

Working with councils to build inclusive and resilient communities



The **Financial
Inclusion
Centre**

Promoting fair, inclusive
financial services



“The Financial Inclusion Centre is an independent, not-for-profit research and development organisation dedicated to working with councils to reduce financial and social exclusion and build resilient communities”

Poverty in the UK

14m people are living in poverty

34% of all children are living in poverty

3m emergency food parcels distributed by Trussell Trust foodbanks un the past 12 months

10% of households are fuel poor

2.8m of the poorest one-fifth of households are in arrears with household bills or loan repayments

£430 average extra cost that low income households have to pay each year for essential products and services



Tackling poverty and financial hardship



The Financial Inclusion Centre has significant experience of proactively working with councils on projects designed to tackle poverty and financial hardship in local communities.

Specifically with regards to financial hardship this has included, on behalf of the Local Government Association, the production of a good practice guide for the delivery of financial hardship support schemes, providing a range of practical advice, ideas and case studies to help councils and their partners to develop their local approach. A further example of our work around tackling poverty is highlighted on the following page.

Good practice guide: Delivering financial hardship support schemes

Local government response to economic
vulnerability and financial hardship

Produced for the Local Government Association by:
Gareth Evans and Matt Earnshaw, Financial Inclusion Centre

July 2020

Case study:

Royal Borough of Greenwich



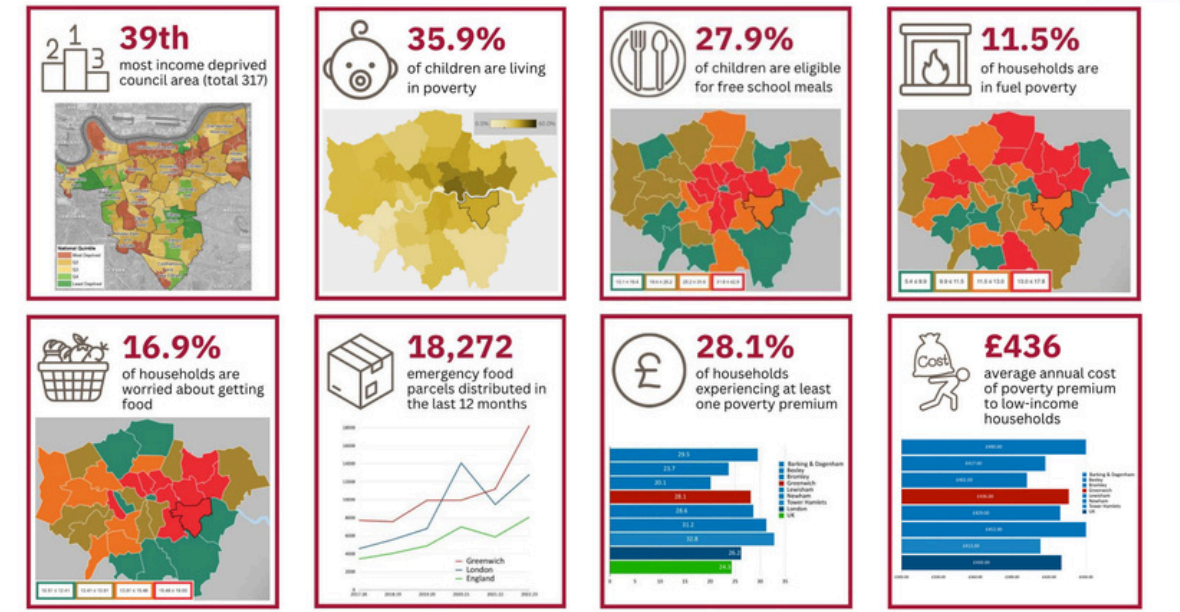
The Financial Inclusion Centre worked with the Royal Borough of Greenwich to:

- Produce a comprehensive poverty evidence base report and tool, to help understand and highlight the existing scale of poverty and socio-economic disadvantage across the borough and the local issues underpinning and driving this poverty
- Develop a practical framework to guide the development of a holistic council-wide anti-poverty strategy, based on best practice and wider research/learning

“The work done by the FIC has increased awareness and understanding of the poverty problems we face across the borough and helped to build momentum and commitment within the council to progress our anti-poverty work in response.”

