

Evaluation of the Treneere Financial Inclusion Outreach Project

**Report prepared for Neighbourhoods Together Partnership,
Inclusion Cornwall and Cornish Community Banking**

May 2010

Revised March 2011 to include final data and project outcomes

Susan Stopforth M.Sc

Public and Third Sector

**Research and
Consultancy**

TABLE OF CONTENTS

1	INTRODUCTION TO FINANCIAL INCLUSION (TRENEERE)	4
	EVALUATION REQUIREMENTS	4
	CCB TRENEERE FIP DELIVERY CONTEXT AND MAIN AIMS	4
	DELIVERY PARTNERS	5
	DEFINITION OF FINANCIAL EXCLUSION	6
	NEIGHBOURHOOD INDICATORS.....	6
	CCB TRENEERE FIP DELIVERABLES.....	7
	REPORT STRUCTURE	8
2	EVIDENCE OF IMPACT FROM CREDIT UNION MEMBERS	9
	GATHERING EVIDENCE	9
	KEY THEMES	9
	OUTREACH AND ACCESS.....	10
	TAKE UP OF CCB FINANCIAL SERVICES.....	10
	REASONS FOR CHOOSING CCB CREDIT UNION.....	13
	CHANGES IN MANAGING PERSONAL FINANCES	14
	PERSONAL DEVELOPMENT / ACHIEVEMENTS.....	14
	BARRIERS AND DIFFICULTIES.....	15
	WIDER IMPACT ON SELF AND FAMILY	16
	EFFECTIVE LOCAL PRACTICE	17
	FUTURE PROVISION	18
3	OCTOBER 2009 - MARCH 2010 /CAB FIP PARTNERSHIP	19
	FINANCIAL INCLUSION PROJECT (FIP) OVERVIEW	19
	CLIENT FLOW	20
	CASEWORK.....	20
	IMPACT FROM ACHIEVING KEY FINANCIAL OUTCOMES.....	21
	IMPACT ON SKILLS AND CONFIDENCE (PERSONAL ACHIEVEMENTS).....	22
	FINANCIAL SUMMARY	23
4	SUMMARY OF RETURN ON INVESTMENT FOR CCB FIP	24
	OCTOBER 2008 TO SEPTEMBER 2009.....	24
	OCTOBER 2009 TO MARCH 2010	25
	AVERAGE / FUTURE BASELINE MEASURES BASED ON TRENEERE FIP	26
5	CONCLUSIONS	27
	KEY FINDINGS	27

SUMMARY STATEMENT.....	29
NEIGHBOURHOOD PROFILE / INDEBTEDNESS.....	32
COUNCIL TAX ARREARS	32
SOCIAL HOUSING RENT ARREARS.....	33
CAB DEBT RELIEF MEASURES	33
CORNISH COMMUNITY BANKING / CREDIT UNION	33
PERSONAL INSOLVENCY, BANKRUPTCY AND IVAS IN CORNWALL	34
GIS DATA FOR HOUSEHOLD INCOME AND DEBT.....	34
COUNTY COURT JUDGEMENTS (CCJs).....	35
FINANCIAL STRESS INDEX	36

Annex 1 – Neighbourhood profile

Acknowledgement

Annex 1 – the neighbourhood profile in relation to indebtedness has been prepared in collaboration with Cornwall Council Community Intelligence Team. The full profile as prepared is available from Neighbourhoods Together or Cornish Community Banking. For more information about the Cornwall Community Intelligence Team see www.cornwall.gov.uk/intelligence

1 INTRODUCTION TO FINANCIAL INCLUSION (TRENEERE)

Evaluation requirements

1.1 The main requirement for this evaluation is to assess and report the extent to which CCB's neighbourhood work has helped to reduce indebtedness and improve the financial viability of households in Treneere, Eastern Green, Gwavas and Roscadghill Parc. The CCB Treneere Financial Inclusion Outreach Project (CCB Treneere FIP) is CCB's Credit Union and neighbourhood outreach initiated with Treneere Together Partnership (now the Neighbourhoods Together Partnership) and completed in partnership with the Citizens Advice Bureau.

1.2 Quantitative data gathered by project staff was available for the evaluation and has been summarised alongside qualitative evidence from focus groups with project staff, residents and stakeholders carried out by the evaluator. The report provides robust evidence of return on investment and insight into how and why the CCB Treneere FIP made a difference in the target neighbourhoods and in working towards a multi-agency response to financial exclusion.

CCB Treneere FIP delivery context and main aims

Neighbourhood funding and priorities for financial inclusion

1.3 Cornwall's Local Area Agreement (LAA) has 2 strands which are key to the CCB Treneere FIP:

- STRONG 3 (working to improve the quality of life for residents living in the most deprived neighbourhoods) funds the Neighbourhoods Together Partnership (formerly known as the Treneere Together Partnership).
- STRONG 7 is working to reduce indebtedness and increase opportunity.

1.4 In October 2008, CCB received £25,000 of funding through Treneere Together (TTP) to deliver finance advice, banking and credit union services. As the Treneere model of neighbourhood management expanded to incorporate other deprived areas in Penzance and Newlyn, (Eastern Green, Gwavas and Roscadghill Parc) CCB extended

its outreach to these areas also. From October 2009 to March 2010, CCB's credit union outreach activity in Treneere and other targeted areas in Penzance and Newlyn was sustained through LAA partnership funding with Citizen's Advice Bureau (CAB).

Main aims

1.5 The project's purpose was to improve access to financial services and provide information and guidance advice for residents in the most financially excluded neighbourhoods in Penzance and Newlyn. Information and guidance advice was delivered through outreach within communities, to raise awareness about 'doorstep' interest rates, offer access to the credit union's low cost alternative loans and provide local opportunities to save as part of better budgeting and financial planning. Reducing doorstep lending was seen a particular priority given the high profile of door step lenders and known (high and rising) levels of debt in each community¹.

CU instils a different way of thinking about money – understanding the difference between priority and non priority debts, about APRs and front loading interest in repayments.

(Comment from CCB)

Delivery partners

1.6 TTP developed the project proposal with CCB following concerns about debt levels on the estate raised during the Worklessness and Education working group meetings and in the Quality of Life survey. Treneere Team Spirit (Treneere's residents' association) provided evidence of local interest in Credit Union and intelligence about a recruitment drive by door step lender Provident and also about their high interest rates.

1.7 The Neighbourhoods Together Partnership (NTP) previously Treneere Together Partnership (TTP) was closely involved from the start – providing evidence of need from its Quality of Life surveys with Treneere residents and latterly through reported levels of

¹ The project proposal noted credit card debt rising faster in West Cornwall than anywhere in the UK, with the average amount on a credit card up 43% to £1644 (2007/8).

rent arrears from social housing landlord Penwith Housing Association (PHA). Both NTP and PHA continued to refer residents to CCB and publicise their services throughout.

1.8 CCB worked closely with the CAB debt advice service throughout to refer and support residents with severe debt issues. When in August 2009, LAA funding enabled the CAB to provide a fast track, dedicated response offering holistic debt and benefits advice to residents in the targeted neighbourhoods, CCB also received continuation funding for October 2009 to March 2010. In effect this became a joint project with a single steering group through which referral mechanisms and protocols evolved.

1.9 As a strategic partner and stakeholders, Cornwall Council / Inclusion Cornwall and the LAA provided a link with the Cornwall Strategic Partnership and other agencies working to reduce financial exclusion in Cornwall. The LAA supported a partnership approach, linking funding for the CAB and CCB financial inclusion projects to support shared aims: to improve financial capability, maximise income within the targeted neighbourhoods and reduce indebtedness.

Definition of financial exclusion

1.10 The CCB / TTP project proposal described financial exclusion as follows²:

Financial exclusion is the inability of individuals, households or groups to access necessary financial services in an appropriate form. This in turn may lead to exclusion from services (such as gas, electricity paid for by direct debt) and an over-reliance on expensive financial products and services where APR for credit can range upwards from 100%.

