

**Financial Inclusion Action Group
South East**

**Final Report
to the**

**Social Inclusion Partnership South
East (SIPSE)**

Autumn 2006

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1. Introduction

The Social Inclusion Partnership South East (SIPSE) is a strategic level partnership made up of 15 regional organisations committed to tackling social exclusion and achieving inclusive communities in the region. The Partnership does this by championing awareness of social inclusion across the region, and in setting up Action Groups to address specific problems.

In February 2005 SIPSE set up the Financial Inclusion Action Group with the following remit:

- To provide a focus to draw together all existing community finance initiatives in the region to share best practice, improve sustainability, access expert help and business advice
- To provide a real impetus to drive forward the financial inclusion agenda in the region by encouraging the development of community finance initiatives in areas where they don't exist by influencing local authorities, registered social landlords, the community and voluntary sector and regeneration delivery partners
- To encourage local education authorities to integrate Personal Finance Education into schools' curricula to ensure young people have a good grounding in personal finance before they leave school
- To develop a regional finance inclusion strategy to support funding proposals for further work.

The Group agreed to expand its work to provide an interim Finance, Benefits and Debt Pathway Group for the newly established Regional Offender Manager, to assist in the development of the Regional Reducing Re-offending Strategy.

Invitations to participate in the Action group were sent to key organisations including:

- Local authorities (particularly housing managers)
- Registered Social Landlords
- Credit Unions
- Community Development Finance Institutions
- Citizens Advice
- GOSE - education, public health and sustainable communities
- SEEDA
- British Bankers Association
- Housing Corporation
- National Housing Federation

The group met at the outset of the work and, more latterly, communicated via email when necessary.

2. Context

It had been widely assumed that the South East, being a highly prosperous region, was not vulnerable to social and financial exclusion to the extent of other regions more associated with widescale deprivation. However, many local authorities, social landlords and other service providers were reporting significant problems with debt and lack of financial services and acuity.

This reporting was backed up by huge increases in the demand for debt advice via Citizens Advice Bureaux and others, by significant increases in housing repossessions due to sub-prime lending¹, and by concerns that many benefit claimants were not in a position to receive benefits directly through a bank account, or to manage these accounts. This concern was deepened by the introduction of the flat-rate Local Housing Allowance paid to tenants to replace Housing Benefit.

No specific research had been undertaken into the experience of financial exclusion in the region. This vacuum meant that policy makers and service providers had no evidence to support the introduction of specific measures to address financial exclusion. Neither were there any specific funds available to support this work.

HM Treasury's pre-budget report, published on 2 December 2004, "Promoting financial inclusion" set out the establishment of a Financial Inclusion Fund to support initiatives to tackle financial exclusion, and a Financial Inclusion Taskforce to oversee progress. The document also identified three areas that the Government considered key to tackling financial exclusion, and where it wants to see significant progress:

- access to banking services;
- access to affordable credit; and
- access to free face-to-face money advice.

The Financial Inclusion Action Group determined that one of its main priorities, in support of its objectives, was to secure a fair share of the Financial Inclusion Fund for the South East.

¹ A sub-prime lender is one who lends to borrowers who do not qualify for loans from mainstream lenders. Some are independent, but increasingly they are affiliates of mainstream lenders operating under different names.

Financial exclusion has far reaching impacts in many areas of life - and should therefore be a consideration in policy making across the spectrum. For example, financial exclusion is a causatory factor in:

- child poverty
- homelessness, overcrowding and poor housing standards
- Fuel poverty and excess winter deaths amongst the elderly
- Unemployment and failure to take opportunities for work and training
- Ineffective smarter payment of benefits

Financial exclusion can also play a major part in the proliferation of high cost doorstep lenders and loan sharks which prey on vulnerable people and communities, offering superficially attractive services which strip out resources from families and communities, as evidenced by the new economics foundation publication *Profiting from Poverty*. As well as adding to their difficult circumstances this has the effect of reducing the impact of any public investment in the area.

