



Report of the Director of City Development

Inner West Area Committee

Date: 6th December 2007

Subject: Promoting Financial Inclusion in Leeds

Electoral Wards Affected:

Armley
Bramley and Stanningley

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Council Function

Delegated Executive Function available for Call In

Delegated Executive Function not available for Call In Details set out in the report

Executive Summary

Leeds City Council has been working with partners in the city to develop a comprehensive set of initiatives aimed at bringing about financial inclusion, particularly in some of the more deprived neighbourhoods in the city. The Council has been awarded Beacon Status for this work. A video presentation will be made to the Area Committee detailing the work and progress so far

1.0 Background Information

- 1.1 Leeds City Council has been developing a strategy to combat financial exclusion since early 2003 when the then Development Department commissioned consultants from Salford University to undertake research on the subject.
- 1.2 The research resulted in comprehensive data being obtained which was reported fully in December 2004 and disseminated at a half day conference in February 2005, officially opened by Councillor Andrew Carter. Since that time the Council and partners have been implementing a strategy to attempt to overcome the affects of financial exclusion. A brief summary of the background and of the initiatives undertaken is attached as an appendix to this report.
- 1.3 The Council submitted an application in 2004 to become a Beacon Council in the theme "Promoting Financial Inclusion and Tackling Over-indebtedness". The Governments Improvement and Development Agency (IDeA) announced in March 2007 that the City Council had been successful and received Beacon Status for this work.

2.0 Recommendations

- 2.1 Members of the Outer West Area Committee are asked to note and support the initiatives described in the presentation.

APPENDIX

Leeds Financial Inclusion Project – A Summary, August 2007

The Financial Inclusion Project has its origins in early 2003 when discussions with Leeds City Credit Union identified problems of high interest loans from doorstep lenders. Research was undertaken during 2004 which was finally published in December of that year.

The research included a residents survey of 410 households. The more deprived areas of the City were selected for the survey sample and neighbourhoods with high levels of benefit claimants were targeted. Interviewers were given quotas to ensure that the sample interviewed was reflective of the population in these areas in terms of gender and ethnic origin. Key stakeholders in the city were also interviewed

The survey found a low utilisation of bank accounts by residents. 40% of the sample said that they kept their savings in cash in a jar or relatives looked after it for them. Of those who borrowed, 15 % used doorstep lenders. However, 38% of single parents who borrowed, used this source. A fifth of those who borrowed used the money to pay off other debts or for day to day living.

The research identified needs which came under three broad headings

Affordable credit

More debt advice

Better financial literacy

The underlying need was for services to be locally provided and integrated.

In order to ensure a long-term and sustainable commitment, political support was secured from across all the Council's main political parties.

A half day conference was held early in 2005 to disseminate the research findings. The conference was attended by a broad cross section of partners and this raised the profile of the work and helped to consolidate and further develop the recommendations emanating from the research.

One of the key factors in developing the successful project was the establishment of a broad Steering Group from the conference. This Steering Group covers all City Council Departments and many partners from the public, private and voluntary sector. The group now comprises over 90 representatives from 50 partner organisations.

A number of initiatives have been developed since that time.

Affordable Credit

- The roll out of Credit Union branches in the Council's One Stop Centre and ALMO cash offices – Expansion from 2 branches in 2005 to 8 by summer 2007
- Expansion of the development of credit union schools saving clubs utilising funding through the Local Enterprise Growth Initiative (LEGI).
- Launch of an enterprise loan scheme run by the credit union to provide finance to small businesses who would not normally be able to raise funds for expansion (funded through LEGI)
- The launch of the Leeds Loan Shark project in conjunction with Birmingham City Council and West Yorkshire Trading Standards
- Working with LCC Refugee team to assist with availability of bank accounts and affordable credit.
- Launch of the credit union “Handiloon” affordable loan scheme
- Discussions with the Post Office about greater collaboration in dealing with credit union accounts

Debt/Money Advice

- Development of the Leeds Money Advice Project (MAP) partnership which unified all the city's 5 debt advice providers and resulted in a successful joint bid to the DTI for additional face to face debt advice funding.
- Developing a project to provide basic financial management and debt counselling training to front line staff working in the Council's customer service points – roll out subject to further funding.
- Offering families basic financial advice and debt counselling via the Council's Children's Centres which provide integrated childcare and education for early years children.
- Development of a pilot debt and financial advice package, 'money talks', by Leeds South East ALMO with a view to a possible extension in the future. Collaboration to develop unified money advice "product" across all 3 ALMO's
- Collaboration between Yorkshire Water Services and the Credit Union regarding water payment systems and discussions with other utilities regarding their utilisation of pre payment meters.
- Provided an "ex-directory" information leaflet to enable partners to more easily access debt counselling appointments for clients

Financial Literacy

- Co-development of financial literacy packages for young children by the Council's Library service and Yorkshire Bank.
- Development by Education Leeds (Cities education administration provider) of financial literacy packages for school age children.
- Working with the FSA to deliver financial capability training for all Council staff. Possible roll out to other employers in the city

Cross Initiative/Strategic

- Embedding financial inclusion into all the main Council and strategic partnership strategies and policies including the Local Area Agreement (LAA)
- New approach to developing a Council Corporate Debt Policy involving key partners who have direct experience in dealing with debt problems.
- A proposal for the establishment of a financial inclusion charity to draw in funding for the various financial inclusion projects.
- Co-ordinating the placement and identifying suitable sites for fee-free ATM's
- Develop, in conjunction with partners, a brief for further research to determine the economic and regeneration impacts of financial inclusion initiatives
- Work with the 3 Leeds prisons to assist with provision of financial services and debt and money advice to inmates, particularly those about to leave prison
- Produced materials for disseminating information about the project to partner staff and the public including a video DVD and an information leaflet. Undertaken a series of presentations in a significant number of workplaces
- Bid to EU Progress Fund for learning exchange partnership with various European partner cities on social exclusion issues. Leeds to showcase financial inclusion.