Neighbourhood indicators

1.11 What is known about the population of Treneere, Eastern Green, Roscadghill and Gwavas is limited by postcode or ward boundaries and the data available for Lower Super Output Areas (LSOAs). Cornwall Council's Community Intelligence Team can provide data, for example, about council tax arrears (by postcode), county court judgements, household income and debt – and baseline information using Experian's

² The Case for a Strategic Approach to Financial Inclusion in Cornwall

Financial Stress Index. For Penzance, Lower Super Output Area data has confirmed 'financial stress' is high / very high in Treneere (62 % of households), less so in Newlyn East (33% of households) and Heamoor Central (25% of households) and lower in Roscadghill (9% of households).³

1.12 These data sources complemented project level data from the CCB and CAB FIPs, from Penwith Housing concerning levels of rent arrears and from Neighbourhoods Together's annual Quality of Life survey. Taken together these measures could provide useful year on year indicators of financial exclusion / inclusion in the targeted neighbourhoods and within the wider contexts of Penzance and Cornwall County.

CCB Treneere FIP deliverables

1.13 The predicted outcomes for the CCB Treneere FIP October 2008 to October 2009 (based on a full time loans and development worker) were:

- A Credit Union branch for Treneere, run by trained and supported volunteers;
- At least 50 residents obtaining loans;
- At least 50 residents becoming members and savers with the Credit Union;
- At least 50 residents receiving personalised debt advice and access to further training and support;

1.14 The outreach officer, as appointed, focussed initially on outreach to build up awareness in conjunction with recruiting and training local residents who could work alongside the officer to support a collection point – the initial target of signing up 50 credit union members was met within the first six months.

1.15 The project was required to submit periodic progress reports to TTP/ NTP. The reports for December 2008 and March 2009 record the build up of enquiries, new savers and loans, expansion into additional areas and involvement of volunteers. The report in August 2009 summarises the outputs achieved in the first 10 months:

- Number of Treneere residents saving regularly (75)

³ See Annex 1 / Neighbourhood Profile.

- Total number of 'live' loans (14)
- Proportion of 'fast track' loans⁴ (71%)
- Proportion of secured loans⁵ (14%)
- Proportion of 1% loans⁶ (14%)
- Proportion of second loans⁷ (22%)
- Proportion of members with loans who are / were users of doorstep loans (100%)
- Proportion with loans who continued saving while paying back their loan⁸ (100%)
- Number of loan requests turned down (5 out of 73 enquiries)
- Referrals to CAB for debt counselling⁹ (5)

1.16 By the end of the first year, there had been 36 individual budgeting sessions, 13 people had attended a joint training session with CAB, 21 affordable loans had been granted (value £6000), 51 new savings accounts had been opened and £8706 saved. By March 2010¹⁰ (18 months of project delivery completed) CCB had completed 95 budgeting sessions, affordable loans had risen to 61 (total value £25,964), with 87 savings accounts and 7 basic banking accounts opened.

Report structure

1.17 As appropriate, the remaining sections of this report comprise: Chapter 2 – Evidence of impact from credit union members; Chapter 3 – October 09 – March 2010 / CAB FIP partnership; Chapter 4 – Summary of return on investment for CCB FIP; and Chapter 5 – Conclusions

⁴ 'Fast track' loans do not require the member to save for 13 weeks and are capped at £600.

⁵ Member obtains a loan that matches their current savings instead of withdrawing their savings

⁶ Member has saved and then borrowed up to three times what they have saved.

⁷ Where the member has paid off their first credit union loan and taken a second loan.

⁸ Credit union requires all loan applicants join and attempt to save at least £1 per month whilst repaying their loan.

⁹ Many people were recommended to go to the CAB but were not prepared to as they were concerned that their remaining sources of credit would be stopped. This changed when DRO's were introduced.

¹⁰ For the 6 months from October 2009 to March 2010 CCB was funded in partnership with the CAB and was expected to sustain output levels and, as agreed, to encompass other needy areas.

2 EVIDENCE OF IMPACT FROM CREDIT UNION MEMBERS

Gathering evidence

2.1 The evaluation process for the CCB Treneere FIP comprised start up, data review, interviews and focus groups with partners / stakeholders and project beneficiaries. Focus groups and a joint workshop for members and stakeholders were held at the Lescudjack Centre and Col Coombe – 17 members and stakeholders attended. Information was gathered and has been reported here within agreed topics and themes.

2.2 In particular, the evaluation provided an opportunity to record members' views about the difference that having a local Credit Union branch had made to them personally and to their neighbourhood.

Key themes

2.3 As outlined in the proposal and agreed when the evaluation commenced, the main topics for consideration and discussion were:

- How Credit Union members found out about / why they joined the CCB CU (outreach, information sources, onward referrals)
- Which services were used and why (advice, help with budgeting, basic bank account and SO services, savings, loans)
- Why CCB CU services and local collection points were preferred to high street banks and door step lenders
- Changes in managing personal finances since joining the CCB
- Personal development / achievements (such as increased confidence, resilience, planning skills)
- Any barriers and difficulties (for example family pressure / motivation issues, sticking to the plan, reliance on door step lenders)
- The wider impact of CU services on self and family (social / economic inclusion).
- Why the CCB CU approach is effective (good practice)
- Making the most of referral opportunities and interagency partnership.

Outreach and access

2.4 Neighbourhood capacity building and outreach with groups through TTP provided the necessary foundation. Residents in touch with Team Spirit knew that the Credit Union was coming and that the Col Coombe building would host the outreach sessions and service point. There was publicity in the Treneere Together newsletter, with leaflets available at the neighbourhood office and at St. John's Hall where a service point had already been running. The banner outside Col Coombe announced CCB's presence and 'credit union lady', as the loans and outreach worker quickly became known, was soon a familiar site within the neighbourhood.

I knew about Credit Union coming to Treneere before I took the decision to do something about my debts.

Knew my credit rating was not the best but hoped I might get a loan at a better rate than with the 'doorstep lenders'

Noticed the banner outside Col Coombe – there were leaflets publicising other things and debt advice

Attracted by the interest rate – much lower than the extortionate rates charged by the 'Provi'¹¹.

Take up of CCB financial services

Budgeting advice

2.5 User feedback on budgeting advice emphasised the importance of local, personalised help – and from a trusted source. Providing advice tailored to individual need also meant allowing sufficient time to deal with clients who were often stressed and emotional about their situation.

I liked the 1 to 1 approach – speaking to a person who is familiar, known as someone who goes out and meets people, visits them in their home – the advice she gave was

¹¹ Doorstep lender Provident is commonly known as 'The Provi'.

down to earth - and I felt comfortable, not looked down on like you are in a High Street bank .

It will all be more difficult if the Credit Union isn't based in the neighbourhood – people are likely to be less open with volunteers.

I'm generally very reserved but she put me at my ease – fantastic service – it would be a tragedy if we lost it – caring, dedicated, very pleasant and nice, comes to us, and deserves all credit for helping us.

Basic bank accounts

2.6 Those who use them were very pleased with the service provided – relieved to know that their bills and loan repayments get paid automatically. They also noticed that CCB followed up on missed payments very quickly so that good habits set in place didn't slip away.

We pay in one amount and the bank pays off all our debts each month – a lot of residents wouldn't be able to manage all that (*the separate payments*) regularly.

Joining Credit Union and setting up regular, reduced repayments by standing order gave us time to come to terms with what needed to be done with our debts.

Savings

2.7 Talking about savings, many Credit Union members said they had never been able to save before. Many savers were also attracted to the idea that their savings could help other people in their community – with the Credit Union ethos worthy of their support and totally different from what they know of High Street banks. By depositing small amounts regularly for 13 weeks, members also earned the opportunity to borrow as a secured loan up to three times their savings.

My savings are now held safe not somewhere you can dip into.

You can save quietly if you want without your children or whoever knowing about it.

As a member I'm glad for my savings to benefit people who need to borrow from the pot.

Loans

2.8 User enthusiasm for Credit Union loans was about the process not just low interest rates. Loans had been agreed on a capacity to repay as assessed by the Credit Union 'panel'. There was a feeling that the 'panel' looked at individual need and not necessarily only the kind of need and capacity to repay that a High Street bank would recognise. Less than 10% of Credit Union applications for loans had to be turned down because of existing debts and / or inability to repay¹².

There was a queue at the door to find out about loans before Christmas.

We started with a 2% loan – now we're budgeting and saving so that we can take a secured loan when we need it.

