8 Current provision and its challenges

The previous sections of the report have examined the national situation and policy regarding financial inclusion, followed by the results of the survey in Leeds. This section seeks to describe how the various initiatives and agencies working for financial inclusion in Leeds are managing the demand on their services. It begins with a review of the extent of indebtedness within Leeds, including the role of the moneylenders. This descriptive element will show how individual indebtedness is expressed and experienced by advice and support agencies. Thereafter the section examines the current supply of services aimed at addressing certain aspects of financial exclusion. It then proceeds to discuss the difficulties these providers face and some of the opportunities available to them.

8.1 Indebtedness

Conventional indebtedness analysis has relied on data from the Citizens Advice Bureau (CAB) and other debt advice services. This begins by examining the average indebtedness of a CAB client. . There are two citizens advice bureaux in Leeds: Leeds CAB, which provides services across the Leeds metropolitan district, and Chapeltown CAB which provides a service in the Chapeltown and Harehills wards. In addition to its generalist advice service, Leeds CAB provides specialist advice in debt, employment, housing and welfare benefits, which is funded through the Legal Services Commission. Of 62,837 enquiries dealt with by Leeds CAB in 2003/04, 16,692 (31%) were debt related and a quarter of these (4,263) were referred to the specialist debt team for follow up advice. Debt enquiries brought to Leeds CAB cover an extremely wide range, including rent arrears, fuel bill arrears, council tax arrears as well as credit card debts and mortgage arrears, from fifty pounds to tens of thousands of pounds. LSC eligibility criteria mean that only certain cases can be referred for specialist advice, with clients having to meet income restrictions and cases having to meet a "sufficient benefit" test. Of these cases, debts of eight to ten thousand pounds are common, although they can be much higher – thirty or forty thousand pounds. For clients not referred under LSC eligibility guidelines the city centre branch reported that personal unsecured debts of between £15-20,000 were perceived as "standard". Only if clients had debts in excess of £45,000 were they seen as unusual. As the Chapeltown branch was located in a more disadvantaged part of Leeds it is perhaps unsurprising that average debts were slightly less at about £10,000. A more extreme case was a client with a mortgage shortfall of £21,000, gambling debts of £20,000, and other unsecured loans of £16,000.

For most clients using the Leeds CAB debts comprise of credit cards and bank loans. Some clients were known to have borrowed from moneylenders. A similar picture was reported at Chapeltown CAB. However, they also had cases of clients using up to five or six moneylender accounts with about £100-150 outstanding on each.

Both citizens advice bureaux believed the main reason for indebtedness was a change of circumstances for the borrower. This often involved losing their job, a long-term illness either to themselves or another member of the household, pregnancy, or divorce or separation. Additionally the limited income in poorer households meant that even slight changes in expenditure caused indebtedness. Although the CAB interviewees accepted that some borrowers did over expose themselves to credit they argued that irresponsible lending was also an important factor. This is compounded by the abrupt collection methods they employ. The interviewees retold stories of moneylenders barging into people's homes, engaging in deception to secure repayment, and not controlling rogue collectors. Nor were these aggressive collection methods restricted to Doorstep lenders with a notable regional bank cited as a particularly difficult institution for the Citizens advice bureaux to negotiate with. The combination of the practices of lenders, both in agreeing loans and collecting arrears, together with changes to the borrowers' circumstances, are therefore regarded as the main causes of over indebtedness.

One of the risks with advice work in general is that there is an understandable tendency to focus on the extent of personal indebtedness; however, this may have the ironic effect of ignoring the financially excluded. Rather excessive indebtedness could represent over inclusion. To offset this risk only those clients who conform to the LSC eligibility criteria can access specialist advice. This system favours those on low-incomes and usually those most likely to be financially excluded. These potential contradictions highlight a class distinction between the nature of the credit accessed, with poorer families reliant on small loans from high-interest Doorstep lenders, while the middle classes use mainstream providers. To get beyond this dichotomy it is more pertinent to examine the capacity of the citizen and/or their household to service any borrowing. Otherwise resources may be utilised by the wealthier individuals. For example providing new lender institutions may be a secondary concern for many of the over indebted, rather Leeds should encourage responsible behaviour by lenders and raise awareness among the public of the rights under the Consumer Credit Act (1974). For example the Act provides many safeguards for consumers, including a seven-day 'cooling of' period after signing a loan agreement. Knowledge of this clause may prevent some citizens from extra exposure to over indebtedness[7].

Furthermore, strategically it is important to identify any potential structural macro and micro-economic changes that may disrupt incomes or increase expenditure, which if occurred would make current repayments unviable. Such an approach may develop a loan information pack for all borrowers to offset the fears expressed by one interviewee:

"There doesn't seem to be any kind of health check on how much people can borrow. We know that when there's equity in a property it takes 15 minutes to get a loan. This is a repeat of the 1990s."

[7] The Consumer Credit Act is currently being updated and it would be sensible to develop any awareness campaign alongside the new legal framework.

Over indebtedness may be a national problem but it is endured by individuals within households, with the immediate effects felt within their communities. Almost all of the interviewees were concerned about the growth of indebtedness and most were perceptive enough to argue that this may ultimately detrimentally affect the local economy.

8.1.1 Moneylenders

As per the survey findings interviewees held that lone parents were the most common users of moneylenders, with Shopacheck, Greenwoods, and Provident operating in Leeds. The moneylenders adopted various tactics when collecting arrears. The interviewees related tales of one prominent lender barging into a borrower's house and removing money from their purse. However, it was the practices of Brighthouse that were the most criticised. Brighthouse (formerly Crazy Georges) secure goods on HP agreements but if any payments are missed they remove the goods. They charge interest rates of 30% but this is usually supplemented by an expensive range of insurance products, plus the goods are invariably grossly overpriced. If clients fall behind on payments one of their tactics is to send five men round to collect goods from a single parents home. They are aware of the need for a court order to enter premises but argue that the resident invited them in. Advice agencies also found them the most difficult organisation to negotiate with, as they rarely treat with the third parties, such as CAB.

The interviewees believed that most moneylenders charge about 450% APR, with the lowest seen of 82% (which was very rare) and the highest being 858%. In general the interest rates are never consistent as it varied from client to client. Advice workers had seen examples where people are borrowing from 6 moneylenders but usually it is three or four with about £300-400 borrowed from each, plus the interest charges. Sometimes debts with Provident, the largest UK moneylender, can be up to £5,500, while the others are often in the low hundreds and rarely above £1000. However, it was conceded that most of the Doorstep lenders were willing to reduce their interest rates if advice agencies represented borrowers, but they were unwilling to publicise this flexibility in their arrangements.