The South East and, indeed, England and Wales, are a long way behind the USA, Canada and the Republic of Ireland (among others) in the development of financial inclusion and community finance measures, for example:

- In 2002 American Community Development Credit Unions had savings of \$2.3 billion mobilised in disadvantaged neighbourhoods, advanced over \$1 billion to new members, saved over \$300 million in interest which would have been paid to sub-prime and predatory lenders and paid a dividend of \$37 million to members.
- In Ireland the Irish Money Advice and Budgeting Service (MABS) was developed in 1986 and now operates alongside credit unions in every Irish county - over 50 MABS

3. Research

As part of its commitment to SIPSE, and to inform the allocation of post-Phoenix Fund money, SEEDA commissioned research into the scope and extent of financial exclusion in the South East. The work was awarded to the Small Change Research Partnership consisting of Niamh Goggin of Small Change (NI) Ltd, Paul Thain of Experian, Claire Caffrey and Charles Dodwell of the Community Development Finance Association and Peter Ramsden of Freiss.

The research comprised two parallel research studies, the first produced a baseline and mapping report into the extent and geography of financial exclusion in the South East. The second produced an in-depth assessment of the nature, extent and sustainability of community development finance, including credit unions, in the region. It makes a realistic evaluation of whether and to what extent they could deliver services to financially excluded individuals and communities, on a sustainable basis.

The baseline and mapping study utilised data from Experian's Financial Strategy Segments database, which created a single classification of all adults and households that accurately reflects the patterns of consumption of financial products and services in the UK. This analysis produced estimates of the numbers, percentages and location of households excluded from financial services, but it did not support the comparison of areas to see where financial exclusion was most severe. A weighting system was needed so that a comparison could be made between an area where few people had savings or current accounts, against another area where access to affordable credit was poor.

By relating the data to postcodes, and summed to Super Output Area levels and utilising the modelling of the Indices of Multiple Deprivation, an Index of Financial Exclusion has been produced.

The headlines of the research are:

- There are approximately 616,500 financially excluded people in the South East
- Of these, 231,000 can be considered to be severely financially excluded
- The five local authority areas with the highest number of Super Output Areas in the worst 20% are all in the Coastal South East
 - Portsmouth
 - Southampton
 - Medway
 - Brighton and Hove
 - Thanet

- The intensity of financial exclusion is particularly severe in some of the smaller local authorities
 - Hastings
 - Thanet
 - Slough
 - Gosport

- Many local authority areas which rank low on the Index of Multiple Deprivation have small pockets of extreme financial exclusion, including
 - Rushmoor
 - New Forest
 - Reigate and Banstead
 - Tunbridge Wells
 - Guildford
 - Winchester
 - Mole Valley
 - Test Valley
 - Wealden
 - South Oxfordshire

- Only 12% of the potential demand for affordable loans (CDFI and Credit Union type products) is currently being served. The local authority areas which suffer from substantial levels of financial exclusion but have no service are:
 - Slough
 - Dover
 - Shepway
 - Gravesham
 - Swale
 - Arun
 - Maidstone
 - Ashford
 - Adur

- Microfinance is the provision of small-scale enterprise finance to the self-employed and very small businesses and has a role to play in addressing social exclusion by assisting target groups of people into work and enterprise. There are four local authority areas with high levels of financial exclusion where there is no provision of microfinance for the over 30s (The Princes Trust provides finance across the region for those under 30). They are:

- Slough
 - Dover
 - Milton Keynes
 - Oxford
- There are a number of areas where a credit union or other provider does exist but is not managing to reach its target group by achieving more than 50 loans per year. These areas include:
- Eastbourne
 - Milton Keynes
 - Oxford
 - Canterbury
 - Reading

The research studies have concluded that

“Despite its great wealth, the South East of England has significant problems of financial exclusion that affect individuals, households and enterprises as well as the communities in which they are based. More than any region in the UK, the South East of England is in a position to overcome the challenge of personal financial exclusion and to improve community cohesion and trust in deprived areas. Further, by mobilising the positive impacts of enterprise and social enterprise in deprived communities on a regional level, tackling financial exclusion among enterprises by improving their access to finance, the agency (SEEDA) can increase employment, create multiplier effects and build supply chains, increase the tax base, improve the physical environment and enhance the availability of local services. Such an approach would also empower local people to use their own resources and capabilities to earn a living, build a business, provide employment for others and earn status and respect within those communities.”

