

# 11 Recommendations

Before listing the recommendations it is necessary to offer a working definition of financial exclusion that partners could employ:

**Financial exclusion is the means by which an individual or an enterprise cannot access mainstream and/or affordable financial services. This may be due to a perceived or actual absence of accessible provision, a sense of the unknown and/or cultural difference, a lack of financial knowledge and/or access to financial information, or the incapacity to make informed financial decisions. Financial exclusion is correlated to lower than necessary disposable incomes and therefore, contributing to and being a result of poverty and related characteristics of social exclusion.**

The main recommendation is that Leeds should develop a Community Banking Partnership initiative as outlined in section 10.5. This involves better co-ordination of services and the established of a community reinvestment trust style loan fund, aimed at the most disadvantaged communities. Loans should be linked to addressing poverty and enhancing financial knowledge. This educational aspect should be delivered through a related charity. The loan fund should have a steering group drawn from all agencies but its management should be through Leeds City Credit Union.

This solution adopts a position that places the citizen/user at the apex, with providers working together to supply an integrated and accessible service. The fulfilment of this core objective will require both the establishment of new services, and the enhancement of existing service providers and the delivery of those services. This is reflected in the following recommendations:

## **Integration and co-ordination of services**

1. Establish a Financial Inclusion Forum that will share good practice, draft a Leeds Financial Inclusion Strategy, and subsequently develop working protocols to ensure agencies are aware of their role and responsibilities within the strategy.
2. To develop the infrastructure for the Community Banking Partnership, a steering group needs to be established which will be tasked with registering a community reinvestment trust and arranging its contractual relationships with Leeds City Credit Union, and simultaneously develop a financial inclusion services charity. Rather than establishing a new charity it may be possible to utilise that recently established by Leeds City Credit Union, though negotiations on this matter will need to be undertaken.
3. Financial inclusion should be readily available through a single telephone help line, a website, and in person through the one-stop shops.
4. Encourage and support closer co-operation between credit unions and advice services.
5. Better networking and signposting between agencies committed to financial inclusion.

6. Link issues of financial inclusion and the subsequent policy and implementation to existing Neighbourhood Renewal Strategies.
7. To further engage the Primary Care Trusts across the whole of the city by running a seminar demonstrating the connections between health and financial inclusion.
8. Develop a new funding arrangement for those involved in financial inclusion services that places emphasis on partnership bids as opposed to proposals by individual agencies.
9. Introduce a policy to undertake a financial inclusion proofing exercise for all new local authority initiatives. This would operate similarly to environmental proofing, but would be designed to ensure that new policies did not inadvertently increase financial exclusion.
10. Engage and involve the post office and the mainstream financial providers in the delivery of services aimed at the financial included. This should include developing specific services and working with other agencies with regards to referrals.

#### **Information, advice and education**

11. Improve the quality of financial information available to Leeds residents by developing a financial capability strategy. This should initially focus on raising awareness of borrowers rights under the updated Consumer Credit Act.
12. Develop an information pack for all new borrowers and work with the Leeds Financial Services Initiative to ensure it is distributed by all their members.
13. Explore with Education Leeds and the utility companies the feasibility of introducing a Birmingham Factor Four style money advice (in which energy efficiency and reducing fuel bills is used as a mechanism to increase financial education) for residents of Leeds
14. Establish a working group comprising of representatives from Education Leeds, Leeds City Council and financial institutions. Collectively this group would look at an outline design for a financial literacy package for delivery in schools and draw up a project contract and design template to be fulfilled by an external publishing house.
15. The training of all staff in one-stop shops in the provision of rudimentary financial and budgetary advice. This knowledge can then be imparted to users of the shops.
16. Train health visitors to be able to provide rudimentary budgetary and money advice to their clients.
17. The advice services need to be drawn together and services need to be open public friendly hours. Funding needs to focus on preventative action and services that are relevant for black and minority ethnic communities. Also any additional funding should be aimed at helping those considered financial excluded. For example debt workers could concentrate on those using sub-prime lenders, even if the client's total indebtedness is numerically less than many other users. The local Community Legal Services Partnership (CLSP) is the appropriate forum to address these issues and advice service funders and providers need to engage with the CLSP to ensure that a more strategic approach is taken.

18. Improving financial literacy should be long-term objective and the private sector should be encouraged to help fund this. It can be argued this benefits the Leeds financial services community as a more numerate population helps fill an employment skill gap
19. Install the Cash Crescent educational CD ROM in all one-stop shops. The Cash Crescent software is written by the Basic Skills Agency and is designed for those needing level 1 and 2 financial literacy training. It is a self-test mechanism, enabling the user to develop their skills without feeling embarrassed.
20. Develop a session for asylum seekers explaining how the British personal financial market operates. This could be linked to training via the Cash Crescent educational software.

### **Promoting credit unions**

21. Leeds City Credit Union should be adequately funded to support a network of School Savings Clubs across Leeds. Initially this should focus on primary schools, as FSA rules mean it is more complex to operate a school savings club for high school children.
22. Run a campaign encouraging the citizens of Leeds, especially those in disadvantaged communities, to join their local credit union.
23. Promote greater co-operation between Leeds' credit unions particularly on promotion and the development of new products.
24. Without significant funding being provided there is no economic justification for opening more credit union branches. Instead, investment in the credit union should focus on improving their current infrastructure and capacity to support disadvantaged communities through peripatetic staff. This can be partially done by the provision of a dedicated freephone connection in all one-stops shops linked to the Leeds City Credit Union call centre.

### **Expanding the local economy through financial inclusion**

25. Work with Business Link to introduce training for their advisors on servicing micro-entrepreneurs. This training needs to focus on the overlap between personal and business finance that many micro-entrepreneurs experience. The advisors will also require advice on breaking down barriers between formal institutions and micro-entrepreneurs.
26. Work with the Partnership Investment Fund (PIF) to promote its service and help it to forge closer links with the credit unions
27. Regularly assess the impact of high interest rate borrowing on the Leeds economy

## Appendix A – The questionnaire

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Respondents' name: .....

Address: .....

Post code: .....

Tel: .....

Interviewer: .....

Date: .....

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**We are doing a survey in this area on behalf of Salford University and Leeds City Council. They are considering developing a new project in this area to help local people manage their financial affairs better. This would be available to all residents of the area. Everything you say will be treated in total confidence.**

**1. How long have you lived in this area?**

Under a year .....	12%
1-2 years .....	10%
More than 2 year – 5 years.....	12%
More than 5 years -10 years ....	11%
11-20 years .....	18%
More than 20 years .....	36%
Not sure .....	-

**2. And how long have you lived in this home?**

Under a year .....	18%
1-2 years .....	14%
More than 2 year – 5 years.....	21%
More than 5 years -10 years ....	14%
11-20 years .....	13%
More than 20 years .....	19%
Not sure .....	1%

**3. And is this house / flat .....**

Owned by member of household with a mortgage .....	18%
Owned by member of household without a mortgage .....	8%
Rented from the Council .....	52%
Rented from a Housing Association.....	4%
Rented from a private landlord .....	17%
Other .....	*