Only one of the interviewees had any experience of loansharks (these are illegal moneylenders who usually charge interest rates in excess of 1000%). St. Gregory's Credit Union stated that quite few of their members have problems with loansharks. The loansharks make small personal loans and trade openly in St. Gregory's catchment area. They also work with members who use moneylenders, and accept that Provident are easier to work with as they accept cheques from the credit union, unlike the loansharks who want loans repaid in cash

St. Gregory's try to wean clients away from loansharks by giving some advice and guidance on budgeting and offer an affordable alternative form of credit. They argue that clients need this support before they will consider using the credit union because borrowing from loan sharks is very easy. The loansharks are aware of St. Gregory's presence but they remain unworried about their activity. The credit union believes this is because they lack the resources to have a significant impact on the loansharks. Though they manage to convert a handful of loanshark customers they accept that they are merely addressing the tip of the iceberg. St.Gregory's do not accept that more credit is the main priority in their area, rather residents need clearer information detailing the cost of transactions and improved financial education.

8.2 Advice

The main providers of advice services in Leeds are:

1. Central Leeds CAB One of the largest CAB offices outside of London, Leeds CAB has 50 paid staff and over 100 volunteers and provides generalist advice in the subjects of benefits, housing, debt, employment, consumer, legal, education, tax and immigration/nationality. The Bureau also provides specialist level advice in benefits, debt, employment and housing. In addition to its city centre office, Leeds CAB provides advice services in four community bureaux in the wider district, in GP surgeries in West, East and North East Leeds, in mental health services, at a Travellers site and at Leeds Prison. They also provide outreach services for Asian women, a home visiting service for people who are housebound and a telephone service.

   The specialist debt advice team at Leeds CAB deal with around 150 cases at any time. Their cases usually involve dealing with multiple priority and non-priority debts, bailiffs, county court judgements, administration orders, bankruptcies, mortgage possessions and eviction warrants. As part of the advice process, Leeds CAB assists clients in developing their financial management skills through planning a household budget, maximising income and differentiating between priority and non-priority debts.

   Information gathered through client surveys indicates that Leeds CAB is reaching many people in vulnerable situations, with the proportions of clients who are unemployed, permanently sick or disabled, or with caring responsibilities, being above those in the wider population of Leeds.

Work status	**Leeds CAB client profile**	**Leeds profile**
Employed	38%	59%
Unemployed	22%	4%
Retired	16%	13%
Caring responsibility	9%	6%
Permanently sick/disabled	14%	5%
Student/other	1%	13%

2. Chapeltown CAB Again offers general advice but have a paid debt specialist and two volunteers. The CAB in Chapeltown believes that debt cases are a mainstay of their core activity. Due to their location they concentrate on people who are on modest income and have had a change of circumstances. This service also specialises in services for BME communities.
3. Money Advice Support Unit located at Citizens Advice North Region Office in Leeds. MASU provides second tier support to advice agencies in the north region, on complex debt and benefits cases.
4. Welfare Rights Unit A City Council service aimed at income maximisation through ensuring clients claim the correct benefits. It is open to all Leeds residents and they operate surgeries in one-stop centres across the city. They undertake 18-20 surgeries a week and occasional home visits. They have secured funding from the NW Leeds PCT for another member of staff and have an Asian worker who works through local faith groups. Additionally they offer telephone advice between 9-5 for standard enquiries. They do perform a limited number of representation cases and help clients through the process of applying if there are specific difficulties. When the service was established they had money and welfare advice workers. However, due to the limited number of welfare rights workers in Leeds (10 in total), they had no time for debt counselling. They now refer people with money advice issues to CAB. They argue that if clients are chasing welfare advice they may not present financial problems, while there was currently no place in their structure for budget advice.

In addition to the above service the Leeds Community Legal Service Partnership (LCLSP) ward based review of advice provision shows that there are 25 providers with the Community Legal Services Quality Mark for debt related work, many of these will be from the private sector and concentrate on insolvency and bankruptcy or those with tax problems. More informally the other provider of advice are the credit unions. The staff and volunteers often help clients address their budgets before offering them a loan. Leeds City Credit Union have two full time money advice officers who works with clients and always puts their interest above that of the credit union. To the client they are an independent intermediary with lenders, including the credit union, and this helps when attempting to reschedule loans and reduce repayments.

Beyond the local provision of money and debt services a number of national organisations are also available. In certain cases, where priority debts have been stabilised and the client has sufficient income to make payments to non-priority creditors, Leeds CAB may refer clients to FCL or CCCS (Consumer Credit Counselling Services), who provide free pro-rata payment services. What they wanted clients to avoid using were fee-paying providers, such as Baines and Earnest, Gregory Pennington, which advertise on daytime TV. In the view of the CAB, these organisations sometimes gave inaccurate advice and were more interested in offering clients consolidated loans than negotiating with lenders.

8.2.1 Challenges faced by advice services

All the respondents who commented believed the current provision of services were inadequate. As previously noted the Welfare Rights Unit refers clients to the CAB who have struggled to cope with ever growing demand as indebtedness grew. This was recognised by CAB staff who were also facing budget cuts in core services.

This has occasionally resulted in the pre-emptory closing of the office in Leeds, which in turn has affected the credit union that is located in the same building. Clients who wanted to use the CAB complained to the credit union and demanded to know why the CAB is closed. Consequently the relationship between the credit union and the CAB was often strained, which was exacerbated by the succession of managers at the CAB during the last five years.

There has more recently been a period of stability at the CAB and a consequence of this has been to develop a much closer working relationship with the credit union. While Leeds and Chapeltown Citizens Advice Bureaux have been well supported by the City Council, demand for their services exceeds their capacity in certain areas. This has been exacerbated by other funding issues and external factors: the Legal Services Commission, for example, has not given a cost of living increase on funding in the last three years, while the dispersal of asylum seekers to the region since 2000 has placed greater pressure on generalist advice services, as well as immigration advisers. The short term nature of some funding, such as Lottery funded projects, means that voluntary sector services are continually struggling to maintain levels of funding and services to adequate levels.

Although the advice services are overworked, concern regarding their under funding discourages constructive partnerships that may distribute the burden. One interviewer believed that advice services underplay latent demand because of potential threat to existing services. However this was disputed and it was noted that the advice services did not have the resources or capacity to assess the extent of need within the city. However, as they are only able to demonstrate how much pressure exists on their own services, funders may perceive this as special pleading for increased budgets.

The main concern was that funders would expect greater performance without providing more resources, or that existing resources would be re-allocated to other providers, based on minimal, if any, evidence.