Waiting for the panel to meet and decide if you can have your loan takes few days but it's worth it.

Debt advice

2.9 Advice about priority and non priority debts was built into discussion around the Credit Union financial statement, but where more complex issues were identified, such as debts, the resident was offered a referral to the CAB. Increasingly the Credit Union loans and outreach officer worked with the CAB to fast track those in need of their debt advice service, which could offer detailed advice on options and access to a DRO if

¹² However, as part of the loan application process, an initial budgeting session was always held between the resident and the outreach officer, resulting in a significant number of initial enquiries not progressing before the panel due to an inability to repay until other issues were addressed.

required. Where the resident did not want to be referred to the CAB, the outreach officer was able to signpost the resident to other providers of support.

Shouldn't be ashamed of debt – just face up to it – I recommend people to go to CCB or Citizens Advice as soon as they have problems, not get more and more in debt.

Reasons for choosing CCB Credit Union

2.10 Reasons for **choosing CCB Credit Union** over a High Street bank were partly pragmatic – High Street banks generally would not offer loans to anyone without a job whereas the Credit Union considered capacity to repay. There were also strong feelings of mistrust about bank advice and whether what they try to sell you is what you need. Also Credit Union members preferred their savings to stay local.

Credit Union is more ethical – their advice is your based on personal circumstances – the advisor listens to you – and focussed on you not their target sheet – it's personal advice not product advice.

The banks won't lend to anyone who isn't working – even though I showed them evidence of regular repayment on a door step loan – and they told me I couldn't open a bank account either – no passport or driving licence means no bank account – what was I supposed to do learn to drive just for that!

I'm happy to have what I save out on loan within the community.

2.11 The main reason for **rejecting doorstep lenders** was realisation of what their interest rates meant – but concern too about lack of confidentiality. Although door step loans were easy to take out, rates of interest on the original and subsequent loans were very high, with big penalties for non payment and regular encouragement to take out further loans. Credit Union members realised they have an alternative.

The (*doorstep lender*) rep would talk about other people when she called so I knew it

wasn't confidential.

Previously I had 4 loans and was paying off £10 a week but £8 was interest – had taken out loans also for our children – but the youngest is 25 now – enough is enough.

Didn't have much choice before – until the Credit Union we didn't actually realise there was anything else!

Changes in managing personal finances

2.12 Credit Union members were very clear about what has changed and why. All those who contributed to this evaluation were very pleased that they could now afford to save, even if only a little, and could then borrow at preferential rates when they needed to. Help to draw up a financial statement had shown where their money goes and how they could make savings.

It's been step by step – the £5 a month charge on a current account is recouped through discounts on utilities paid by direct debit – benefits are paid in fortnightly – we can pay off what we owe and then use what's left.

Credit Union has taught me to save and be more thrifty with my money. I tend to think now before I spend, then save and enjoy what I buy rather than worrying after about how I'm going to manage. We live within our means now and don't have to worry as much.

Can live like other people now – not extravagantly but able to buy new shoes for the children and something for birthdays and Christmas

Personal development / achievements

2.13 Credit Union members in Treneere and Newlyn have become increasingly passionate about getting doorstep lenders out of their neighbourhood. All of the £18,000 out on loan at April 2010 was to people who previously used door step lenders.

We don't see the 'Provi' about nearly as much – it was legalised extortion!

Only seen them once and they drove off!

I've told her I'm paying off what I owe and that's it. No more loans coming to you – we're with the CU now – we've been with you (*door step lender*) for eight or nine years and you've never even dropped the interest rate for a loyal customer – now we can afford to pay back and save.

2.14 Understanding how much was wasted on door step interest rates has instilled a determination never to go that route again. The resilience gained is likely to be a key factor in ensuring better budgeting translates into long term savings, confidence in managing cash and saying NO to doorstep lenders.

Finally I rang them and told them I didn't want any more of their letters – I'm removed from their mailing list.

I know I've paid what I need to and what's in my hand can be spent – I'm back in control – will be good to be able to access money with a debit card – it's a sense of pride being able to draw money like everyone else – not just on your doorstep.

2.15 Volunteers with Credit Union have developed new skills and confidence through their work in keeping the service points open. Volunteers recognised the value of the service they provided and gained a sense of purpose from what they did. They had started by helping alongside the CCB loan and outreach worker – and received training and support from her as part of the job and through dedicated training sessions.

Barriers and difficulties

2.16 In the early stages, at times other than when the estate collection point was open, access to Credit Union services at the main local office in Penzance, was limited by shortages in staff or volunteers. Opening times have become more reliable and arrangements are also being made for members to use Pay Point. In addition, the credit union has since launched its own Credit Union Current Account (CUCA) which offers immediate access to funds as well as the ability to set up direct debits and standing

orders for a small monthly fee. Savers also want the flexibility to draw their money out quickly for example to catch a bargain for a planned purchase.

Disappointed to find the service point at St. John's locked up on the Monday and Tuesday and only taking in money on the Wednesday. We wanted to draw our savings for something – but had to wait until Thursday!

2.17 Otherwise Credit Union members were overwhelmingly positive about the service received, the impact on their finances and relief at finding it possible to save and repay loans at the same time – and without resorting to door step lenders.

The only barrier was our own stubbornness – we wanted to pay off our debt ourselves – but realised, eventually, that was never going to happen and it was better to start again and with a different approach. It just took time to come to terms with that.

Wider impact on self and family

2.18 Credit Union members reported increased pride, less worry and a renewed confidence in understanding and regaining control of their family finances. Worrying less has had a direct impact on family time – and helped to put money matters into perspective.

Debt is a heavy burden – money worries can be hugely emotive and subjective – the Credit Union and Citizens Advice help put that into perspective.

We've changed our thinking as family, now the children know that if we haven't got the money they can't have what they want

I haven't got so many worries about money any more – it made it easier to save – we know we have to pay back our loans but we can save alongside – made us realise we can depend on Credit Union as it's there to help you.

I'm sleeping better and feeling more settled again. Being able to take a loan meant a

holiday and quality time with my children when it was really needed.

Effective local practice

2.19 Appointing a dedicated loans officer for a particular neighbourhood, an innovative approach for CCB credit union, meant that the 'credit union lady' quickly became a familiar face. Word of mouth recommendations were highly effective, with neighbours and families joining to break the door step lenders' hold on successive generations.

We need a Credit Union and service point in each neighbourhood, in every parish hall, community café or sub post office and more outreach not less!

2.20 The outreach worker based in Treneere built trust through leafleting, meeting people on their own doorstep, joining local groups that met weekly and participating in community events. She quickly became a key presence in the area – and known as very approachable, down to earth and straightforward with her advice. She also worked with the neighbourhood health trainer to signpost and pick up referrals – and gained a reputation for being willing to spend as much time as necessary, for example, to support enquires from people with mental health issues or learning difficulties.

2.21 CCB's experience of working within Treneere and other excluded neighbourhoods has convinced them that the most vulnerable residents are those who most need advice and support provided within their own home or immediate area. The Treneere project has shown that residents who felt house bound because of depression or disability welcomed home visits from people they trusted. CCB Credit Union proved to be inclusive, friendly and supportive in reaching those who would not otherwise seek advice.

2.22 The CAB, CCB, PHA partnership has been recognised as good practice particularly for the way that partners worked together round the needs of the individual. The partnership's experience has provided evidence of the amount of time needed to hear, signpost and support in relation to multiple needs, which will contribute to proactive thinking around 'circles of need' in relation to assessment and referral in Cornwall.

Future provision

2.23 Latterly CCB was preparing to introduce arrangements for existing members to have the option of current account facilities to enable them to draw cash from cash points and pay in at local post offices. Partly funded through the DWP Growth Fund, this option will encourage residents to have their benefits paid in directly both to cover their standing orders and to provide direct debit facilities, all for a low monthly fee.

