are a number of indicators to the likely level of fuel poverty in Worcestershire. Assessment of the levels of deprivation and other indicators examined during the strategy development process suggest that

¹⁸ The Worcestershire Story of place(2008), p.4

¹⁹ Making the Link: Engaging Social Landlords in Financial Inclusion, Transact., p. 2

²⁰ Festival Housing Group Financial Inclusion Strategy., p. 5

more than 13% or up to 30,000 households in Worcestershire are experiencing some degree of fuel poverty with very high percentages in some parts of all 6 authority areas

The local authorities in Worcestershire are committed to the eradication of fuel poverty and the provision of affordable warmth for all households within the next 10-15 years. To ensure progress is made towards this objective the six local authorities are working in partnership with the 3 Primary Care Trusts in the county, Worcestershire Social Services, other service providers, business partners and the wider community.²¹

3 Financial inclusion services in Worcestershire

Money and debt advice

There is a range of support and services currently available across Worcestershire. The Citizen Advice Bureau is the main provider of free debt advice which is delivered through six independent district based Citizens Advice Bureaux operating across Worcestershire providing services at 49 locations including Children's Centre, Medical Centres, prisons and community venues.

Worcester Citizens Advice Bureau & WHABAC (Worcester Housing and Benefits Advice Centre) provide a free, independent, confidential and impartial service. All six Citizens Advice Bureaux offer general information and advice to all members of the community free of charge.

District Councils

Bromsgrove District Council has funded a Mortgage Rescue Money Advisor at the Bromsgrove and District Citizens' Advice Bureau in response to an increase in benefits enquiries. Redditch Borough Council have introduced the Welfare Service to help tenants to maximise income, fast track benefit claims and give debt advice and assistance. Redditch Borough Council also offers swipe cards, enabling rent to be paid at 20 venues outside office hours.

Worcester CASH

Worcester CASH provides free, impartial, independent and confidential debt counselling, money advice and budget coaching, primarily benefitting the most vulnerable people throughout Worcestershire. It also runs money management training courses that serve to provide financial education, improving literacy and capability.

Support from Housing Associations

Housing associations across Worcestershire offer dedicated advice services and information relating to tenancy, debt, budgeting and benefits issues. Festival Housing Group for instance, employs two Welfare Benefits Officers to provide help with benefits entitlement. Wyre Forest Community Housing Group offers the expertise of Housing Benefit Liaison staff; this is coupled

²¹ Affordable Warmth Strategy for Worcestershire. p.4

with funding of CABs, debt counselling service and Credit Union Money Points at selected Estate Offices to provide practical help to customers on a limited income.

Access to affordable credit

Credit Unions

A credit union is a cooperative financial institution that is owned and controlled by its members and operated for the purpose of promoting the value of saving, providing credit at reasonable rates, and providing other financial services to its members. Many credit unions exist to further community development on a local level. Following the planned closure of Black Pear, Worcestershire's credit union due to a reduction in grant income over the last two years, Financial Inclusion Task Group members will explore opportunities to work with neighbouring credit unions to cover parts of the county.

My Home Finance initiative

Funded through the DWP Growth the 'My Home Finance Initiative' offers loans through a series of shops across the West Midlands. The programme is being piloted using Growth Fund finance until March 2011 and thereafter will continue operating as is self-sustaining social enterprise. The initiative is being driven by the National Housing Federation and some funding has come from West Midlands based Housing Associations. A shop in Worcester is now open and the scheme provides loans, promotes the take up of savings through Bank of Scotland and RBS for basic bank accounts.

Home contents insurance

Housing Associations in Worcestershire are working towards the provision of 'My home Finance initiative', affordable home insurance available to their tenants through the National Housing Federation. Redditch Borough Council offers tenants low cost home insurance, the remaining districts councils across Worcestershire have made a large scale voluntary transfer of housing stock within districts.

Maximising the take up of pensioner benefits and allowances take up

Partners across Worcestershire are working together to raise awareness of pensioner benefits and to increase take up of pensioner benefits. Activity includes promoting available benefits to older people and providing information on eligibility criteria and how to claim. A Take Up Campaign was launched in November 2010, this includes promotion leaflets, training and awareness products and the development of referral pathway. The Worcestershire Hub is providing a dedicated phone line for older people to contact; customers will then be referred onwards to the Local Pension Service and also to providers of older people's support services. Many third sector partners are involved in supporting the campaign.

4 The future of financial inclusion work in Worcestershire

Our joint priorities

The joint priorities for the work of partners through the Worcestershire financial inclusion strategy (as detailed on page 6 are to improve:

- Access to affordable and responsible credit
- Access to appropriate financial services
- Access to face to face debt and income advice
- Access to welfare benefits
- Financial education, literacy and capability

We will do this by:

- Identifying and supporting those who are facing financial difficulties making a clear link between financial and social inclusion.
- Delivering targeted services in neighbourhoods which have been identified as most at risk of financial exclusion.
- Continuing to audit, monitor and improve the services that we jointly provide to those who are most at risk of financial exclusion within Worcestershire.
- Sharing good practice in financial inclusion work and benchmarking our performance.
- Securing funding to support services which address financial exclusion within Worcestershire.