The authors have made a series of recommendations:

1. That SEEDA use its influencing role to form a high level group in the region to develop a Financial Inclusion Strategy for the South East
2. That SEEDA should sponsor the development of an analytical framework for measuring social return from financial inclusion work
3. That, as part of the regional Financial Inclusion Strategy, SEEDA play a central role in developing a regional funding framework, covering the period of the Regional Economic Strategy
4. That Beacon Credit Unions and CDFIs be encouraged to service 5000+ members in target areas
5. That Enterprise financial exclusion services be expanded in key areas
6. That Micro-enterprise CDFIs should aim to achieve 60% operational sustainability on the basis of their lending operations

7. That CDFIs form a single, incorporated organisation to act as a single point of contact for SEEDA and other regional organisations, encourage co-ordination of activities and provide a conduit for finance
8. That CDFIs work together to develop regional offerings to provide specially targeted provision of enterprise lending and marketing for loans, and to develop a low-cost or no-cost home contents insurance product in partnership with the National Housing Federation
9. That the big five social enterprise lenders - BIGinvest, Charity Bank, ICOF, LIF and Triodos “wholesale” funds for onlending by other CDFIs.

The full report can be found at www.seeda.co.uk/publications/social_inclusion

The Legal Services Commission commissions a national periodic survey into the incidence and impact of legal problems from the Legal Services Research Centre. The results of the first survey, published in 2004 can be downloaded from www.lsrc.org.uk/publications and the second report can be ordered from the same website.

This research identifies the likely incidence of legal problems, including consumer and debt problems in the population and evidences how people react to those problems, what services they use and the effectiveness of those services, and, in the 2006 results, quantifies the impact of debt problems on health.

The Legal Services Research Centre has also published a report into the impact of debt advice services which can be downloaded from www.lsrc.org.uk/publications.impactlitrev.pdf

4. The Financial Inclusion Fund

The Financial Inclusion Fund of £120 million over three years was announced in the 2004 Pre-Budget Report in December 2004. The Fund will support initiatives to tackle financial exclusion:

- £45million will be used to support an increase in provision of face-to-face money advice and will be administered by the Department of Trade and Industry.
- £6million will be used by the Legal Services Commission to pilot mechanisms of money advice outreach aimed at those who do not normally present themselves to debt advisors.
- The Financial Inclusion Taskforce will have a budget of £3million with which to pursue their objectives, including improving the knowledge base of financial exclusion issues.
- £10 million will be available to provide the necessary support to administer the scheme whereby, under certain circumstances, lenders could apply for repayment to be made by deduction from benefit where normal repayment arrangements have broken down, and the administration of the growth fund for third sector lenders.
- £36 million will be made available for a growth fund to support the coverage, capacity and sustainability of third sector lenders. The growth fund will be administered by the Department of Work and Pensions.
- £20 million will be made available for broader financial inclusion objectives, including stimulating demand for mainstream financial services.

Face to Face Debt Advice

The Financial Inclusion Action Group facilitated discussions between Housing Associations and Citizens Advice South East to develop a bid to the Dti. This bid sought to create robust partnerships between housing associations and their local Citizens Advice Bureaux to provide face-to-face debt advice for social tenants. The unique feature of the bid was the exit strategy in that all participating housing associations agreed to continue to fund the advice service beyond March 2008 from savings and efficiencies identified during the course of the project. This feature will ensure that these new services will be sustainable, and that if new funding from the Dti is forthcoming for 2008, this can be used to grow more services by involving new partners.