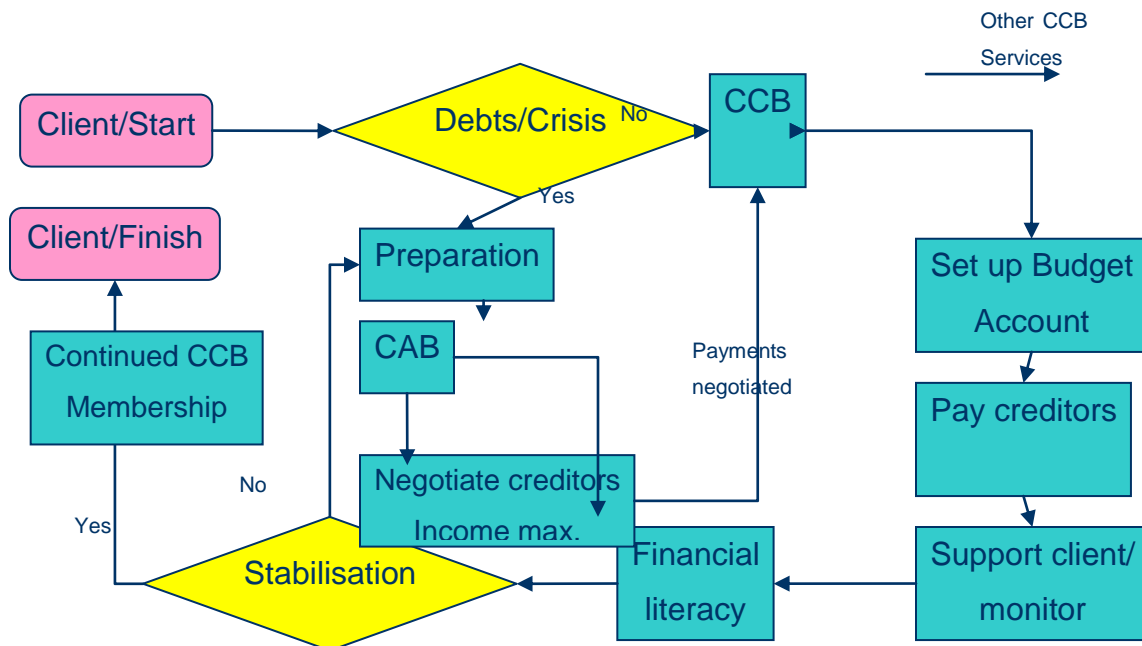
2.24 Maintaining local pay points at specified times and days in Treneere (Col Coombe), at St. John's Hall and within the other targeted neighbourhoods will require on-going commitment from existing and new volunteers. Funding for a dedicated volunteer support worker and volunteer training would ensure a constantly refreshed pool of volunteers – supporting the supporters. Employment and sessional payment for the 'volunteers' who go on to take responsibility for running the pay points is welcomed.

3 OCTOBER 2009 - MARCH 2010 /CAB FIP PARTNERSHIP¹³

Financial Inclusion Project (FIP) overview

3.1 The diagram below illustrates the signposting of clients through Penwith Housing Association (PHA) or following self referral to Citizens Advice Bureau (CAB) or Cornish Community Banking (CCB) to maximise the impact and effectiveness of the services offered by each agency. This process evolved as the project developed and was designed to ensure that the cycle of support could be sustained and re-entered at any point as circumstances change. New clients started the process with an assessment by PHA, CAB, CCB or other agencies of the extent to which resolving debt was their main priority.

FIP – Simplified Client Flow



Source: CAB FIP presentation slide

¹³ Extracted from the Evaluation of the CAB Financial Inclusion Project April 2010

Client flow

3.2 Subject to client approval, PHA committed to a target of referring 10 tenants a month into the FIP. PHA would target residents with housing arrears (seen as a good indicator of unmanaged debt) and refer then initially to CCB. As the project evolved it was agreed that PHA would refer urgent cases directly to the dedicated case worker at CAB.

Comment from project staff member / partner: For example, the financial mess for a client with memory loss, who can't remember letters, bills or appointments, was successfully resolved through Stonham, CAB and CCB CU working together. Quite a few of our clients are now involved in CU – the payments process is easy to follow and has made a huge difference.

3.3 The key benefit for the client was quick access to debt resolution if this was identified as a priority during outreach work. Although CCB provides budgeting advice, savings and an alternative to door step lenders and high street banks it does not provide the detailed debt advice to support clients needing to proceed with a DRO or bankruptcy. The main disappointment for CCB was the lower than expected level of clients choosing to use the CCB for debt management and budgeting support.

3.4 Despite differences in working culture between CCB (outreach and neighbourhood based) and CAB, the agencies worked successfully together to deliver neighbourhood based advice drop ins and publicity. Working through the required confidentiality and data protection protocols in relation to transfer of any data (client options and agreement) continued at the steering group until resolved. With hindsight, a greater emphasis on this at the start might have averted some of the tension over client flow, data sharing, on-going community based support and confidentiality.

Casework

3.5 Of the 183 clients seen by CAB, 148 received debt advice and 35 received other budgeting advice (data provided by CAB). Of the 148 debt advice clients, 34 were seen as home visits and 114 were seen at the bureau – and of these, 31 were referred to a specialist benefits advisor (to maximise benefits) and 13 were referred to the credit union outreach worker (for banking advice).

3.6 CCB meanwhile continued its outreach advice, savings accounts and introduction to supported banking services. The budget account facilities were introduced specifically to support residents in maintaining agreed monthly payments through managed direct debits. Take up has been summarised as:

- Number of affordable loans taken up October 2009 to March 2010 (40)
- Value of the new loans (£19,964)
- Number of budgeting accounts (8 members with budget accounts, 38 direct debits a month)
- Number of new saving accounts (36)
- Number of loans with missed payment (20 loans in arrears, totalling £1,830)

3.7 The support provided by the CCB to clients needing to set up standing orders (for minimum or rescheduled payments) or to save for a DRO was in addition to the debt resolution processes provided by CAB and followed through in the community.

Comment from project staff member / partner: This is completely different approach from the High Street banks – instead of a £4 overdraft leading to £100 in charges for non payment of direct debits, CCB monitors and stays in contact with clients rather than charging immediately for non payment.

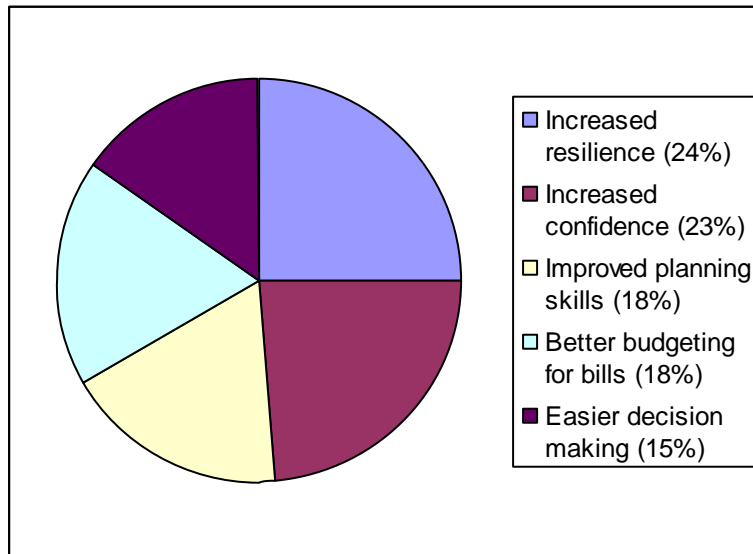
Impact from achieving key financial outcomes

3.8 Interviews with CAB FIP clients confirmed the main financial impact on those who accessed support with money advice through the CAB FIP was on reduced debt – either written off or renegotiated – and there was unanimous relief at achieving this. The views expressed also included very strong feelings of regained control over finances and increased confidence. Many of those helped had taken note of the outgoing and income element of their financial statement and acted on it – a clear indication of the impact of an approach that combines money and debt advice (provided by the CAB) and budgeting support (provided by CAB and CCB).

Impact on skills and confidence (personal achievements)

3.9 For some, the support received significantly improved their budgeting skills and their confidence about money. In particular this included ‘increased resilience for example in saying no to door step lenders’.