Clearly this requires a greater emphasis on partnership working and building of mutually beneficial relationships. It was felt that too many decisions were made on a bilateral basis between funder and provider; such an arrangement overlooks the potential contribution of other stakeholders and reinforces a culture of competition between service delivery agencies. This was tactically acknowledged in the CLSP (Community Legal Services Partnership) strategy where a key principle was to work in partnership and seek to further develop its role within the wider partnership arena.

The Leeds Community Legal Services Partnership has responsibility for assessing advice needs in the city and identifying gaps in service provision. The CLSP should include representation from quality marked advice services (not-for-profit and private) and from funders such as the City Council and Legal Services Commission. CLSPs that have been effective in other parts of the country are those which have managed to achieve this cross-sectoral participation and to secure funding in order to provide organisational support for the CLSP, through the local authority or other sources. In Leeds the CLSP has been largely unsuccessful in gaining the participation of the funders in the city and has no organisational support other than that provided by the LSC itself. Leeds and Chapeltown CABx and other service providers have been active members of the CLSP but without wider participation or greater resources, have had very limited success in progressing its work. Existing members of the CLSP would like to see greater involvement from Leeds City Council, the Primary Care Trusts and other local funders and resources to be provided to the partnership through Leeds City Council. This would fit well with the Council's 'narrowing the gap' objective to reduce social exclusion among Leeds' most disadvantaged communities, would enable services to be targeted more specifically at those in greatest need and would facilitate greater partnership working between service providers and other agencies.

One area where a more positive relationship could be encouraged is between advice services and the credit unions but at present a number of organisational issues stand in the way of such a development. The credit union would like to see all their clients with financial problems initially processed by their money management officer. At present there is an impression that the credit union is considered equivalent to mainstream lenders, and are consequently treated as such. This neither benefits the development of the credit union; the management of the advice services; nor enhances the financial inclusion of the clients. However, Leeds City Credit Union is not a quality marked advice provider and therefore cannot be part of the CLSP as it is currently composed. Advice agencies are also limited in the extent to which they can recommend credit unions to their clients, partly because of the quality mark issue and because in order to recommend credit union products over any other institution's would require them to be licensed as independent financial advisers.

The core problem is that the advice services are funded as an emergency service rather than focusing on preventative action. All interviewees wanted easily understandable universal information on money matters available, yet no organisation had the resources to undertake such as task. With almost a third of the survey sample wanting better information there is clear need to review current working practices and where new funding, if any is made available, should be targeted.

8.2.2 Suggested improvements

Beyond restructuring of funding the interviewees had a number of enhancements they would make:

- With a shortage of resources to provide a highly sophisticated advice service perhaps a single telephone number could be introduced. This would deal with most enquiries and signpost them to the most appropriate service if further support were needed.

- Welfare Rights and other City Council services should provide an informed signposter role. They will need to understand clients basic needs and identify where assistance can best be provided. This service needs to be designed so that staff are encouraged to participate and they should receive feedback on any referrals they make.
- One approach to reach those most in need is to work with Health Visitors. A project funded by the Coalfields regeneration programme is connecting health and financial problems. The Leeds City Credit Union Mobile Branch/Health Bus visits coalfields communities and the medical partners will pick up on stress/mental health linked to money. This is then followed up by the Leeds City Credit Union 'Health Credit Worker Coalfield Money Management' employee. Leeds CAB is also applying for funding with West Leeds PCT to provide training for health professionals in basic benefits advice, targeting on elderly people

Who delivers the service was also considered important. Interviewees believed that local advocates were crucial, as this would help the individual understand that their situation was resolvable and that they were not a 'bad' person because they have not managed their finances successfully. Though people wanted to use local advisers it was noted that a balance was needed between the quality of provision and local trust. Therefore training of local people to deliver the service would be required. Finally it is important that advice is presented in an accessible, informal, accurate form preferable not by 'men in suits'.

In addition to enhancing the referral system and the type of person needed to deliver the service a number of new services were recommended:

- It was acknowledge in the CLSLP strategy that few services were aimed at ethnic minorities. The focus on debt based advice virtually overlooked other elements of financial exclusion endured by those whose faith groups dissuades usury. Many ethnic groups needed to understand how the British personal finance worked and how they should interact with the predominately anglo-saxon culture dominant within the banking sector. The highly sophisticated nature of financial services in Britain was particularly confusing for refugees and asylum seekers, many of whom came from cultures where banking services were less developed and support was familial rather than self-financing. Leeds CAB, with the support of the CLSP, have developed a draft proposal to provide support for asylum seekers and new refugees, and will be submitting applications for funding in 2004/05.
- A supplementary Social Loan Fund should be developed. This should be open to those who are ineligible for the Social Fund and may charge a slightly higher interest rate in return for having more flexible repayment schedules. The application along with a budget summary could be undertaken through Welfare Rights and the credit union could be asked to manage the fund. This service would seek to supplement changes in the Social Fund, which the government announced in the Comprehensive Spending Review.

In summary, advice services are under funded and over worked in Leeds, with few well developed partnerships between the delivery agencies. If improvements are to be made the funding needs to be less erratic and distributed more openly with a focus on the most disadvantaged communities and improving access to general financial information. In addition some members of the LCLSP believe Leeds City Council should play a stronger role.

8.3 Credit Unions

The largest credit union in Leeds is Leeds City Credit Union. The common bond (the legal area in which a credit union can operate) is everybody who lives or works in Leeds. At present Leeds City Credit Union is the largest Live and Work credit union in England and is widely considered among the most progressive in the country. Leeds City Credit Union began as the council employees credit union and has expanded to offer their services to other large employers, before extending their provision to the whole city.

The credit union prides itself on its sustainability and its professionalism. They argue that *'you can't run an effective financial institution with two volunteers and a cash tin'*. Instead as with any financial institution investors money must be secure; and image is important in building trust and confidence, hence the requirement for an attractive office environment and street level access. However, they acknowledge that it has been difficult to remove the image of a credit union as a community organisation rather than a financial institution.

Operationally the credit union has two branches in Leeds, city centre and in the north east of the city. The city centre branch is below the head office. At present the credit union has £12.5 million on loan and bad debts are approximately 2%. Bad debts have risen since the expansion of services to all residents of Leeds and the majority of these are concentrated in the most disadvantaged parts of Leeds (Leeds 7,8,9, and 14). Compounding this many of these newer members pay by cash or direct debit, as opposed to payroll deductions among the original membership. The credit union have found that cash payers are more likely to be in arrears and therefore require greater management time, while monitoring direct debit payments is labour intensive, with one member of staff working full time on this area. With credit unions unable to undertake very high risk lending any increase in bad debts and its related costs has to be found from general reserves. In effect the good payers are subsidising the bad. Unlike banks all the credit union's capital has come from members savings, so arrears and bad debts have to be closely monitored. Consequently, the credit union will require additional funds if external agencies want it to undertake more lending to higher risk groups.