The bid, worth £1.16million will provide for a phased additional 12 new debt advisers in the following areas:

Area	Number of housing units	Housing Associations	Citizens Advice Bureau/delivery partners	Number of caseworkers
Brighton and Hove Lewes	2,315	Hyde, Sanctuary, Southern, William Sutton, Downlands	Brighton and Hove CAB	1
West Sussex	n/a	Sussex Oakleaf	Money Advice & Counselling Service	0.5
Crawley, Horsham, Mid Sussex	1,523	Hyde, Southern, London & Quadrant	Horsham CAB	0.5
Reigate & Banstead	6,008	Hyde, Sentinel/RBHT, Southern	Horsham CAB	1
Portsmouth	3,300	Portsmouth HA	Portsmouth CAB	1
Southampton	3,941	Hyde, Swaything	Eastleigh CAB	1
Hastings	4,948	1066, Hyde, Moat	Hastings CAB	1
Fleet, Andover, Rushmoor, Basingstoke	7,169	Sentinel, London & Quadrant, Hyde	Rushmoor CAB	1
Slough, Bracknell, Bracknell Forest	3,910	Beacon, London & Quadrant, Southern	Slough CAB	1
Milton Keynes	7,504	North British, Midsummer Homes	Milton Keynes CAB	1
Swale, Canterbury, Thanet, Dover, Shepway	11,287	Amicus, Hyde, Moat, Sanctuary, Southern	Swale CAB	2
Medway, Maidstone, Dartford, Gravesham, Sevenoaks	3,335	Moat, London & Quadrant, Sanctuary, Southern, Hyde	Medway CAB	1
Totals	55,240			12

The Financial Inclusion Action Group has also maintained involvement and participation in the development of Community Banking Partnerships. CBPs are a concept developed by Bob Paterson of Community Finance Solutions at the University of Salford, Pat Conaty at the new economics foundation and Mick Brown of the National Association of Credit Union Workers. CBPs represent groupings of key organisations delivering affordable credit (CDFIs, Credit Unions), debt advice (CABx and Advice UK members), local mainstream financial services (High Street banks and building societies) with local authorities, housing associations and regeneration partners.

The aim of Community Banking Partnerships is to create a framework for a holistic financial inclusion offering to vulnerable people by harnessing individual service deliveries to work together, so that clients and customers have access to the full range of services through each agency. So, for example, a client approaching the CAB for debt advice will receive information (and referral if appropriate) on credit union membership, affordable loans, mainstream financial services. In this way, the Partnership aims to deter people from the use of high-cost doorstep lending and retail based lenders and brokers.

As a result of this involvement, the South East region has benefited from a second bid to the Dti for face-to-face money advice through the Community Banking Partnership pilot in South Hampshire. Funding has been provided for an additional 4 caseworkers, based at Portsmouth CAB, to support the work of the CBP in partnership with South Coast Moneyline (CDFI), Havant Savers Credit Union, Eastleigh Credit Union, Southampton Co-operative Credit Union and Sanctuary Credit Union. This funding is worth in the region of £250,000 over the next two years.

Innovative pilots

The Financial Inclusion Action Group was instrumental in encouraging a bid to the Legal Services Commission for piloting a new approach to providing debt advice through outreach services within Jobcentres, Magistrates Courts and other locations within South Hampshire. Unfortunately, this bid was unsuccessful (the programme was very heavily oversubscribed and many high-scoring bids had to be rejected). However, this bid is now included in a new bid to the Big Lottery Fund's Advice Plus programme. If successful, it will provide for a further 2 caseworkers to work within the South Hampshire Community Banking Partnership framework.

Growth Fund via the DWP

The Financial Inclusion Action Group has provided support for two initiatives seeking funding from the Growth Fund.

South Coast Moneyline has submitted a cross regional bid to increase the provision of affordable loans which will benefit South Hampshire and Hastings and Rother in the South East, as well as areas of Devon. This bid, as well as directly assisting people in the region, will help to ensure the sustainability of South Coast Moneyline.

The provision of affordable loans will be delivered in partnership with existing credit unions (where possible) and within the Community Banking Partnership frameworks of South Hampshire and Hastings and Rother.