RBG Head of Advice and Benefits

Poverty and deprivation 3



Evidence base data tool 36

Poverty and deprivation				
Data set	Details	Latest available data	Report data source	Access
Indices of Multiple Deprivation (IMD)	Place-based measure of relative deprivation – across 7 domains	2019	Ministry of Housing, Communities and Local Government	https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019
Child poverty rates	Proportion of local children in poverty (after housing costs)	2021/22	End Child Poverty Coalition	https://endchildpoverty.org.uk/child-poverty/
Free school meal eligibility	Proportion of local children eligible for free school meals	2022/23	Department of Education	https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics#
Food insecurity	Proportion of local households experiencing 3 measures relating to access to food – hunger, insecurity and worry	2021	University of Sheffield	https://shefuni.maps.arcgis.com/apps/interactivelegend/index.html?appid=8be0cd9e18904c258afd3c959d6fd47&center=-101911,55.7862&level=5
Food parcel distribution	Number of emergency food parcels provided to local people via Trussell Trust foodbanks	2022/23	Trussell Trust	https://www.trusselltrust.org/newsand-blog/latest-stats/end-year-stats/
Fuel poverty rates	Proportion of local households experiencing fuel poverty	2021	Department for Energy Security and Net Zero	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1153252/sub-regional-fuel-poverty-tables-2023-2021-data.xlsx
Poverty premium	Measure of the extra costs people on low incomes and in poverty pay for essential products and services	2022	Fair by Design	https://fairbydesign.com/povertypremium/

Financial exclusion in the UK

14m

adults in the UK have less than £100 in savings

43%

are not saving

17%

are borrowing to pay for essentials because they have run out of money

3.1m

are borrowing £3.9bn from high-cost lenders

1.1m

are using loan sharks

17.5m

are in financially vulnerable circumstances



Increasing access to affordable credit and financial services

Alongside tackling poverty, the Financial Inclusion Centre has considerable experience of proactively working with councils on projects designed to increase local resident access to affordable and responsible credit and wider financial services, particularly amongst lower-income households.