The other two credit unions in Leeds are much smaller: Bramley has fewer than 300 members; while St. Gregory's has approximately 700 members (by comparison Leeds City has 12,000 members and 2,000 young savers). Contact between the credit unions was limited; especially Bramley with is limited membership, although even St. Gregory's conceded that they had no 'real' relationship with Leeds City Credit Union.

St Gregory's Credit Union is 8 years old and is based in Swarcliffe, Winmor, and Crossgates. They offer very cheap loans at 0.7% per month and a total APR of 8.8%, this is below the standard credit union rate of 12.68% APR. The credit union has no paid employees and relies on 15 volunteers to function. They receive no strategic support, which they claim makes it impossible to employ paid staff. However, their financial situation could be greatly improved if they were prepared to increase their interest rate on loans. In contrast to Leeds City Credit Union, it could be argued that St. Gregory's is a community enterprise rather than a financial institution.

Regardless of their strategic vision the volunteers at St. Gregory's have been supporting many financially excluded people in their community and directly addressing the challenge of moneylenders. Potential clients are often introduced through an intermediary, such as St. Vincents, and the credit union volunteers begin their support if new members by working on a household budget. Part of this process involves persuading potential clients not to use moneylenders. They accept this is invariably challenging, as *'the truth is that it is easy to use loansharks'*. Once the client becomes a member of the credit union St. Gregory's remain in regular contact to ensure they are adhering to the budget. As a result St. Gregory's has low bad debts as loans are often rescheduled if the member goes into arrears.

The contrasts between the credit unions in Leeds reflects the national picture, where a small group of highly professional credit unions are driving the movement into more conventional financial services, while a much larger pool of smaller community credit unions are re-dedicating themselves to addressing financial exclusion. Though an appealing means to distinguish between credit unions the dichotomy omits the overlaps. In Leeds the larger credit union wants to retain its community touch and does not seek to replicate the banks. Instead it wants to offer members a broad range of professional delivered services and be involved in assisting the financial excluded. Equally, St. Gregory's knew they were not large enough to make a genuine impact.

There have been a number of attempts to build a more holistic financial inclusion package involving credit unions, and despite previous challenges new positive relationships are being forged. If this relationship is to prosper the utilisation of the Leeds City Credit Union money advice workers needs to be addressed, while more secure leadership within the CAB would help alleviate many concerns and build stronger links.

Until recently Leeds also had a credit union development worker. With the incorporation of a number smaller credit unions into Leeds City Credit Union it was agreed that this individual should be employed by the large credit union. Although understandable it does leave the other credit unions shorn of a key supporter. Subsequently, the member of staff was made redundant after funding for this post was ended. If the city council wants Bramley and St. Gregory's to participate in addressing financial exclusion means of promoting their services have to be identified.

An on-going initiative aimed at single parents operates in Seacroft. This Sure Start and Leeds City Credit Union project aimed to help clients to get out of the cycle of debt by paying of their high interest loans and helping them to save. However, the credit union found that about half of the applicants used the credit union to access cheap loans before returning to their moneylender. Part of the difficulty was that the credit union was unable to provide support for the Sure Start workers, caused in part by the absence of any funding. Today the credit union is more careful in accessing potential members recommended by Sure Start.

The Sure Start project highlights the main difficulties with most initiatives; an inadequately articulated credit unions strategy for the city; and the complete absence of strategic funding for financial inclusion initiatives. This was exemplified by the decision to reduce financial assistance to Leeds City Credit Union, based on the premise that the organisation was wealthy enough, and that the annual dividend should be reduced to fund financial inclusion work. This argument fails to grasp the essential nature of credit unions; i.e. they need to attract savings in order to make loans. Also it imposes higher social threshold on credit unions than the government is prepared to place on the High Street banks. With such ill-considered reasoning it is unsurprising that Leeds City Credit Union's goodwill is virtually diminished. If this approach continues there is a genuine risk that it will concentrate on developing its core business unless funding is provided for community development.

With the formation of a charitable trust attached to the credit union (Financial Inclusion Leeds Limited – FILL) it may be possible to develop a more productive relationship. Rather than funding the credit union directly any financial inclusion initiative should fund the charity to undertake these tasks. This enables the credit union to concentrate on improving its business performance, while providing a clear demarcation for funders.

8.3.1 Delivery of services

A key issue at the outset of this research was how to extend the reach of existing provision, in particular whether more credit union branches were needed. After discussions with the credit unions and other branch based community finance initiatives, we believe resources dedicated to addressing financial inclusion, should be used elsewhere.

The first difficulty with branches is identifying a suitable location. It must be placed where there are sufficient users to justify its existence. Banks and building societies carefully assess where to open branches and it is no coincidence that they are nearly all in town/city centres or in wealthier communities. The latter can be justified because the total transaction sizes make their operation cost effective. If credit unions open in outlying communities in Leeds, they will effectively only attract people who can easily access the branch either by foot or a short car ride. Instead of branches St. Gregory's suggested having collection points in places where communities congregate, such as Working Mens Clubs or Leeds United Football Club at Elland Road.

The location of branches also affects the clientele a credit union attracts. It was accepted that community collection points were time consuming and ultimately become untenable, but branches in disadvantaged communities may also have a detrimental impact on the core business. For sustainability credit unions need to be cross-community and the savings of middle income earners funds the loans to poorer members. If offices are only located in disadvantaged communities the credit union will remain hidden from more prosperous members and earn a reputation as a 'poor person's bank'. In recent years credit unions have worked hard to overcome this image problem, and the opening of branches in disadvantaged communities is, in effect, a form of institutional ghettoisation.

Another challenge with branches is their operational management. There is an inevitability that staff detached from the main office will become marginalized and isolated. Moreover, unless they are integrated into the credit union' IT or telephony systems they may be under utilised.