Figure 5.3 Relative impact on financial capability and personal skills



Comment from FIP participant:

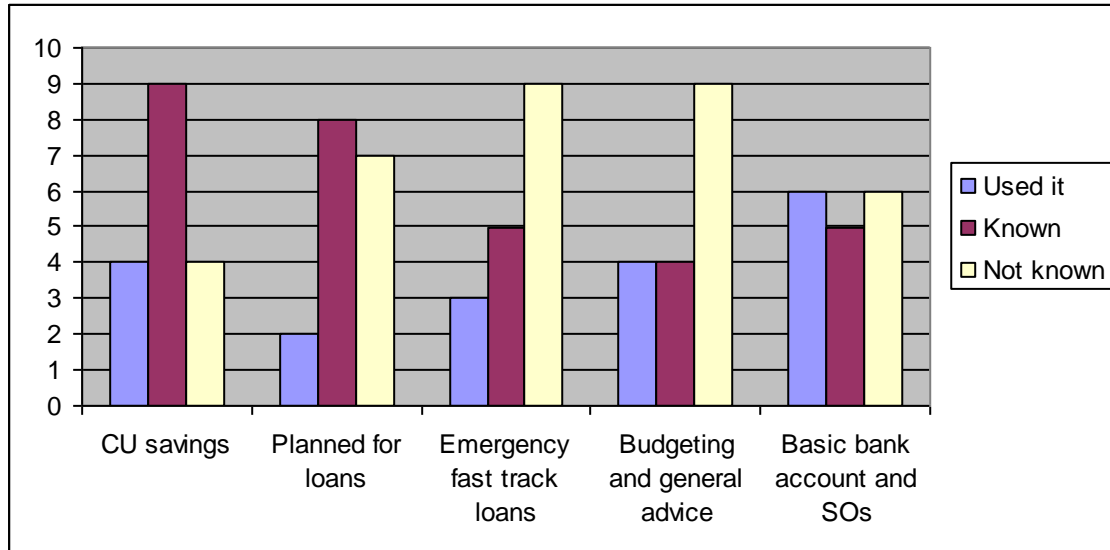
It was the whole package of morale support and helping me to control what was going out of my account and arranging reduced repayments.

3.10 The CCB credit union contribution to the FIP was fundamental to ensuring continuing neighbourhood support through savings, on-going budgeting advice and banking services. Indeed about a third of those interviewed (6 out of 17) had already taken up CCB help with a basic bank account and regular payment of bills / creditors and about a quarter (4 out of 17) had accessed further advice and / or savings options.

3.11 However, responses from the CAB clients who were interviewed partly confirm concern voiced by CCB that not all those benefiting from CAB advice understand what CCB and credit union can offer. A tailored leaflet in relation to on-going support available from CCB and CAB as CAB casework is being completed would be useful to clients –

several clients did not know or had forgotten that the two services were partners in providing neighbourhood support.

Figure 5.4 Extent to which CCB Credit Union was used / known by CAB clients



Financial summary

3.12 The overall budget for the FIP was £46,000 split between partners. Of this £28,535 was allocated to the CAB to cover 11 months money advice services (including 9 months salary and on costs for a debt specialist and a debt support worker both working part-time) and £11,531 to the CCB for budgeting and banking support (salary and 'back office' costs to support the final 6 months of the FIP).

3.13 CAB has calculated the increase in individual and overall monthly income by the end of the project (resulting from known reductions in bills, reduced repayments and increases in benefits following reviewed entitlement) and for debt write offs:

- Total debt write offs = £674,103 (61%)
- Monthly increase in income (total reported) = £5172
- Annual increase in income from April 2010 (projected) = £62,062

3.14 CCB outcomes between October 2009 and March 2010, identified 36 new savers saving £4,432 and 8 budget accounts (later confirmed as 5 new basic bank accounts and 2 previously) set up to cover 38 direct debits a month. Including existing savers, the Credit Union granted a total of 40 affordable loans (value £19,964) in six months.

4 SUMMARY OF RETURN ON INVESTMENT FOR CCB FIP

October 2008 to September 2009

Key outputs and outcomes

4.1 Data provided by CCB to end of September 2009¹⁴:

- 51 new saving accounts
- Total saved £8,706
- 21 affordable loans
- Value of loans granted £6,000

4.2 Additional data provided March 2011

- 36 individual budgeting sessions undertaken
- 2 basic bank accounts opened with residents
- 13 people engaged in budgeting and banking training (all day training at Hayle's Children's Centre in conjunction with CAB)¹⁵
- 6 volunteers trained and developed from the estate¹⁶

4.3 Reducing the number of door step loans was seen as a key success measure for the CCB Treneere FIP– with the rise in number of Credit Union loans as a meaningful proxy along with the level of savings achieved (all those taking loans had previously used a doorstep lender). With advice and capability support at each stage the number of accounts and loans are suitable indicators for improved access to financial services. It should be noted however that this measure does not include or account for the additional time and capacity building with people whose loan request was declined.

¹⁴ Other data available: Proportion of 'fast track' loans¹⁴ (71%); Proportion of secured loans¹⁴ (14%); Proportion of 1% loans¹⁴ (14%); Proportion of second loans¹⁴ (22%)

¹⁵ Considered as a shared outcome, with further outputs and outcomes recognised through each organisation's follow up actions (such as individual advice, banking and loan arrangements).

¹⁶ Trained volunteers contributed significantly to the success of the CCB FIP and to the overall number of people supported and services provided (through which their impact is calculated).

4.4 Also, although the number of budgeting sessions was not stipulated within the initial project agreement, the central place of these sessions within the CCB project delivery arrangements justifies their inclusion as key success factors and as attributable outputs. The unit costs calculated here¹⁷ therefore include them.

High level indicator: improved financial capability, reduced indebtedness and access to financial services

Number of saver accounts + number of loans + number of basic bank accounts + 50% of number attending shared training sessions¹⁸ + number of individual budgeting sessions + number of trained volunteers¹⁹ = 51 + 21 + 2 + 6.5 + 36 + 6 = 116.5

Unit cost for the initial 12 months of the project measured as:

Funding / total attributable outputs = £ 25,000/ 116.5 = £215

October 2009 to March 2010

Outputs and outcomes achieved

4.5 Data provided by CCB for 6 months October 2009 to March 2010:

- 36 new saving accounts
- Total saved by existing and new savers £10,159
- 40 new affordable loans taken up October 2009 to March 2010
- Value of the new loans £19,964
- 5 basic bank accounts opened with residents (accompanied to bank)²⁰
- 59 budgeting sessions with residents across estates²¹
- CCB presentation used in CAB financial capability training

¹⁷ Unit cost calculations revised March 2011 using additional data provided by CCB.

¹⁸ Output shared with CAB

¹⁹ Identified as an output for which later outcomes are recognised through subsequent outputs.

²⁰ This is an additional output to the initial Treneere targets for Credit Union savings and loans.

²¹ Geographic remit, as agreed, was extended beyond Treneere in later stages of the project

High level indicator: improved financial capability, reduced indebtedness and access to financial services

Number of new savers + number of basic bank accounts + number of affordable loans + number of budgeting sessions = 36 + 5 + 40 + 59 = 140

Unit cost measured as:

Funding / total attributable outputs = £11,465 / 140 = £82

Average / future baseline measures based on CCB Treneere FIP

4.6 Averages per annum calculated from first 18 months activity to March 2010

- Average number of new saving accounts / year = 58
- Average value of savings / year = £12,574
- Average number of affordable loans / year = 41
- Average value of affordable loans / year = £17,300
- Average number of basic bank accounts opened / year = 5
- Average number of individual budgeting sessions = 63

High level indicator: improved financial capability, reduced indebtedness and access to financial services (average per annum)

Over 18 months, average attributable outputs per annum = average number of new savers + average number of basic bank accounts + average number of affordable loans + average number of individual budgeting sessions = 58 + 5 + 41 + 62 = 171

Average funding over 18 months = £36,465 / 18 x 12 = £24,310

Average unit cost can be therefore be calculated as total funding for 18 months / total attributable outputs achieved = £24,310 / 171 = £142.

Cautionary note before using these unit costs for future budget purposes: these calculations for the CCB Treneere FIP assume built in unit by unit elements for back office tasks including supervision, employment of sufficient paid worker time, liaison with other agencies for signposting purposes and upskilling of volunteers – all as fundamental aspects of successful project planning and future provision.