The partnership work undertaken to address the needs of Worcestershire residents who are financially excluded will be undertaken through the Worcestershire Financial Inclusion Task Group which will operate under the Worcestershire Partnership structure.

The Task Group will carry out its work through a series of annual action plans linked to the priorities. It will monitor and report on the outcomes of its activities on an annual basis.

Financial Inclusion Task Group Priorities						
No	Objective	By when	Responsible	Projects	NI/Outcomes progress	Outstanding
1	Improving access to affordable credit	February 2011 report	Black Pear Credit Union	Black Pear work with housing associations and other partners to extend reach of service provision	Financial security of credit union for 2010/11 achieved Reduce grant dependency of credit union/review of Black Pear business plan Expansion of membership numbers Expansion of numbers of contact/access points Reduction in bad debts Improved publicity for the credit union	Review of business plan Review of marketing plan Payment cards usage Initiatives to improve membership referrals Expansion of number of money points/use of contact centres
		February 2011 report	National Housing Federation	My Home Finance initiative	Improved access to loans in Worcestershire	Training - on-going with Associations Update on progress with the project for December meeting. First report on success of project statistics. Link with credit union.
No	Objective	By when	Responsible	Projects	NI/Outcomes progress	Outstanding
2	Improving access to money and debt advice	?	Ros Stinton, Worcestershire Hub	Trial 2-way referral process being undertaken in Worcester with WHABAC/CAB and Worcestershire Hub	Improved access for customer to advice	Report on project?
		Sep-10	Chris Connor	Further work to increase awareness of loans sharks operating in Worcestershire particularly with the Supporting People service providers	Improved awareness amongst organisations and staff of support to tackle loan sharks	
		On-going	All	Money advice roadshows		Plans for summer 2011?
No	Objective	By when	Responsible	Projects	NI/Outcomes progress	Outstanding

3	Maximising the take up of welfare benefits and tax credits (with an emphasis on in-work benefits)	Feb-11	Claire Parry, DWP	Joint DWP, Worcestershire Hub, Age Concern, Housing association campaign	Pensions work to raise awareness of pensioner benefits and to increase take up of pensioner benefits	Project launched 16.11.10. Project update on progress to date.
		Mar-11	Lead: Jonathan Branson	Housing Associations: Develop standard for collecting data to evidence impact of financial inclusion work	Consider good practice from CABs Involve residents in setting outcomes for FI work	Draft benchmarking KPIs developed.
Partnership work						
No	Objective	By when	Responsible	Projects	Outcomes progress	Outstanding
1	To improve information on financial inclusion target areas and needs in Worcestershire	Jan-11	Jenny Quinn/Kate Gallant/Jane Ridgley	Accurate FI data available to partners	Priority data provided by DWP Champions team	Research and Intelligence Unit further review and contributions to the data available being undertaken as part of new FI Strategy
2	To improve partnership working on financial inclusion and to have clear objectives for partnership work	Jan-11	Jenny Quinn/Kate Gallant/Jane Ridgley	Locate FITG firmly in Worcestershire Partnership	New FITG established. Membership review. Review objectives and partnership work needed. Plan for two projects for remainder of financial year.	Draft Financial Inclusion Strategy available for comment.
Additional FI priorities being addressed by partners						
1	Access to basic banking services					
2	Access to home contents insurance	Dec-10	Mark Williams	Farr Insurance - pilot	New arrangement to promote home contents insurance	

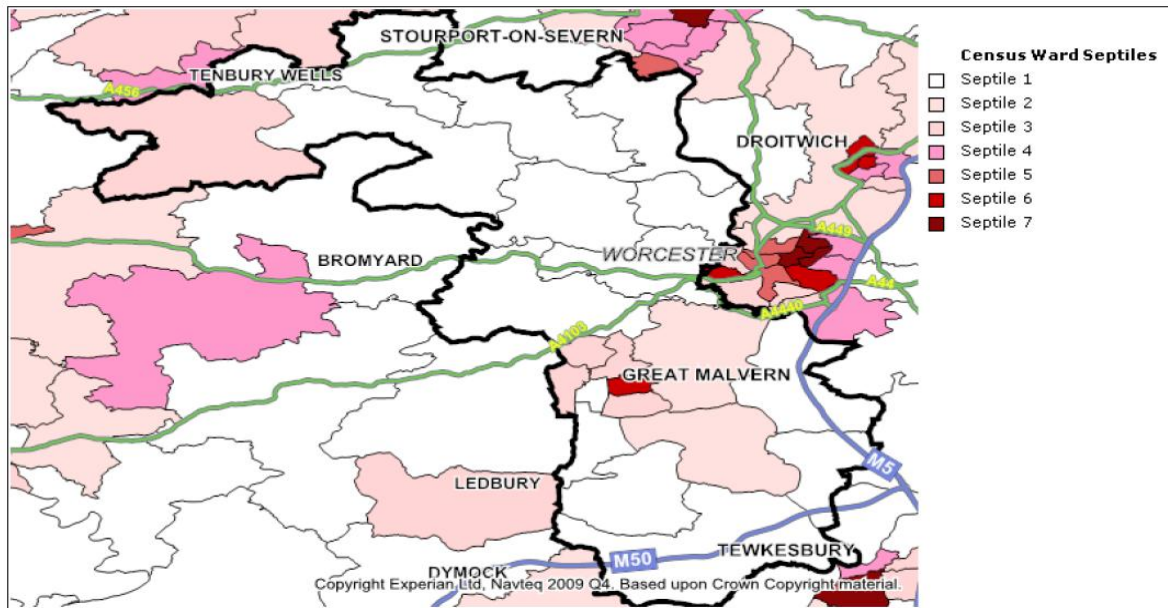
Appendix A

District maps of areas showing areas of affordable credit and financial exclusion