The Financial Inclusion Action Group also sought to stimulate a bid to the Growth Fund from Kent, as this is an area where high levels of social and financial exclusion are known to exist and the supply of affordable credit through existing credit unions is weak. The CDFI (Enterprise Loan Fund) operating in Medway is restricted to micro-enterprise lending.

Despite two positive meetings where cross-sectoral support for the bid was expressed, the process failed at the 11th hour as the prospective bidder (ELF) declined to expand its operations to include personal lending. This decision was taken too late to allow time for an alternative bidder to come forward. It is understood that the DWP has expressed surprise and disappointment that no bid has been received from Kent.

A further bid to the Growth Fund has been successful for Portsmouth Savers Credit Union to increase its capacity to lend to new members.

Broader financial inclusion objectives

Of the £20million available for this strand of work, it is understood that £10million has been earmarked to support work in developing the role of “intermediaries” in signposting people to financial inclusion services. Whilst few details are available at the time of writing it is believed that the fund will be administered by Citizens Advice and the National Housing Federation and that the work will focus on the role of housing association staff in signposting and referring tenants to local CABx.

There may be a role for the Financial Inclusion Action Group in co-ordinating a regional bid to this fund when the criteria are published.

5. Personal Finance Education (PFE)

The Financial Inclusion Action Group engaged with Government Office colleagues from the Department for Education and Skills at the outset of the work programme to explore what could be achieved by the group.

It became clear that some Local Education Authorities (now Children's Trusts) were taking a highly pro-active approach to this issue, whereas others were less advanced and only a small proportion of schools currently have a suitable programme for teaching PFE.

FIAG's experience is confirmed by national research, a recent survey¹ found that 91% of secondary schools are currently delivering some form of personal finance education, however personal finance education is not a statutory requirement, generally has low status and is often only taught on an occasional basis. Around half of the schools in the survey were unaware of guidance or support in teaching this topic and only a minority had received any training.

There is also significant evidence that young people want PFE but are not currently being offered it, a survey by Barclays (2005) found that 94% of 16 year olds believe that it is important to know how to manage money and a recent MORI survey (commissioned by Britannia Building Society) showed that 60% of teenagers had received no financial education at school.

The Financial Services Authority has statutory responsibility for improving financial literacy across the whole population and in March 2006 launched The National Strategy for Financial Capability to achieve this. The strategy sets out a seven-point programme, including a schools project. A key element of the work in schools is *Learning Money Matters* and will be delivered by **pfeg** (Personal Finance Education Group), an educational charity.

pfeg's mission is to make sure that all young people leaving school are equipped with the confidence, skills and knowledge they need in financial matters to take part fully in society.

Learning Money Matters will:

- improve the financial knowledge, understanding and confidence of 1.8 million young people in 4,000 secondary schools in England over the next 5 years.

¹ Personal finance education in schools: A UK benchmark study, FSA, June 2006

- provide teachers with the support and resource they need to give them the confidence and competence to teach good personal finance education in schools.
- help schools to develop a coherent scheme for personal finance education across different subjects; such as mathematics, PSHE, citizenship and work-related learning.

The overall aim is that by the time they leave school, children are able to understand and manage their financial affairs.

The government has also pledged to embed financial capability more explicitly in the school curriculum by including it in the new functional mathematics component of GCSE maths from 2008.

pfeg also supports schools and teachers through its website (www.pfeg.org). The website provides access a wide variety of innovative, engaging and ready-to-use resources that have been quality assured through **pfeg**'s Quality Mark which has been endorsed by the curriculum bodies of England, Scotland and Northern Ireland..A directory of teaching resources and materials is available on the **pfeg** website and includes: recommended teaching materials; free case studies and lesson plans; videos and CD-ROMs; etc.

pfeg Regional Director for London and the South East, Garry Hunter (garry.hunter@pfeg.org), will join the Social Inclusion Partnership South East (SIPSE) in Autumn 2006.

The FIAG believes that there is considerable need and scope to ensure consistent and sufficient financial literacy programmes for all the population across the region and steps should be taken to engage with the Learning and Skills Councils, the Regional Offender Manager, Enterprise Agencies and Business Link, Children's' Centres etc. to maximize the opportunities for learning delivery.