In addition to the above there are very strong financial reasons not to open additional branches. Leeds City Credit Union has recently completed the opening of a branch in Harehills. The cost of refitting these former bank premises was approximately £40,000. In addition another £15,000 is due to be spent on information links between the branch and head office. This will enable staff to be part of the credit union's call centre, therefore increasing the efficiency of the branch. The credit union acknowledge that refitting could be cheaper (a savings and loan company operating without a cash receipt service recently spent £23,500 on refitting its premises) but this would mean ignoring their commitment to a professional, safe and secure service. These initial capital costs are supplemented by operational costs for each branch. If the service is to have regular business hours it will need to employ three members of staff, both to cover absences, and provide sufficient security. Other costs will include business rates (Leeds unlike some other cities does not offer credit unions or community finance initiatives any discretionary relief), telephone & IT fees, and utilities. An example of the likely annual running costs is listed below

Salaries of three staff (manager & 2 clerks)	£70,000
Rental/mortgage	£ 8,000
Business Rates	£ 8,000
Utilities	£ 2,250
Telephone/IT support	£ 1,500
	======
Total	£89,750

To generate income to cover these expenses would require at least £900,000 in new lending. This it improbable to occur immediately, so loses would need to be found from the general reserves; i.e. current members would have to have lower dividends. This is of course the provision of only a single branch. If the plan was to open a string of branches in disadvantaged areas the financial impact on the credit union, without extensive public subsidy, could prove unmanageable. However, if there are only resources to open a single branch then it is unlikely to benefit more than one small community. Instead a more viable proposal would be to operate advice and support services through one-stop shops, which also contain a dedicated freephone connection to Leeds City Credit Union call centre. The financial inclusion project would finance connecting the phone systems and the salary of a single member of credit union staff, located in the call centre, who would field all enquiries from the various one-stop shops.

8.4 Enterprise

The survey indicated that a fifth of the respondents were interested in accessing loans for self-employment. Clearly, even if a small proportion of this can be harnessed it would have a dramatic impact on the Leeds economy, particularly in disadvantaged communities.

With its strong connections with the financial community Leeds will be well placed to design access to finance mechanism for enterprises. Unfortunately there was little evidence of a coordinated provision or indeed any dedicated lending entity for enterprises. By law credit unions are prevented from lending to incorporated bodies, but they do make some loans to sole traders, beyond this and that supplied by mainstream providers there was no known coverage. Plans do exist for a regional loan fund for businesses and this will be discussed shortly.

As with personal finance, proposed enterprises need advice and access to finance. Traditionally financial exclusion is perceived as a social policy matter, while enterprise inclusion is an economic development issue. These barriers are beginning to collapse as government realises that in encouraging enterprise in disadvantaged communities involves tackling personal financial exclusion issues, such as access to bank accounts, improving financial literacy, and developing a savings culture. But this policy integration takes time and it was noticeable how few of the money/debt/welfare advisors had any knowledge of where somebody should go for self-employment advice. Therefore the first task will be to improve the awareness of existing relevant services to advisors.

8.4.1 Advice

The only business advice dedicated to supporting the unemployed into self-employment identified was an Objective 2 funded project (Resource in Community) called New Working Ways. Its aims to provide training courses in enterprise, but is restricted to the unemployed. The only other form of strategic agency funded enterprise support is Business Link. Unfortunately nationally Business Links have gained a reputation as being focused on high growth companies, with little interest on the activities of sole traders and social enterprises. This is predominantly because their funding is connected to the growth of their client group. Business Link is also perceived as an inaccessible service for women and some ethnic minorities. Business Links have been working hard to change their image but they have yet to make a serious impact in disadvantaged communities or among excluded groups. The other organisation which undertakes business advice is the CAB. They argue that they have to deal with the outcome of previous poor business advice. Generally this involves helping negotiate with creditors or assisting people into bankruptcy. A number of interviewees also stressed the importance of business support through ethnic minority networks, such as the Asian Business Forum. Moreover, these would be supplemented by informal groups which did not interact with established agencies. Though informal support was thought to be based on ethnicity or religion, a view persisted that spatial networks of traders were unlikely in disadvantaged communities. Elsewhere in the country business support networks have only surfaced when interacting with the police over security concerns. If the local authority wants to engage these groups it may be worth considering linking business advice to crime minimisation strategies.

In addition to these services Leeds does support Social Enterprise Leeds. Formed in 1999 as a charity and a company limited by guarantee, it assists the development of social enterprises throughout the city. The focus of its work is consultancy through business planning and help with funding applications. They also are sub-contractor for Business Link; delivering their services on behalf of social enterprises and undertake Wise Link, the Business Link service for the self-employed. Social Enterrpsie Leeds also have plans to establish a social enterprise school

Social Enterprise Leeds accepts that the social economy is weak in Leeds. There are about 70 enterprises, of which 25 are well established, and a maximum of 12 will be looking for finance in the near future. When compared with comparative cities the social economy in Leeds is underdeveloped, but it is hoped recent appointments within the city council will result in the sector being given a higher profile. Social enterprises have an important role to play in local communities, because they are trusted intermediaries, and greater proportions, than found within conventional businesses, are formed by women. Overall Social Enterprise Leeds were confident that Business Link was learning about how to serve social enterprise, but they felt there was a steep learning curve to negotiate.

Improving enterprise support will require repackaging the most progressive elements of Business Link's service and delivering it more directly through one-stop shops in disadvantaged communities. The repackaging may also involve its delivery through community organisations, due to the extensive level of distrust of larger agencies among the local population.

8.4.2 Access to finance

Although enterprise advice is imperfect, it is at least provided. In contrast Leeds will not have access to an enterprise loan fund until the autumn of 2004. Across the country most major conurbations have now opened Community Finance Development Institutions (CDFIs), invariably to provide loan finance to new, micro and small enterprises. Among the most notable of these funds are in Birmingham (Aston Reinvestment Trust), Salford (Salford Money Line), Manchester (The Enterprise Fund), and London (London Rebuilding Society, and the East London Small Business Centre). Within Yorkshire and Humberside region funds are established in Goole (Goole Development Trust) and South

Yorkshire (South Yorkshire Investment Fund). In addition Sheffield will shortly launch South Yorkshire Moneyline, which will provide affordable micro-enterprise lending. Most of these CDFIs have been supported by government through the Phoenix Fund, managed by the Small Business Service.

In Leeds the Phoenix Fund has provided two years revenue finance to Yorkshire Enterprise for the establishment of two loan funds for the Yorkshire and Humberside region. The funds will be known as PIF (Partnership Investment Fund) and funding is from Yorkshire Forward European Union, and match funding from Barclays Bank. One fund will be targeted at Small and Medium Sized Enterprises (SME) the other will focus on Micro-enterprises.

The SME fund will provide loans of £15,000 to £100,000. It is expected that referrals will be made from accountants, solicitors, and business advisors. The professional intermediary would charge the customer for introducing the client to PIF, plus for any assistance they give regarding the application process. However, the loan would be between PIF and the client.

The micro-enterprise fund will seek to lend up to £15,000, with an expected average of £8,000. PIF are planning to adopt a web based enquiry system from which clients could complete an application on-line. If they needed further assistance clients could utilise a business advisor, who would be paid via a commission from PIF. PIF are promising a very simple system with fixed interest rates and a interest rebate for good payers. The micro-enterprise fund will be aimed at sole traders and partnerships. The introducers may be from the private or public sector. The only rule PIF has is that no organisation may have an exclusive introduction agreement. PIF business plan assumes that the micro-enterprise fund will make 900 loans in four/five years.