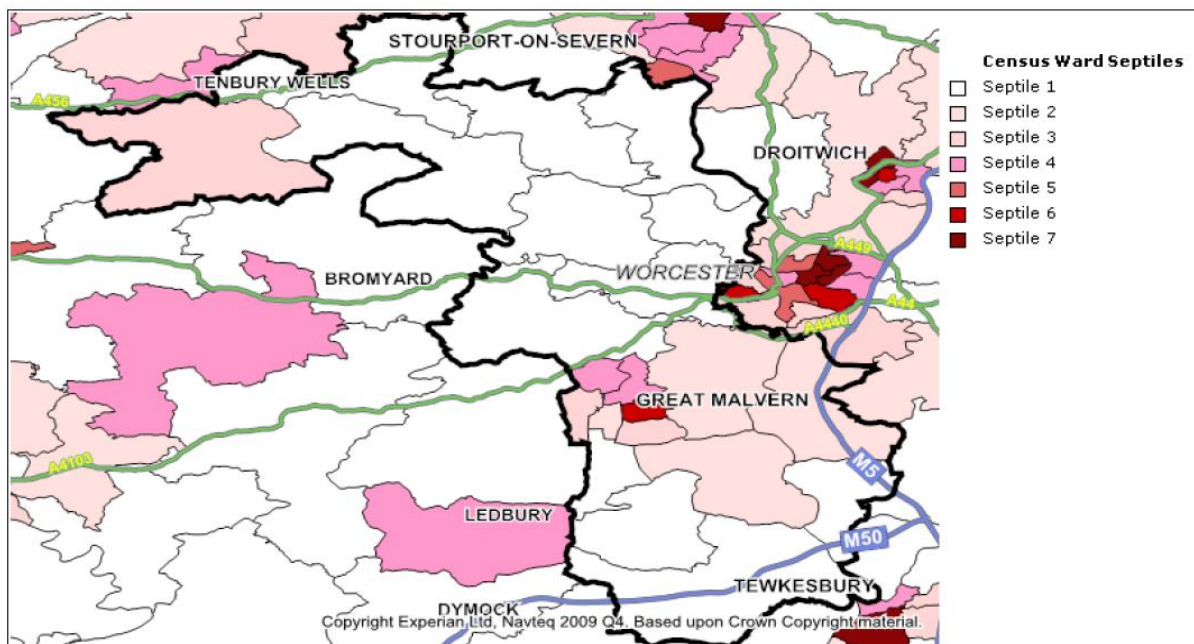
Experian has undertaken some mapping at ward level which reflects the requirement for affordable credit and financial exclusion, the maps in the following pages reflect the probability of Worcestershire residents being financially excluded. Twenty wards in Worcestershire are ranked in the top two deciles when compared to other wards across the country.

Malvern

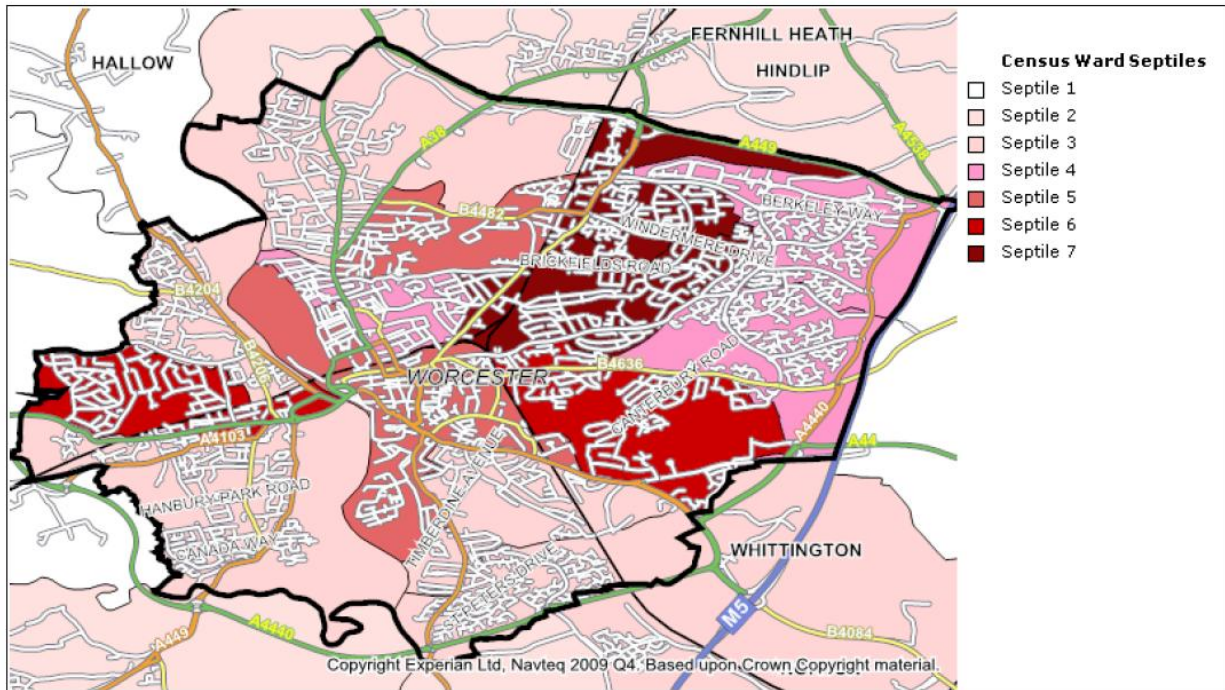
Map of study area showing areas of high financial exclusion