6. Regional Offender Management Services

The appointment of the new Regional Offender Manager and the requirement on her to produce a Regional Strategy to Reduce Re-offending brought a request to the Financial Inclusion Action Group to assist with the development of the chapter on Finance, Benefits and Debt. Because of the short timescales involved it was mutually agreed to “bolt on” the work to the existing workplan of the Action Group and to seek specific expert knowledge where necessary.

The Financial Inclusion Action Group, using its knowledge of the issues of financial exclusion applied these to the offender population. This work is now published and can be seen at http://www.noms.homeoffice.gov.uk/downloads/reducing_reoffending_south_east_march06.pdf

In summary, the aims are to:

- ensure that offenders and their families can access financial advice in order to maximise legitimate income and reduce debt, poverty and crime and
- enhance opportunities for offenders and their families to access mainstream and community financial services.

A range of actions have been identified to achieve these aims and these will form the basis of the recommendations made to the Regional Offender Manager when she considers which services to commission from April 2007 onwards.

Following publication it was agreed that, as the Financial Inclusion Action Group is a task and finish group, it would be necessary to convene a Finance Benefits and Debt Pathway Board to take the work forward. This would provide an opportunity to review membership and ensure that the best possible representation was available. This has now been achieved and details can be obtained from Sue.Saunders@homeoffice4.gsi.gov.uk

7. Other activities

Housing Associations and Registered Social Landlords

Engagement with housing associations and registered social landlords is seen to be a necessary requirement of any financial inclusion work as social tenants are recognised as one of the groups most vulnerable to financial exclusion, and most likely to be targeted by high-cost predatory and doorstep lenders.

The Financial Inclusion Action Group has been successful in working with many of the major housing associations with stock in the region, through discussions on the core work of the Group, in the development of the Community Banking Partnerships approach, and in brokering partnerships for the Financial Inclusion Fund bids.

However, there are many housing organisations, and local authorities with retained stock, who are still not engaged in developing financial inclusion initiatives.

The Financial Inclusion Action Group has, therefore, obtained funding from SEEDA, to run three sub-regional housing seminars through September and October 2006. The seminars will provide a forum for social landlords to explore the different approaches and initiatives to fight financial exclusion among their tenants and neighbourhoods and to make links with neighbouring housing associations, advice, credit and banking organisations.

It is planned to use the seminars to raise awareness of financial inclusion work by introducing the Small Change Research Partnership's research studies and to showcase different successful initiatives such as the CHANGE programme in London, the Community Banking Partnerships in Hastings and South Hampshire, the social landlord Financial Inclusion consortium based in Devon.

The Housing Corporation has offered support in managing the seminars.

Local Area Agreements

Local Area Agreements are a new way of working to build a more flexible and responsive relationship between central Government and a locality, working on what needs to be achieved at a local level. Whilst awareness of financial exclusion is still relatively low (until the Small Change research studies are promoted), some local authorities are considering including measures to address financial exclusion in their LAAs. For example, West

Sussex County Council has included a measure to set up a credit union in Coastal areas.

Private Sector Housing and Home Improvement Loans

About 80% of the region's housing stock is privately owned, and a large number of homes fail the Decent Homes standard as laid down by the Department for Communities and Local Government (DCLG). Much of the older, sub-standard stock is occupied by older people, and those on low incomes who are unable to invest sufficiently in their properties to bring them up to a better standard. Many of these properties lack central heating or proper insulation leaving their occupants vulnerable to fuel poverty.

There is growing interest at the Regional Housing Board and among local authorities looking for solutions to this problem. One initiative being rolled out is the Southern Homes Loans Partnership (SHLP), provided in partnership with five local authorities and South Coast Moneyline. SHLP provides low cost loans to help homeowners finance essential improvements and repairs. In Brighton and Hove, the council will initially provide all of the loan capital, but its contribution to the scheme will decrease each year as loan repayments are received. The council will also subsidise borrowers' interest payments, enabling the interest rate to be fixed at only 5%. This means that householders on a limited income, who are unable to afford a commercial loan, will be able to obtain an affordable loan from SHLP.