5 CONCLUSIONS

Key findings

Financial impact

5.1 Data for the first 12 and subsequent 6 months of CCB Financial Inclusion activity to support Treneere Together and then Neighbourhoods Together residents has provided evidence of impact in terms of individual budgeting sessions, new savers, total and average savings, new basic bank accounts, new loans granted and total and average value of loans.

Measures	Oct.08-Sept.09 (12 months)	Oct09-March 2010 (6 months)	Annual average
individual budgeting sessions	36	59	63
new saving accounts	51	36	58
value of savings	£8,706	£10,159	£12,574
new basic bank accounts	2	5	5
number of affordable loans	21	40	41
value of affordable loans	£6,000	£19,964	£17,300

5.2 The neighbourhood profile in relation to financial indebtedness, compiled in collaboration with Cornwall Council Community Intelligence Team, could provide future baseline and impact tracking using council tax arrears as an indicator of indebtedness.

Social and community impact

5.3 Members chose Credit Union because it has proved friendly, local and trustworthy. Word of mouth recommendations have been an important source of new members – with neighbours and family strongly encouraged to join instead of using door step lenders such as the Provident.

5.4 User feedback on **budgeting advice** was very positive – emphasising the importance of local, personalised help in understanding money matters– and from a trusted source. Those who opened a **basic bank accounts** felt relieved that their bills and loan repayments were being paid automatically.

5.5 Many Credit Union members said they were glad that their **savings** help other people in their community – most had never been able to save before. Enthusiasm for Credit Union **loans** focussed on low interest rates and process – with loans agreed by the Credit Union ‘panel’.

Personal changes and achievements

5.6 Credit Union members were very pleased that they could now afford to save and can borrow at preferential rates when they need to. Help to draw up a financial statement has shown where their money goes and how they can make savings.

5.7 Joining the Credit Union instilled determination never to use door step lenders again. The resilience and confidence gained is likely to be a key factor in ensuring better budgeting into long term. Volunteers with Credit Union have also developed skills, purpose and confidence through adding value to the service they support.

5.8 Credit Union members reported increased pride, less worry and a renewed confidence in understanding and regaining control of their family finances. Worrying less had a direct impact on family time – and helped to put money matters into perspective.

Effective and replicable practice

5.9 Appointing a dedicated loans officer in a deprived neighbourhood, an innovative approach for CCB credit union, meant that the ‘credit union lady’ quickly became a key presence in the area – and known as very approachable, down to earth and straightforward with her advice. Word of mouth recommendations were highly effective, with neighbours and families joining Credit Union to break the door step lenders’ hold on successive generations.

5.10 The outreach worker based in Treneere built trust through leafleting, meeting people on their own doorstep, joining local groups and participating in community events. She worked with the neighbourhood health trainer to signpost and pick up referrals – and gained a reputation for spending as much time as required , for example, to support enquires from people with mental health issues or learning difficulties.

5.11 CCB’s work in Treneere and other excluded neighbourhoods has convinced them that the most vulnerable residents are those who most need advice and support

provided within their own home and as part of neighbourhood access to services. Working in partnership TTP, PHA and CAB has proved that residents benefit greatly when agencies work together to support them. The partnership has been recognised as good practice particularly for the way that partners worked together round the needs of the individual – experience which will contribute to proactive thinking around ‘circles of need’ in relation to assessment and referral across Cornwall.

Future provision and priorities

5.12 Credit Union members were overwhelmingly positive about the service received, the impact on their finances and relief at finding it possible to save and repay loans at the same time. Opening times are now more reliable and residents welcome the flexibility to use neighbouring pay points on different days if needed.

5.13 CCB is currently also making arrangements for existing members to have limited current account facilities that will enable them to draw cash from cash points and pay points at One Stop Shops. Partly funded through the DWP Growth Fund, this option will encourage residents to have their benefits paid in directly both to cover their standing orders and to provide some (restricted) debit facilities with minimal charges applied.

5.14 Maintaining local pay points at specified times and days in Treneere (Col Coombe), at St. John’s Hall and within the other targeted neighbourhoods will require on-going commitment from existing and new volunteers. Funding for a dedicated volunteer support worker would ensure a constantly refreshed pool of volunteers – supporting the supporters. Further funding through TTP, towards the cost of training and supporting volunteers for employment as neighbourhood cashiers, will help to consolidate and develop the service to meet residents’ needs.

Summary statement

5.15 The CCB Treneere FIP has proved its worth in providing an alternative to door step lending by increasing financial capability through advice services delivered within the targeted neighbourhoods and offering local savings and loans at competitive rates. CCB banking services have also enabled credit union members to establish good budgeting and financial planning habits alongside debt resolution where required.

5.16 The feedback from Credit Union members is overwhelmingly positive – and rejection of door step lending indicates the effectiveness of outreach advice about interest rates and budgeting. The involvement of local volunteers has also been an opportunity to support local capacity building with volunteers developing new skills and confidence. However with existing credit union outposts reliant on volunteers, the introduction of pay-points at One Stop Shops is also welcomed as this will provide members with additional flexibility in depositing Credit Union savings or drawing cash from a CCB current account if they have one.

5.17 Credit Union members priorities going forward:

- More coverage and access points – which means raising CCB CU profile and more volunteers with funding for training and support
- Partnership with the One Stop Shops for payments in and out (a Growth Fund initiative) – which requires funding and new soft ware for 'live' records
- Current account facilities in addition to the budget account option – with access to High Street cash points
- Mainstream not short term funding for outreach – and continued stakeholder support for effective partnership between agencies.

5.18 The CAB, CCB, PHA partnership with TTP on behalf of Treneere residents has been recognised as good practice particularly for the way that partners worked together round the needs of the individual. The FIP has inspired CCB to extend its relationships with social housing landlords. Recognition through Cornwall Strategic Partnership and in addressing LAA aims has also opened up access to support from the Growth Fund.

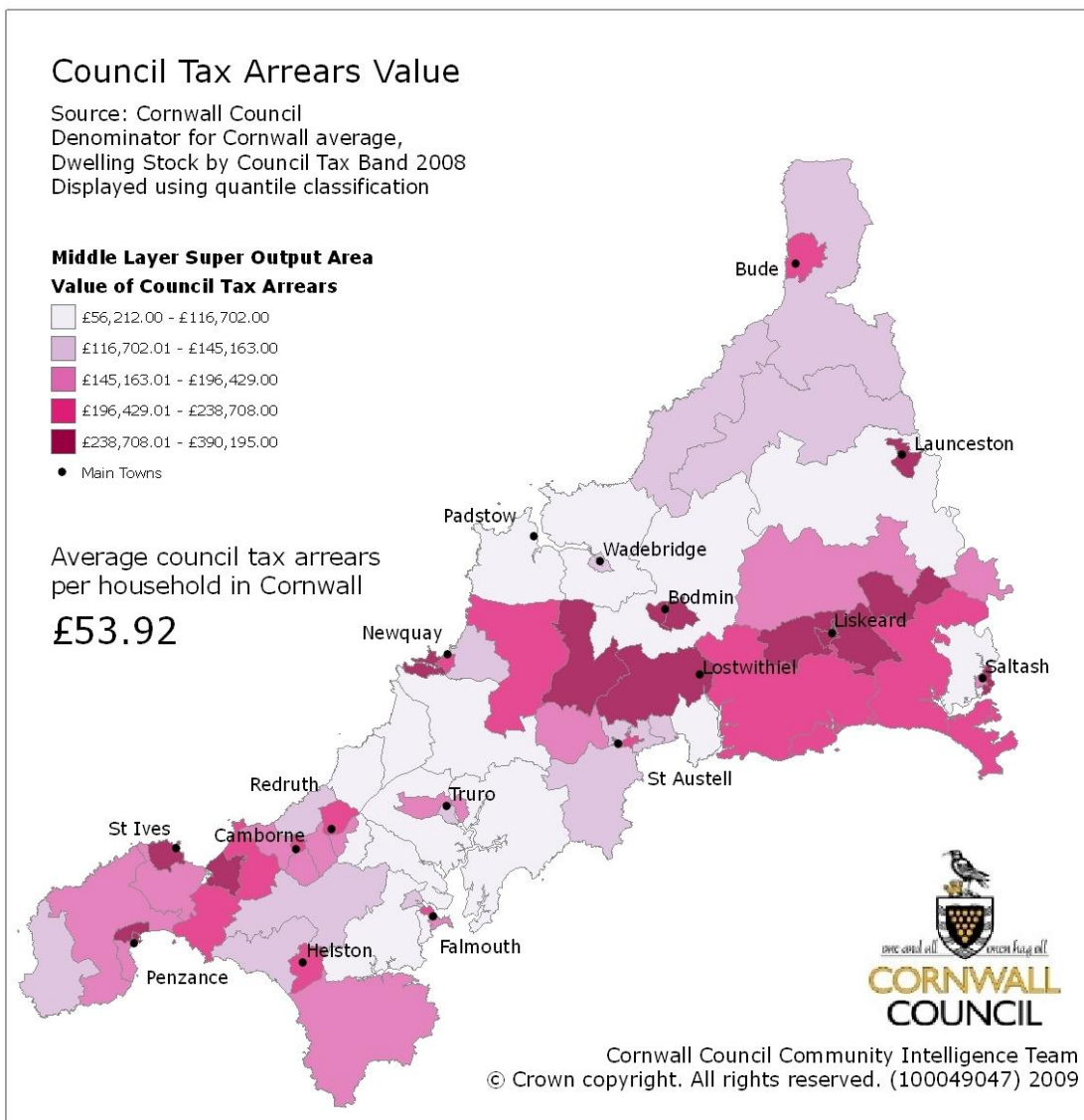
5.19 Neighbourhood data, available from Cornwall Council Community Intelligence Team, shows there is significant unmet need within 'debt hotspots' across Cornwall for the local and reputable financial services provided by CCB. The level of affordable loans and number of new savers show the impact already achieved. Relevant neighbourhood baselines include social housing rent arrears (known by neighbourhood) and council tax arrears (which can be made available by postcode).