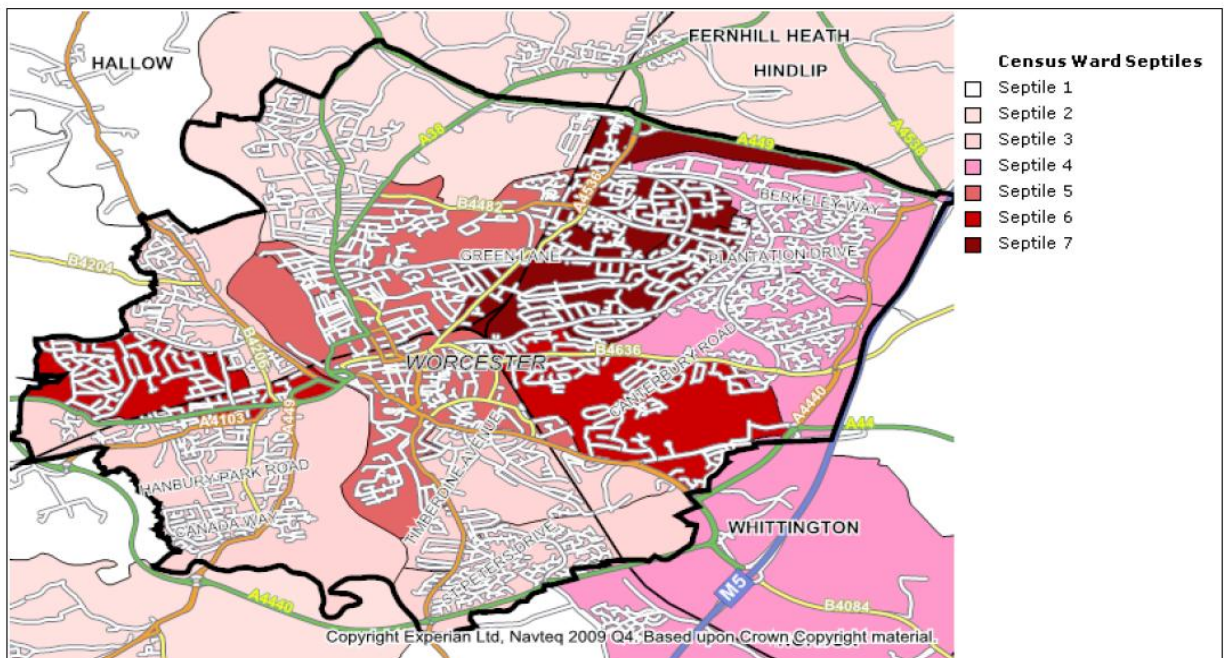
Map of study area showing areas of affordable credit



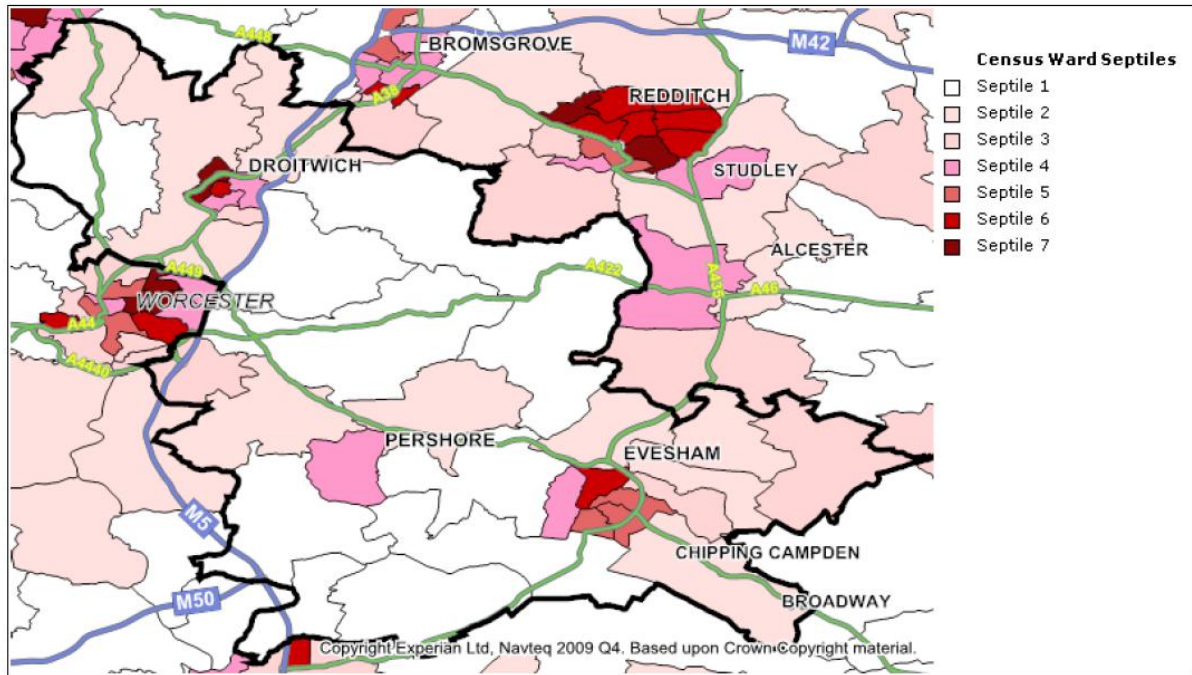
Map of study area showing areas of affordable credit