Further work is being started in Hastings to explore a new approach to supporting vulnerable homeowners who need to engage builders and other trades, and linking this with a local social enterprise providing apprenticeships for building trades.

Credit Union and CDFI development

Growth of credit unions is essential to creating financial inclusion. The South East has few credit unions in existence and many of them are very small and lack the capacity to deliver significantly more services. Two credit unions are striding forwards - Portsmouth Savers Credit Union which now has in the region of 5000 members, and Brighton and Hove Credit Union which is growing fast, and in merger discussions with other credit unions in East Sussex.

Discussions are also being held in South Hampshire on closer working relationships between the four credit unions in the Community Banking Partnership and this may lead to formal merger in due course.

The Community Development Finance Initiatives (CDFIs) in the region have created a regional forum where they meet to share intelligence and take a

more strategic approach to development. Negotiations are advanced to create a separate accountable body to act on their behalf to receive funds and to allocate these funds. This will help to ensure better regional coverage and plug gaps where CDFIs do not currently operate, to improve access to micro-finance to support new businesses and self employment.

The supply of advice services

Citizens Advice Bureaux and Advice UK members are supplying a range of debt advice services in communities throughout the region. However, it is widely acknowledged that the demand for debt advice far exceeds the supply. Investment by the Financial Inclusion Fund in 16 new caseworkers will help, but there is an urgent need to improve access to debt advice.

There are several means of achieving this:

- Increase investment in targeted debt advice services by local authorities and social landlords
- Raise public awareness of telephone advice lines
 - CLS Direct **0845 345 4 345**
 - National Debtline **0808 808 4000**
 - CCCS **0800 138 1111**
- Improve signposting to existing services by “intermediaries” - housing officers, health workers, social care workers
- Ensuring that there are sufficient Legal Services Commission contracts in debt and social welfare to meet the needs of legal aid entitled clients
- Increase the efficiency of advice service providers through business planning processes

8. Regional Strategy

As previously noted, one of the recommendations of the SEEDA commissioned research is that a regional strategy for financial inclusion be developed for the South East.

Whilst it is acknowledged that there exists an element of “strategy fatigue”, a written strategy remains one of the most effective ways of making the case for activity by embedding the issue in the regional strategic framework.

A regional strategy will have several audiences:

- Central government - making the case for resources for the South East and demonstrating that the region is already taking action
- Regional government - to inform and influence the Regional Assembly, the Regional Development Agency and the Government Office for the south east, so that members and staff are aware of the issue and can fund, influence and encourage activities and initiatives.
- Local government - raising awareness of the issue and providing ideas, guidance and formats to address the problem and by showing how investment in financial inclusion measures can save money, and protect investments
- Advice agencies - to encourage them to refocuss their services towards the most vulnerable, seek partnerships with housing associations and others, and to signpost clients to make use of national telephone helplines when appropriate
- Credit unions - to generate more interest and investment in credit unions, to allow them to grow into organisations that can deliver meaningful services to their communities, and to encourage credit unions to work in partnership with others
- Community Development Finance Institutions - to raise awareness of CDFIs as a means of providing affordable credit for micro-enterprise and personal lending and to encourage partnerships between CDFIs and credit unions to their mutual benefit
- Private sector banking - to encourage local action to ensure that banks and their products are available to everyone, and that anyone who opens an account has the knowledge and confidence to use that account for their own benefit. Banks should also be encouraged to become involved in the financial inclusion agenda by supporting advice agencies, credit unions and CDFIs by providing funds, expertise and management capacity.

9. Successor to the Action Group

To achieve a regional strategy and to ensure that action follows strategy, it will be necessary to continue to have a regional group, of sufficient seniority, to make things happen.

Membership of such a group should comprise the Regional Development Agency, Government Office, SEERA, Housing Corporation, National Housing Federation, major housing associations, local authorities, banks and representatives of CDFIs, Credit Unions and advice agencies.

The group will require administrative and professional support which could either be based in the RDA or Government office, or funded externally by both or either.