Yorkshire Enterprise has worked extremely hard to develop PIF, especially as they have had difficulties with legal registration. Their preferred legal vehicle is a limited partnership and although negotiations have been on-going for over 18 months Yorkshire Enterprise expect to have PIF registered by September 2004. The delay in PIF's registration has impacted on their business plan, as the original targets still have to be achieved within a far smaller trading period. It is probably that PIF will need to re-negotiate the terms of investment with funders.

Despite three year's of development effort the knowledge of the PIF proposal in Leeds was patchy. Personal advice agencies and the credit unions were virtually unaware of its existence, while even strategic stakeholders had little real understanding. In theory PIF has the potential to fill a gap in the market in Leeds but to be truly effective it will need to be part of a financial inclusion network.

An alternative approach would be for PIF to sub-contract its activities in Leeds to local intermediaries; specifically Leeds City Credit Union. This strategy would involve the credit union managing and holding the Leeds proportion of the fund, but operating within the PIF guidelines. It has the benefit of utilising a Leeds based existing and trusted intermediary, who also has extensive contacts throughout Leeds' communities. This would be particularly useful as the credit union already undertakes some loans to sole traders, and for some organisations are a more approachable financial institution. For example Social Enterprise Leeds believed this would be attractive to their members, as it supports another social enterprise. This was conditional on Social Enterprise Leeds providing the accompanying advice. Leeds City Credit Union were willing to consider appropriating PIF but this was not consider an option by Yorkshire Enterprise as they wanted to deliver their original strategy before considering any alternatives. PIF clearly needs to be given an opportunity to prove itself, but utilising the credit union provides a fall-back position and offers a means for Leeds to develop a CDFI service quickly and cheaply.

8.5 Literacy

In recent years there has been growing national interest in financial literacy and capability training. First, through calls for the incorporation of financial literacy within the Personal Social and Health Education (PSHE) and citizenship requirements of the national curriculum. Second, the DfES' Community Finance Learning Initiative (CFLI) aimed at improving adult financial literacy. The CFLI piloted different types of financial literacy partnerships and service delivery mechanism. The second round of the CFLI pilots also delivered the Treasury's Savings Gateway (a savings incentive scheme open to specific individuals, whereby the government matched their monthly savings up to £25 per month for every month over a two-year period). The CFLI projects had a mixed record though details of one of the more successful schemes is outlined in Case Study 8-1. The third initiative was the Basic Skills agency's Cash Crescent educational CD-Rom. This self-learning software, aimed at those needing level 1 and 2 financial literacy, sought to transfer knowledge in a friendly, fun, and accessible way. Cash Crescent has been widely praised by those delivering the service and a review of users perspectives is due shortly.

Case Study 8-1:Gorton Community Finance and Learning Initiative/Savings Gateway (East Manchester):

The Gorton initiative is a multi-agency partnership aiming to address various aspects of financial inclusion. Services offered; financial literacy courses, increasing awareness of and access to education and training, increasing access to mainstream financial providers through basic bank accounts, support and access to finance for micro-enterprise, and the Savings Gateway. The DfES and the Treasury originally funded the project. The main incentive for tenants was access to the Savings Gateway though this has now been closed to new applicants and the service has concentrated on employment based initiatives to secure funding. The Gorton initiative has attracted almost 850 customers. Beyond the success of the Savings Gateway the most impressive part of the service has been the partnership with MANCAT (a local further education college), who have designed financial literacy courses and provided access to further educational opportunities.

All these national schemes indicate that policy makers have understood that while financial service provision and usage has expanded this has not been accompanied by consumer knowledge. A result of this has been the curious dislocation between providers and customers; in which the latter use the former because they have to, but they neither trust nor understand them. Empirical evidence for this was suggested by an NOP survey on behalf of the FSA (Hunter 2004) which showed that 23% of people said that dealing with banks and other financial institutions scared them, with younger people (31% of 21-15 year olds), the unskilled and semi-skilled manual workers, casual workers and state pensioners (33%) most likely to have this feeling.

In May 2004 the FSA published its proposals for developing financial capability, which focused on seven priority areas (schools, young adults, work, families, retirement, borrowing and advice). The report argues that much foundation work has been conducted and that £35-40 million was spent on financial capability work, but it was now necessary to enhance the co-ordination of this expenditure to improve overall performance. To implement the strategy the FSA have created a Working Group for each priority area and their tasks will include: drawing on expertise and building on existing good practice, developing base line measures, suggesting pilot work, and taking account the needs of the financially excluded. Ultimately this should become the main source of financial literacy educational information, but in the meantime communities such as Leeds have been reliant on various ad hoc initiatives.

Interviewees were, in general, critical of the financial literacy training provided in Leeds. Opinions included those that argued that financial education should be conducted at school, to those that believed recent courses for adults had been inappropriate. The weakness of school based learning becomes apparent when young people start work and have no knowledge of money. At this stage they are often enticed by ‘easy credit’ and soon after find themselves with severe financial difficulties. A similar process occurs for those just starting a family, particularly lone parents.

However, it was argued that it was difficult to identify service providers for financial exclusion, partially due to the obscurity of funding. Interviewees believed that the LSC is unsure how to address adult financial literacy, while its output driven funding model is inappropriate, as financial literacy requires small classes to be effective. Another criticism of the LSC was that when it announces funding opportunities it is invariably time limited and often declared late. This restricts innovation, as it does not provide time for capacity building. Consequently interviewees suspected that this was a deliberate policy to ensure funding was distributed among existing providers.

The initiatives that were supplied were criticised because they lacked any focus and were not properly targeted, such as that delivered by the Neighbourhood Learning Projects. According to interviewees this scheme ran for four sessions and when nobody came it was closed. A New Working Ways 10 week course on Money Management was criticised because it was culturally inaccessible, being held at Thomas Danby College. Again attendance was minimal. It was also argued that this service did not offer a suitable inducement. Interviewees believed that people do not want financial education until they need it and consequently it requires incentives such as the Savings Gateway or possibly a 'rainy day savings scheme. Instead the course paid an attendance fee and travel expenses.

Perhaps the most effective education is provided informally, especially by the credit unions. Both the credit union interviewees explained that people walk into them and receive clear financial management advice, particularly if they are using moneylenders. In this situation the credit union will go through a household budget and explain the actual cost of credit. This may be easier to digest for the customer because the credit union has an alternative solution though its own products.