ANNEX 1 – NEIGHBOURHOOD PROFILE / INDEBTEDNESS

Neighbourhood Profile / Indebtedness

Council tax arrears

Currently, the most suitable proxy for indebtedness is the level of council tax arrears. Cornwall Council collects data at postcode level. Council tax arrears are considered a priority debt by CAB and CCB case workers – not least because council tax debts are known to be rigorously recovered by Rossendales on the Council's behalf. This would be a relatively reliable indicator because it is based on recent data available within Cornwall Council. Penzance is currently an arrears hotspot.



Social Housing Rent Arrears

There is also valuable local data on rent arrears which is available from social housing landlords Penwith Housing Association – which Neighbourhoods Together could use alongside council tax arrears in relation to targeted neighbourhoods. Rent arrears are also a trigger for PHA to invite tenants to take up budgeting and debt advice from Cornish Community Banking and / or the CAB. This local data is particularly useful as a proxy for the extent to which indebtedness is reduced over time through the interagency projects that support the Neighbourhoods Together financial inclusion objectives.

CAB debt relief measures

The evaluation of the FIP funded through CAB (April 2010) has identified the following measures and new baselines for targeted neighbourhoods in Penzance (Eastern Green, Gwavas, Jack Stevens, Pendennis, Roscadghill, St. Clare and Treneere i.e. Neighbourhoods Together and nearby areas):

- Average debt per client: £7002 (148 cases)
- Average debt written off per DRO or bankruptcy: £10,700 (63 cases)
- Benefit maximisation / increased take up: 3.7% (183 cases)
- Proportion of debt written off or rescheduled: 73% (148 cases)

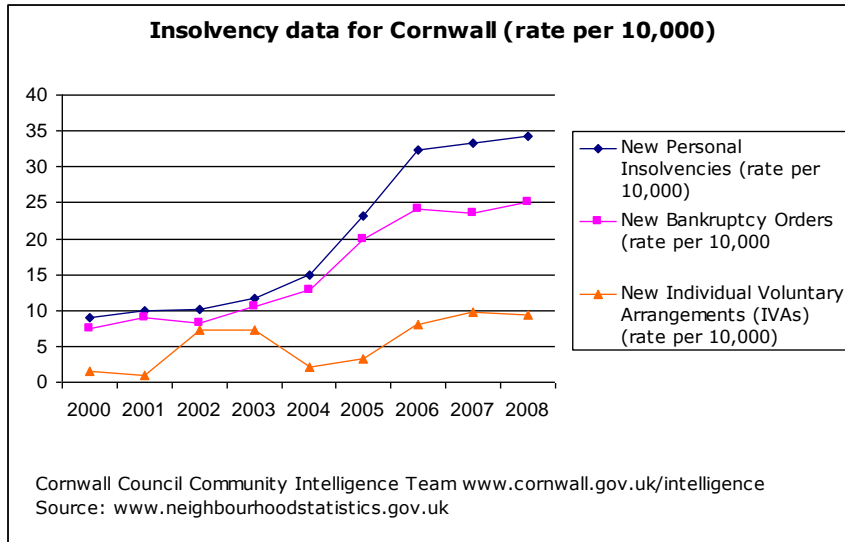
Cornish Community Banking / Credit Union

The evaluation of the CCB Credit Union Financial Inclusion project commenced in October 2008 and continued in partnership with CAB through to March 2010 also provides baseline measures for savings and loans.

- Average number of new saving accounts / year = 58
- Average value of savings / year = £12,574
- Average number of affordable loans / year = 41
- Average value of affordable loans / year = £17,300

Personal Insolvency, Bankruptcy and IVAs in Cornwall

Neighbourhood statistics provide further data to show rates for new personal insolvencies and insolvency voluntary arrangements (IVAs) have all increased in Cornwall between 2000 and 2008 and at a higher rate than in the South West overall and across England as whole²². Since 2004, Cornwall and the Isles of Scilly had the 4th or 5th highest level of bankruptcies in England (4th or 5th out of 109 local authorities).²³



GIS data for household income and debt

GIS data mapped in 2008 and already made available to Cornwall Council²⁴ shows the extent to which neighbourhoods in and around Penzance are in or at risk of severe financial difficulties. Almost all of the West Cornwall peninsular including Penzance is considered to be at risk financially in terms of number of individual debts and households with income less than £15K. Also the four neighbourhoods of Eastern Green, Treneere,