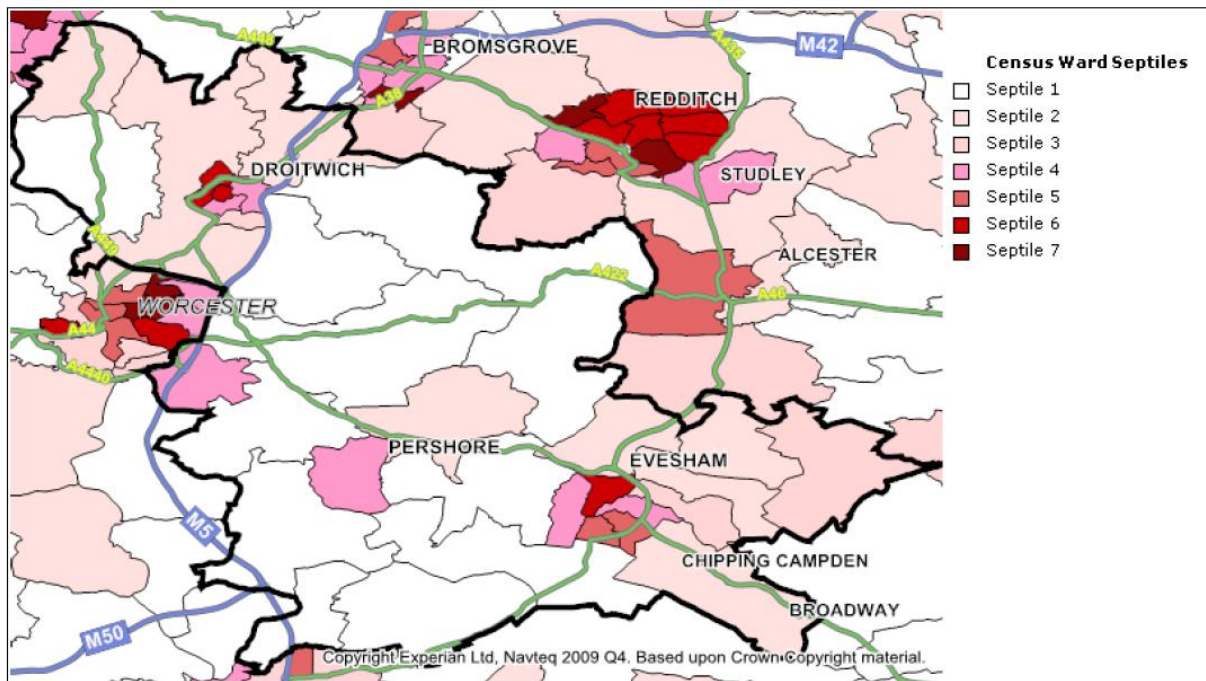
Map of study area showing areas of high financial exclusion