Leeds City Credit union staff and volunteers are usually trained in-house, through the Yorkshire Credit Union Chapter, or by their respective trade associations. In addition the Yorkshire chapter offers a training package on the delivery of credit union school savings banks. All CAB staff and volunteers undertake a nationally approved training programme, that includes training on money advice, and individual staff at Leeds and Chapeltown CABx have developed expertise in financial literacy work through specific projects. One of the ways to increase the knowledge of the public is to increase the number of financial literacy trainers, such as utilising health visitors and staff in one-stop shops. Rather than establish an in-house training programme it would be quicker and probably a higher quality if the services of the CAB or the Yorkshire Chapter of Credit Unions were used.

With regards to financial education within schools Education Leeds confirmed that no specific courses currently being operated. It was explained that the Schools Council had undertaken extensive development work on this topic during the late 1980s and early 1990s, but interest in the subject waned and no modules were developed. Alongside this activity the banks and building societies have supported sessions on financial education within Commerce courses. However, with the decline of Commerce as a GCSE subject financial literacy training is rarely delivered.

If financial education is to be systematically re-introduced into Leeds' schools, Personal Social and Health Education (PSHE) would seem to be the most appropriate subject area in which it could be placed. As PSHE is invariably delivered by general class tutors it will be necessary to design teaching materials that are of a high quality, stimulating, flexible (both in terms of facilities required and the need to deliver to mixed ability classes), and manageable. It was stressed that the course needed to be 'bright and snappy' and related to real life experiences. It was also accepted that some of the skills required would overlap with numeracy, hence the need for different learning strategies. In addition specific training will have to be offered for prospective teachers. To attract teachers the training needs to be free, possibly with free training material for course delivery. Another incentive for delivery would be if financial literacy could be taught to students in five or six, one-hour sessions. It was argued that anything longer may have an impact on other topics within PHSE.

It was argued that Education Leeds do not have the resources to design the course, which is usually contracted to an external publishing house. To ensure the course design reflects the needs of Leeds' children Education Leeds recommend a working group, comprising of representatives from the local authority, financial institutions, and employees from Education Leeds with responsibility for legal and democratic issues. Collectively this group would design a project contract and design template to be fulfilled by a publishing house. As this is a medium-term solution it may be advisable to introduce the Basic Skills Agency's Cash Crescent software into schools for key skills stages 1 and 2. Another advantage with this approach is that it identifies the extent of educational need and highlights specific weaknesses among students. If these are generic they can be incorporated into the design template for the financial literacy course.

8.6 Financial exclusion

In addition to that identified by the survey broader issues of financial exclusion were explored during the interviews. One of the most taxing issues was attempting to define the parameters of financial exclusion. For some it was a narrow issue and focused on ensuring citizens had access to mainstream financial services, while others saw it far broader and connected it to quality of life. Naturally the difference of definition resulted in differences about emphasising priorities. For example one interviewee saw it as a social exclusion issue which could be challenged through rights and advice linked to these rights. Another interviewee highlighted the potential health benefits of tackling financial exclusion, in particular through debt rescheduling, but was disappointed that this has yet to be recognised by one of the Leeds PCTs. Money worries and over-indebtedness are important contributors to ill health but when faced with the opportunity to make investment in clinical or preventative measures the PCTs have traditionally selected the former. The difficulty is that the former is attractive and represents visible action, while preventative measures are rarely noticed and few, if any, benefits accrue to the instigators. What was missing was a shared sense of what was financial exclusion and what methods/approaches could Leeds take to combat it; instead at times it was utilised to justify continuing support for an existing programme. Consequently it is necessary for the city council to define financial exclusion and how it feels the various stakeholders can contribute to its elimination.

The importance of this was evident in the acceptance by interviewees that addressing financial exclusion required a long-term strategic commitment. However, a benefit of this approach was articulated by one respondent: *"The financially excluded are long-term. If* [*sic*: you are*] serious got to tackle the real issues, so don't throw money at them*." Rather a process of gradual change was likely to be effective led by an emphasis on education through advice and financial literacy/capability. A view was expressed that merely providing alternative cheaper credit was superficially attractive but didn't address core issues; i.e. that financial exclusion was: partially culture, as people continued to use moneylenders just because their parents had; partially awareness, in that they didn't understand or know about the costs of credit or services they could access; and partially just having insufficient income. Thus while the latter was an issue for government and the DSS, the first two were connected to education. Moreover, advice straddles all three elements as additional entitlements could be identified to help enhance household incomes. Yet there was a consensus that current provision of money advice and debt services was inadequate for addressing financial exclusion and would need to become a policy priority.

Interviewees were virtually unanimous in declaring that the first stage would involve providing better quantity and quality of financial information. Yet participants cited missed opportunities when distributing information was misunderstood or joined-up government didn't always materialise. For example two respondents talked about the importance and potential role of the Post Office, especially in areas where the banks have withdrawn. But they went onto ask about the logic of permitting a post office to have a cash machine which charged £1.50 for every withdrawal; or indeed programmes to close sub-post offices. Another case identified was the narrowness between advice and consumer education, where a funding proposition was disallowed because it was considered the former not the latter. Such distinctions are difficult to maintain when assisting an individual who requires help. Although this is nominally advice, there is little evidence that general campaigns to raise awareness of financial matters have been successful. Part of the challenge is that the public show minimal interest in financial information until it is directly relevant. Therefore the most appropriate time to begin education is at life-junctions when individuals are making crucial financial decisions. This targeted approach inevitably shades closer to advice rather than education, consequently a more sophisticated understanding of the necessary overlap is required by those funding financial education programmes. On the issue of interpretation one interviewee discussed how difficult it was proving to open a basic bank account. Despite the declared position of the banks, individual branches are still declining applicants who have a proof of identity from the local authority. This was especially problematic in areas involved in the pilot of direct payments of housing benefit, though Leeds City Credit Union find complying to regulations and opening accounts difficult to achieve. This suggests that a flexible approach is possible within the current guidelines. However, there is concern that the tackling of money laundering by raising the standard of identification may inadvertently result in greater financial exclusion. Certainly the survey indicated that the largest stated reason for exclusion was lack of appropriate identification (see Table 5-4).

Interviewees expressed concern about the accessibility of advice, which fell into two groups: physical and cultural. The main focus for the physical issues was the status of the Post Office as this was perceived as an institution used and trusted by the community. However, though the offering of the Post Office Card Account (POCA) was welcomed it was believed that this may be undermined by the governments support for basic bank accounts and the direct payments of benefits. If payments were paid directly it would reduce the footfall through post offices and thereby reduce their capacity to provide other services or prosper as a business. A number of interviewees emphasised the potential of one-stop shop provision, which should contain local services that mutually reinforce each other, such as advice and credit unions. All but one interviewee believed that Leeds lacked provision of financial inclusion services, the exception argued that although Leeds was ‘needy’ it was comparatively well served through some large and very effective organisations, thus reducing the extent of Leeds ‘needs’ to a ‘modest’ level.