²² Data and graph from Cornwall Council Community Intelligence Team

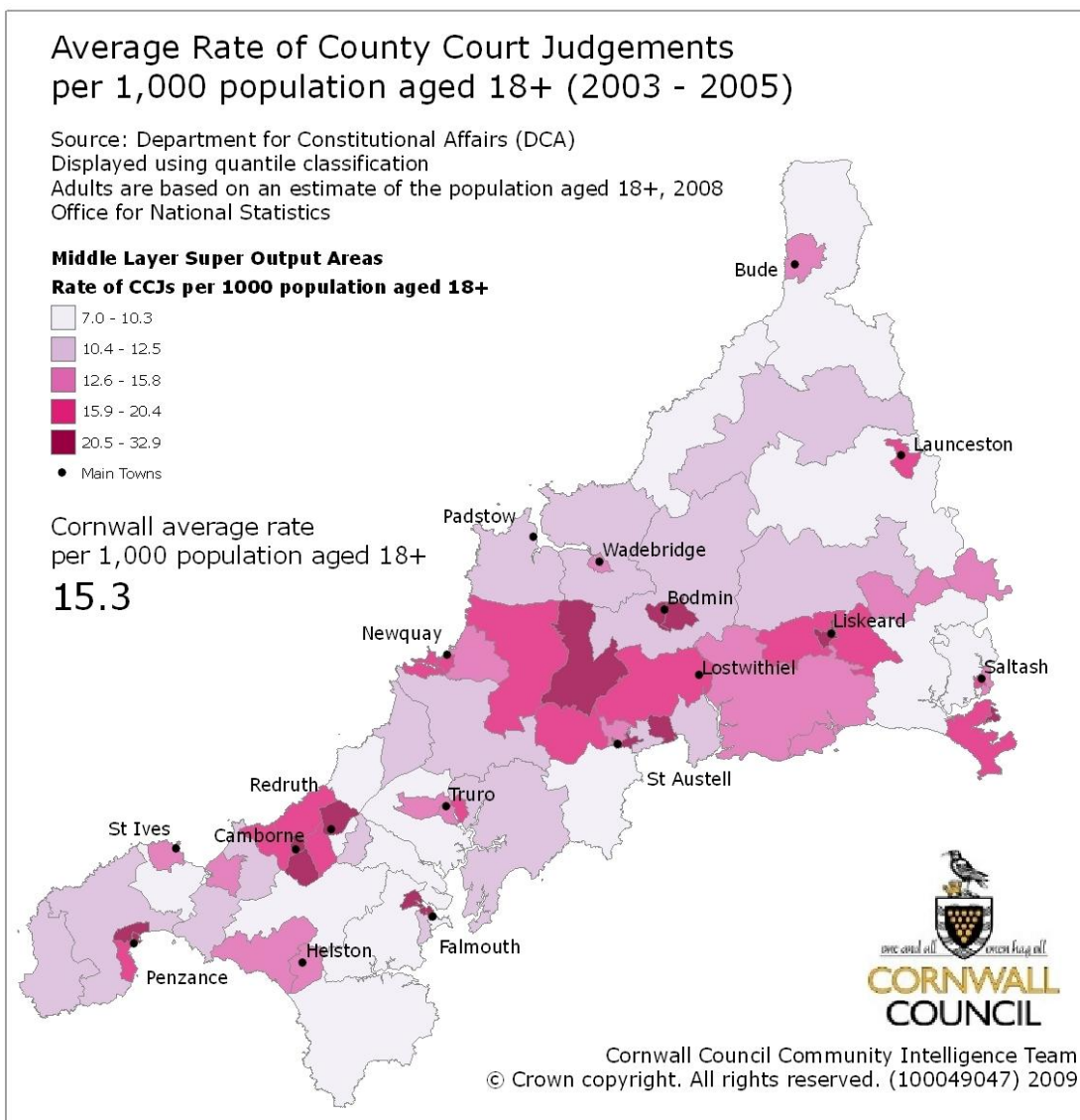
²³ Comment from Cornwall Council Community Intelligence Team: This trend appears to have started in 2004 to 2005. It is probable that this is due to the introduction of the 2002 Enterprise Act which came into effect in 2004 and reduced the number of restrictions that are automatically imposed on undischarged bankrupts and provided for the automatic discharge of nearly all bankrupts after a maximum of 12 months.

²⁴ Source: Inclusion Cornwall (Andrea Gilbert)

Roscadghill (Heamore) and Gwavas (Newlyn west) are also noted as areas with high (>30) or highest (>50) numbers of households with income less than £10K.

County Court Judgements (CCJs)

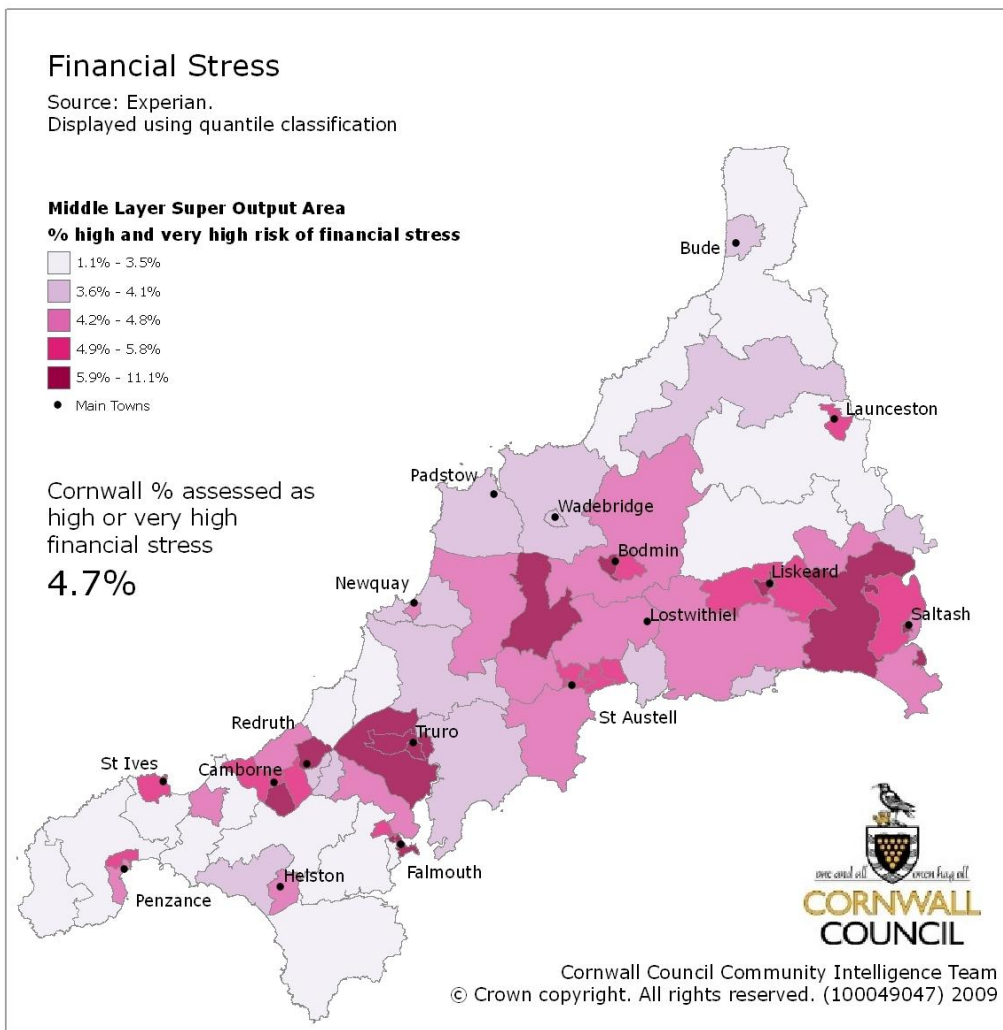
Data available through Cornwall Council community intelligence team also shows a much higher increase in CCJs in Cornwall (49% increase) than for the South West as whole (14% increase) between 2003 and 2005 with a notable hot spot in Penzance.²⁵



²⁵ Comment from Cornwall Council Community Intelligence Team: this data is from before the recession and so it is likely that numbers will have increased since this time.

Financial Stress Index²⁶

Experian's financial stress index (FSI) developed through Mosaic Economics takes into account unemployment factors such as reduced wages or household income, lower investment income, changes in deductions from income, such as taxes and interest charges on debts and changes in costs of living due to inflation – all within the context of individual assets, other resources and incomes (including employment incomes earned by other household members) and existing levels of debt.



The FSI indicates the severity of financial stress on households and neighbourhoods (compared to the average stresses placed across all households) over the period of the

²⁶ Information source: Cornwall Council Community Intelligence Team

recession and its immediate aftermath (2008-2010) and could be a useful long term measure of financial inclusion. For Penzance, Lower Super Output Area data confirms 'financial stress' is high / very high in Treneere (62 % of households), less so in Newlyn East (33% of households) and Heamoor Central (25% of households) and lower in Heamoor (9% of households).

Data analysis by Economic Intelligence May 2010, derived from Experian data.

		Financial Stress (individuals)								
LSOA_code	LSOA Name	Very Low	Low	Medium	High	Very High	Total			
E01018977	Heamoor Central	395	216	173	155	102	1041			
E01018996	Penzance Lescudjack and Ponsandane	841	289	72	0	124	1326			
E01018997	Penzance Treneere	309	15	77	428	233	1062			
E01019004	Newlyn East	549	350	18	256	198	1371			

		Household income										
LSOA_code	LSOA Name	<£10,000	£10,000 - £14,999	£15,000 - £19,999	£20,000 - £24,999	£25,000 - £29,999	£30,000 - £39,999	£40,000 - £49,999	£50,000 - £59,999	£60,000 - £69,999	£70,000 +	Grand Total
E01018977	Heamoor Central	139	130	103	76	72	70	14	5	3	2	614
E01018996	Penzance Lescudjack and Ponsandane	199	143	154	100	80	73	44	10	7	9	819
E01018997	Penzance Treneere	180	159	88	71	52	43	10	1	1	1	606
E01019004	Newlyn East	160	238	137	119	46	96	30	16	7	1	850

Source: Cornwall Council Community Intelligence Team