Map of study area showing areas of affordable credit

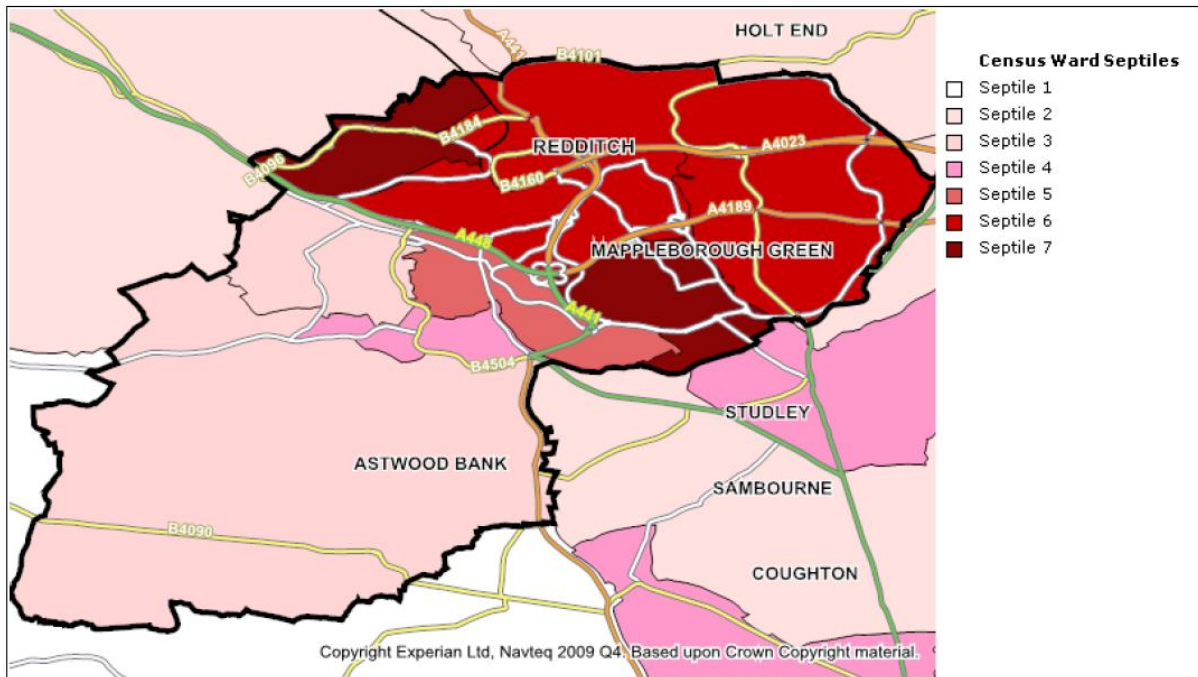


Map of study area showing areas of high financial exclusion

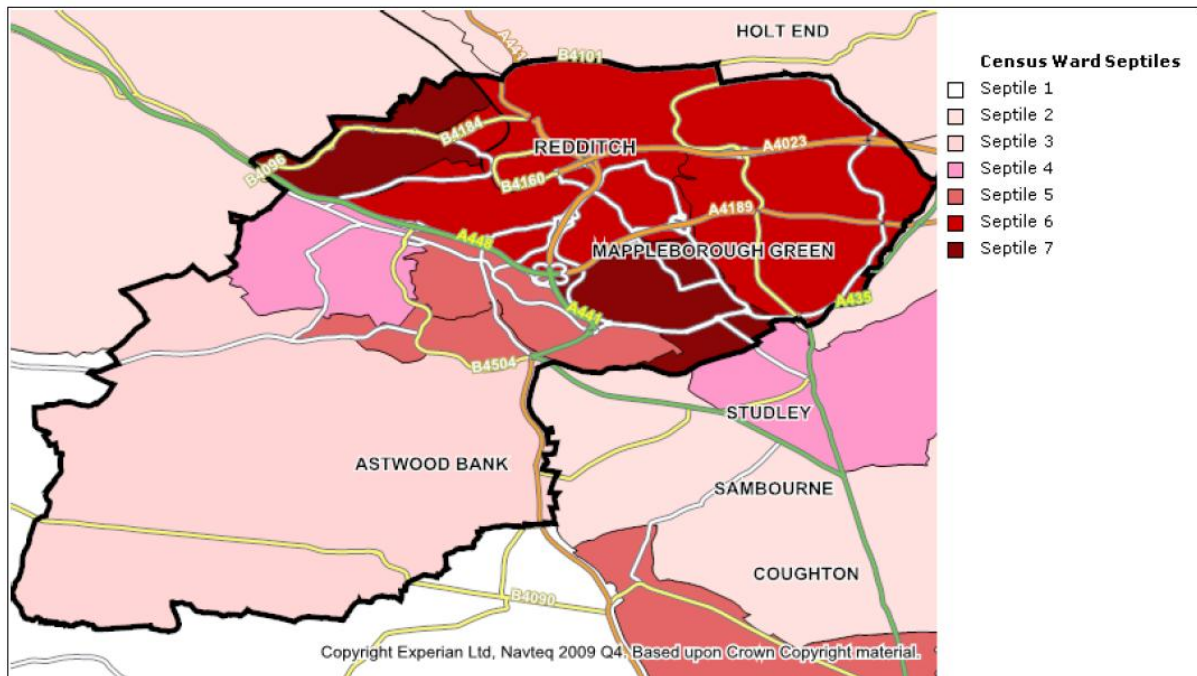


Redditch

Map of study area showing areas of affordable credit

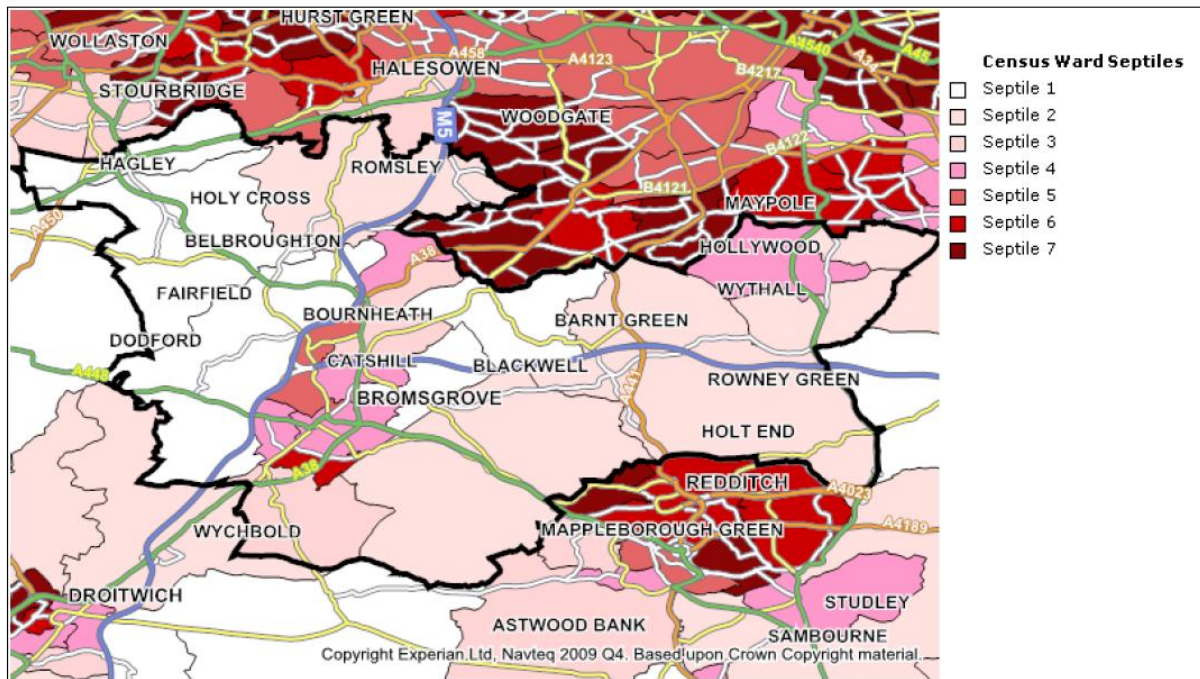


Map of study area showing areas of high financial exclusion

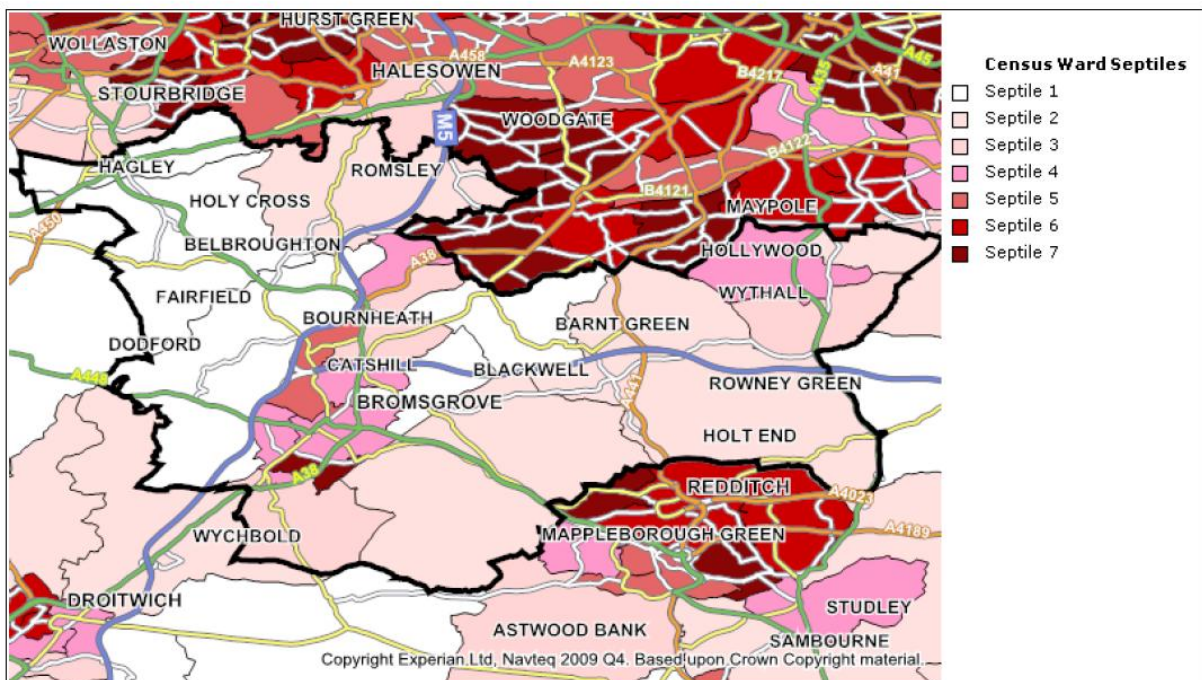


Bromsgrove

Map of study area showing areas of affordable credit