The group will also require a small administration budget (for publications, events etc.) which could be funded by the private banking sector as demonstration of their commitment to this issue. The group may wish to commission further research - for example, measuring the social return from financial inclusion work - and a means of funding this will need to be found.

Any regional strategy group will need clear terms of reference which set out how the work of the group will relate to the regional strategic framework, and what leverage the group has.

10. Conclusions

The Financial Inclusion Action Group has achieved some significant results in its 18 months of life. But, the research now published shows that there is no room for complacency and that the South East region faces a major challenge in addressing the financial exclusion of around 616,500 people, nearly half of whom are reckoned to be extremely financially excluded.

The impact of this level of financial exclusion within an otherwise affluent region presents opportunities to develop successful initiatives and partnerships which will work now, and into the future.

To build on the momentum of FIAG's work, and on the publication of the research and this report, it is essential that the regional strategy group be established as quickly as possible, and develops its own workplan and strategy without delay.

Around £1.4 million investment into face to face debt advice from the Financial Inclusion Fund will provide an additional 16 debt advice workers between now and the end of March 2008, and the project's exit strategy should mean that these workers are retained beyond the lifetime of the funding. However, this is not enough to meet demand. More debt advice workers must be trained, and funding must be found to employ them, especially in the areas of high financial exclusion and with excluded groups.

A significant investment in the provision of affordable credit through Credit Unions and CDFIs is being made from the Financial Inclusion Fund (final figures not available at the time of writing) and this will be a major boost in South Hampshire and Hastings and Rother. However, there are many areas of the South East where Credit Unions either do not exist, or are so small that they are unable to make inroads into the level of exclusion. Kent is the biggest example of an area of high financial exclusion with very low provision of community finance. Much more needs to be done here, and across the region, to offer people an alternative to doorstep lenders and loan sharks. Community finance can be the bridge to mainstream banking that many people need.

This final report of the Action Group could begin the process of raising the importance of financial exclusion through circulating the report, or elements of the report, to key local authority officers, housing associations, and others. The final chapter, which contains information on resources, research and potential funding will enable people to find out more, and to begin to develop local plans to address financial exclusion. However, there remains the need to co-ordinate this activity to reduce duplication and to maximise partnership working.

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12. Resources and publications

Promoting Financial Inclusion	http://www.hm-treasury.gov.uk/documents/financial_services/financial_inclusion/Financial_inclusion_index.cfm
Financial Exclusion in the South East of England - Small Change Research Partnership	www.seeda.co.uk/Publications
Regional Economic Strategy	www.seeda.co.uk/res
Face-to-face debt advice project	http://www.dti.gov.uk/consumers/consumer-finance/over-indebtedness/debt-advice/index.html
Growth Fund	http://www.dwp.gov.uk/advisers/growthfund/
Personal Finance Education Group	www.pfeg.org.uk
Community Legal Services Strategy	http://www.legalservices.gov.uk/civil/innovations/strategy_for_cls.asp
Citizens Advice	www.citizensadvice.org.uk
Advice plus grant programme	www.biglottery.org.uk
Community banking partnerships	http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?pid=201
Profiting from poverty	http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?pid=129
Life saving: Community Development Credit Unions	http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?pid=153
Building a thriving community development finance sector - strategic plan	http://www.cdfa.org.uk/cmframe.php?prmid=6100

Regional Director of Public Health - preventing summer and winter deaths	http://www.gose.gov.uk/gose/publicHealth/improvement/extremeWeather/?a=42496
Housing repossession tables	http://www.dca.gov.uk/statistics/cjust.htm#part1
Regional Housing Strategy	http://www.southeast-ra.gov.uk/our_work/planning/housing/strategy.html
Money Advice and Budgeting Service (MABS)	http://www.mabs.ie/
Legal Services Research Centre	www.lsrc.org.uk
Esmee Fairbairn Foundation - grants programme	http://www.esmeefairbairn.org.uk/programmes/sd.html
Tudor Trust - grants programme	http://www.tudortrust.org.uk/Articles/AboutTudor.html