Though it is undoubtedly true that Leeds has some progressive institutions there were other barriers to accessing services, notably the culture. One interviewee believed that their organisation could improve the physical access to services but this was unlikely to assist the user through the system. What was required was an advocate to act as guide, particularly where English was not the first language. Nor was the cultural concern an isolated occurrence. For example it was argued that Trading Standards and consumer advice were perceived as White middle class concerns. The interviewee who made this point went onto explain that in a consumer society the rights of an individual customer effected everybody, but acknowledged that the challenge lay in persuading everybody of this. Even the provision of one-stop shops was seen as culturally problematic with interviewees stating that these were Leeds City Council services and would not be viewed as independent and/or worthwhile. Equally private sector such as solicitors was seen equally tainted due to their professional disinterest, detachment, and their imposing surroundings. Such circumstances could deter entrepreneurs from accessing these services to help them shift from the informal to the formal economy, which could have a negative impact for the local economy. Based on the interviewees there was broad support for one-stop shops but that these should be hosted by community organisations as it was believed these were closer to the community and therefore less intimidating than formal stakeholders. Though it was argued that community groups were less pejorative than other providers, notably the local authority, the evidence for this is unproven. An alternative viewpoint is that any specific community group could be seen as serving only a proportion of a community and therefore not accessed by others. Therefore it would be prudent to pilot both delivery providers and measure the accessibility achieved.

In general the interviewees did not believe there was a difficulty in people accessing credit, rather it was the cost of credit that was the issue. Moneylenders were an obvious source of credit for the White working class community, as clients believed, often correctly, that they would not get credit elsewhere. The challenge for credit unions was to raise their profile so that they were considered a viable alternative to moneylenders. Although some ethnic minorities did use moneylenders, some ethnic groups had developed their own informal types of savings and loans schemes. These peer group circles have proven extremely durable and it remains an open question whether credit unions could, or even should, attempt to break into this market. Encouraging credit union membership among ethnic communities does extend consumer protection, as credit unions are regulated by the FSA, but informal links are often crucial to social cohesion, as well as being reservoirs of social capital, and once breached it is impossible to predict:whether credit unions or moneylenders will be the most successful; or, more importantly, the impact within the ethnic community.

When interviewees were asked about what new credit products were required it was limited to small loans for necessities that could not be purchased using the Social Fund and loans for bulk prescription orders. It was argued that the latter should have an interest rate charge and be underwritten by the PCT. Another interviewee did not believe that credit should be encouraged instead people should be directed to local charities and furniture stores, such as Harrison and Potter who have been known to make small payouts of £100-150 to those in need. However, all charities and foundations have finite resources (often very modest if the charity serves only a specific group) and their terms may exclude certain group from applying, thus it is unlikely, if at all desirable, that a sustainable financial inclusion service could be based on charitable giving. Rather as most of the interviewees seemed to indicate it requires a holistic service based on the troika of education, advice, and affordable credit; delivered, or available, through community based one-stop shops, and strategically funded.

8.7 Bringing it all together

Throughout the interviews one theme kept reoccurring: whatever solution was proposed it had to overcome barriers and help partners to work together. The reasons for this were an acceptance that financial exclusion was a complex matter that could not be resolved easily or in the short-term, and that although not the main part of any single agency's or organisation's role, it was embedded in many of them. So much so that the failure to address financial exclusion may have a detrimental impact on an agency's core activity. For example overindebtedness has a proven negative impact on health, therefore healthy living targets will be affected if no action is taken to minimise the stress, and over time, levels of overindebtedness. Additionally, failure in one area may negatively impact on another resulting in increased costs for the latter. For example teaching children financial literacy at school may avoid the necessity for them to be reliant on CAB in later life, thereby reducing the cost of financing money advice services.

Interviewees highlighted the need to reach ethnic minorities, as part of any proposed solution. Across Leeds 200 groups have specific relationships with ethnic minorities, which are concentrated in South and West Leeds but most are in Harehills and Chapeltown. Interviewees advised that ethnic groups, regardless of where they live, access these providers first. Therefore it is important that those providing advocacy services are fully engaged in, and understanding the nuances of, these local behavioural processes.

Reaching excluded communities will require better coordination between agencies. It was argued by interviewees that the biggest barrier is relationships between organisations, with referral between agencies having been the main failing. The reasons include: personalities, fear linked to threat to funding, the difficulty in thinking about a wider strategic perspective due to inadequate resources, poor networking, and limited awareness of the work of other agencies. Respondents wanted an integrated approach as a spur to wider partnerships across Leeds. Examples were given of other locations: North Lincolnshire, Barnsley, and Doncaster, who employ development officers who build relationships and have advocacy networks that bring infrastructure together; while Sheffield have a networker/strategic thinker whose role is very similar. Within this type of structure, Advice Leeds, as an existing partnership, could have a leading role. During an interview they stated that although they did not have the resources to fund a project, their existing budget of £6 million, with 25% focused on access to justice for the most vulnerable, meant they were ideally placed to lead any partnership. Providing funding can be identified and a partnership supported by the City council is established with resources targeted at tackling social exclusion.

The other challenge identified by the interviewees was that the prevailing approaches within Leeds made partnership difficult. The range of issues identified included a perception that specialist organisations were not required, which was linked to the dominance of the City Council and other large strategic stakeholders, in which power/responsibility was tightly maintained because issues were deemed too complex for local agencies. Connected to this some interviewees believed that local authority funding was too restrictive by being attached on a rolling basis to existing organisations. Thus making it difficult for new entities to be funded or for funding to be linked to innovation and task driven. Others argued that security of funding was essential to enable voluntary organisations to plan and develop their services. It's likely that these types of arrangements partially explain the resistance to change and partnership building mentioned above. The challenge for the City Council will be to manage any shift to a policy driven approach without detrimentally affecting some of the very organisations they want to be involved in any partnership to deliver the financial inclusion policy.

In summary, the interviewees acknowledged that current provision of financial inclusion services lacked coordination and were ultimately insufficient. The majority believed that a strategic policy was required that had a holistic vision and brought delivery agents together. This involved combining advice, education, affordable credit, and simple savings products. Many of these elements were already available but required increased investment and promotion if they were to reach the majority of the financial exclusion. Furthermore, wherever possible the delivery of these services should be universal and accessible through one-stop shops. However, the most important feature of financial inclusion is that it requires a long-term commitment, as the benefits are unlikely to be immediately realised.