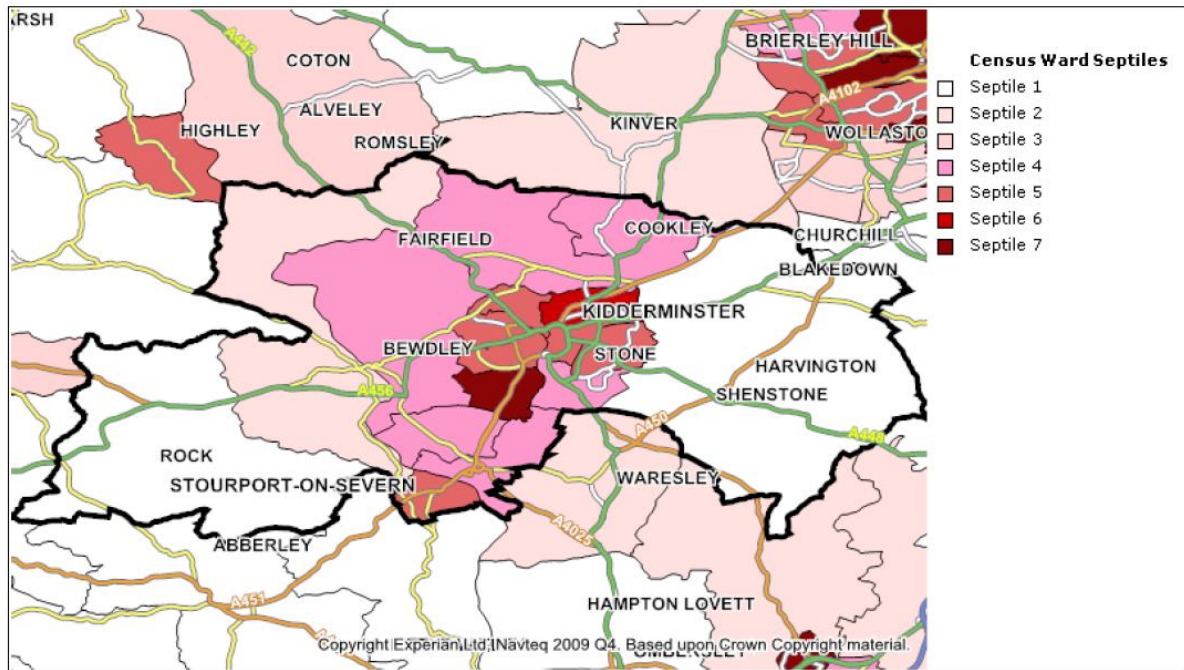


Map of study area showing areas of high financial exclusion

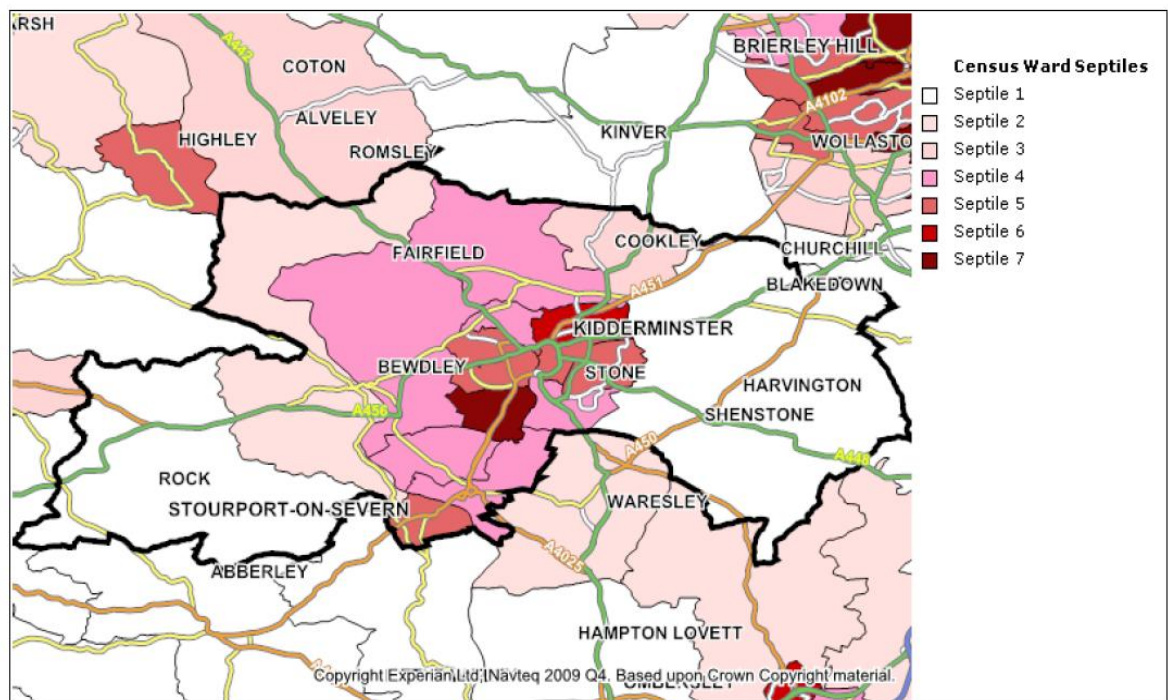


Wyre Forest

Map of study area showing areas of affordable credit



Map of study area showing areas of high financial exclusion



Appendix B

Financial Inclusion Partners in Worcestershire
Rooftop Housing Group
Festival Housing Group
Bromsgrove District Housing Trust
Wychavon District Council
Illegal Money Lending team
My Home Finance
Voluntary and Community Sector
Financial Inclusion Champions
Redditch Borough Council
Worcestershire's Citizen Advice Bureaux's
Hereford and Worcester Fire and Rescue Service
Community Housing Group
Worcester Cash
Local Pensions Service
Worcestershire Partnership
Worcestershire Hub and Worcestershire Hub Shared Service (WCC)
Economic Development, Worcestershire County Council
Supporting People & Community, Worcestershire County Council
Joint Commissioning Unit, Worcestershire County Council