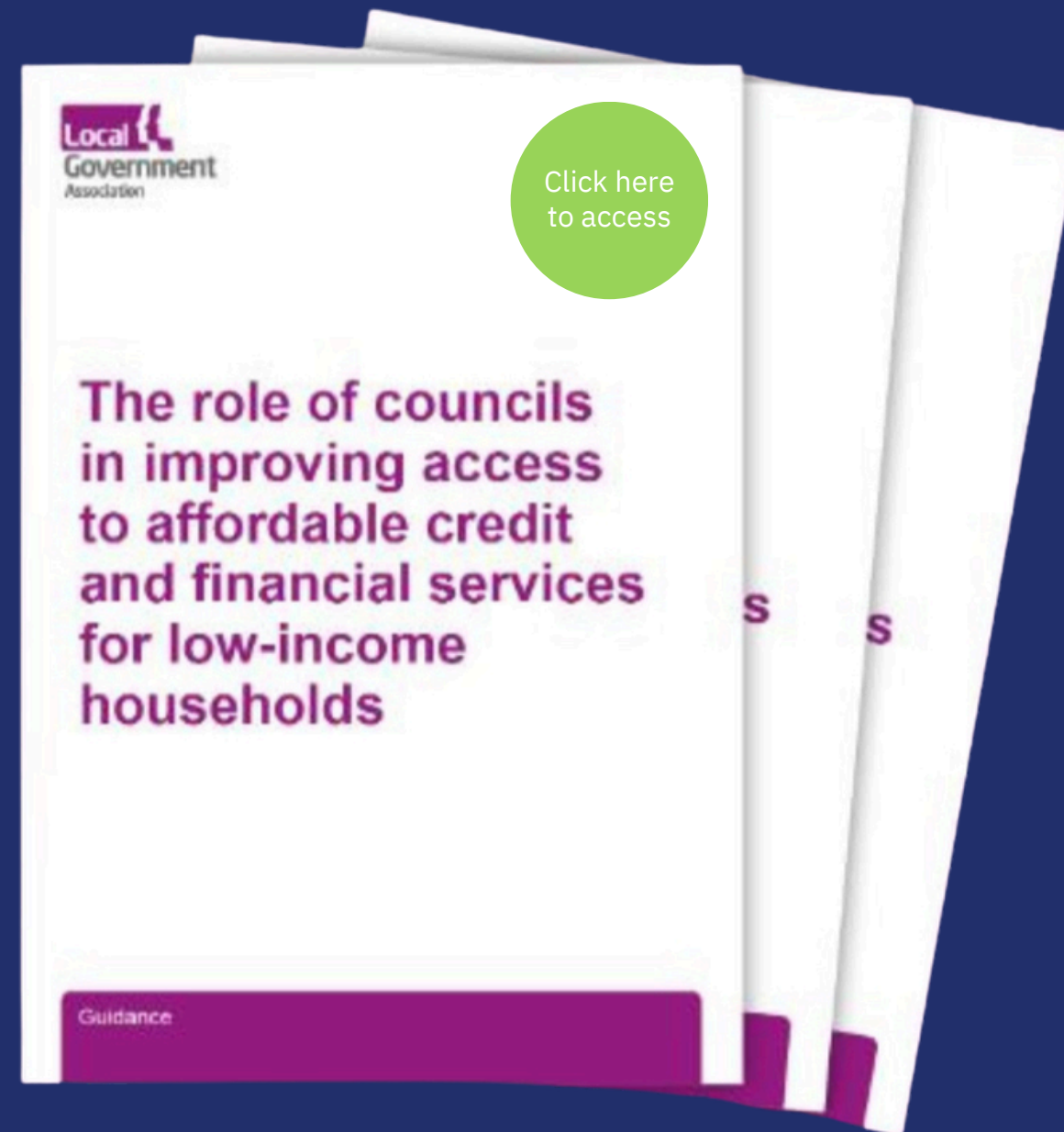
With the scale of financial exclusion and vulnerability increasing significantly in recent years, this is becoming an ever more critical agenda in many neighbourhoods and communities across the country. Some examples of our most recent work are highlighted on the following pages.

Reflecting this experience, in 2019, FIC were appointed by the Local Government Association to help design, develop and deliver the **Reshaping Financial Support programme** with seven leading councils to help accelerate further development, coordination and innovation in the preventative financial support delivered to low-income households. Following the Covid-19 crisis, the group was expanded to broaden participation to almost 30 Councils who were engaged via monthly telekits. A series of webinars focusing on key issues and good practice guides were produced together with a Demand Dashboard on financial hardship and economic vulnerability.

“

“The programme has been great - it’s a great way to learn about good and innovative practice and I’ve learnt a lot from the other councils who participated.”

Council participant



Case study:

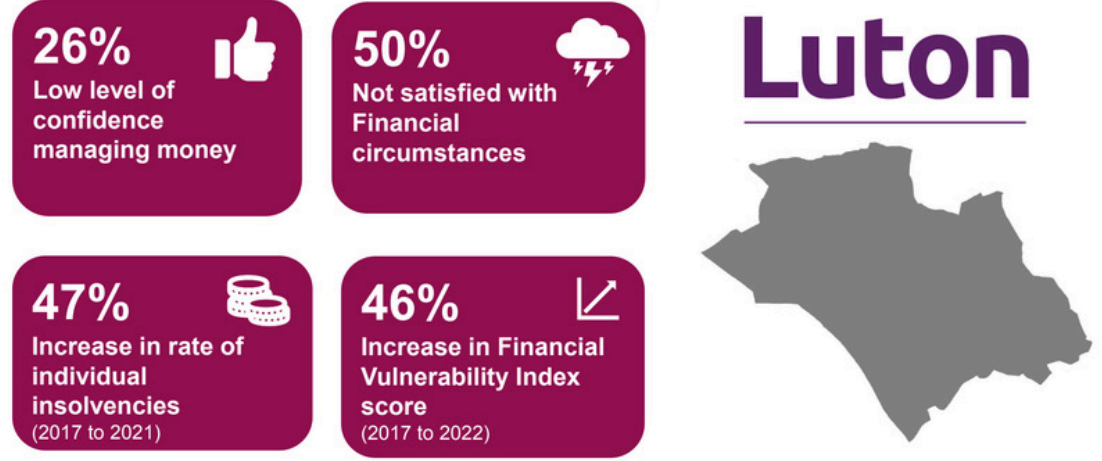
Luton Borough Council

The Financial Inclusion Centre worked with Luton Borough Council to:

- Map out the level of financial vulnerability across the borough, including the estimated scale of subprime credit use and the need/demand for affordable credit within local communities
- Develop plans to improve access to affordable credit in the borough, through proactive engagement and partnership working with the local credit union and increased promotion of low-cost loans



Financial Vulnerability at the local level:



Subprime credit usage in Luton

	Annual number of customers	Annual loans	Annual value of loans
HCSTC (Payday Loans)	4,664	20,988	£6,422,328
Home Collected Credit	4,352	10,445	£7,990,425
Rent to Own	1,244	3,732	£3,732,000
Pawnbroking	2,176	6,310	£1,893,000



3,730 Estimated number of people in debt to a loan shark

Case study: London Borough of Barking and Dagenham

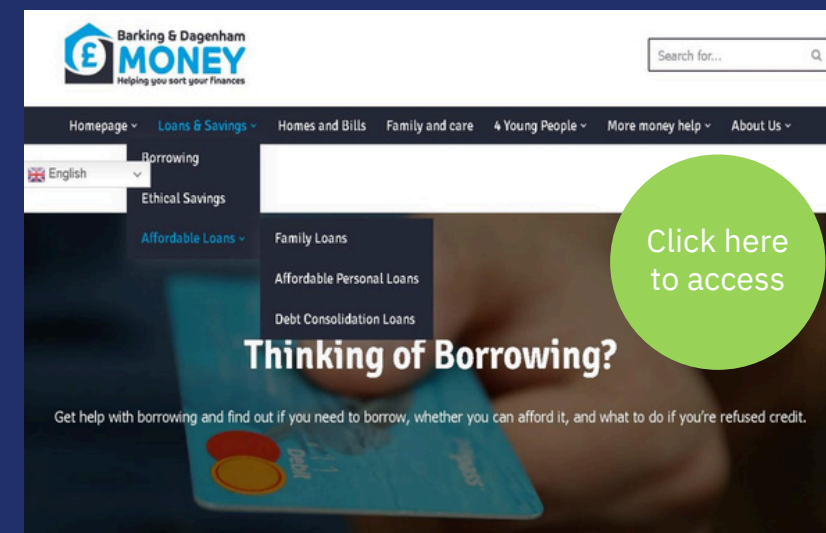


“The options research added depth to our understanding of the financial issues affecting our residents and clear evidence that we need to act now. The consultancy support from the FIC has been invaluable in terms of helping us to progress things so quickly.”

LBBD Community Solutions

The Financial Inclusion Centre worked with the LB of Barking and Dagenham to:

- Develop BD Money - the council’s collective approach to tackling financial exclusion through a long-term strategy
- Launch a new 5 year partnership with Leeds Credit Union to directly improve access to affordable and responsible financial services in the local community
- Secure funds from Fair4All Finance for a ‘No Interest Loan’ pilot
- Launch a standalone website bringing together information, resources and tools to support residents with their finances



Case study:

London Borough of Hammersmith and Fulham

The Financial Inclusion Centre worked with the LB of Hammersmith and Fulham to produce their first ever Financial Inclusion Strategy. Our work included:

- Carrying out a resident survey and engagement activity to understand residents' experiences and priorities;
- Running workshops, with council teams, housing providers, advice agencies and community organisations;
- Establishing and supporting a cross-sector steering group to shape the strategy and build shared ownership;
- Researching national and local best practice and identifying the key priorities and opportunities for action; and
- Producing a practical four-year strategy and delivery plan, with clear actions, measures and governance

The result was a shared strategy and action plan, shaped by residents and partners, to improve financial security across the borough.

Financial Inclusion Strategy 2026 to 2030



Home improvement need

16%

of private sector homes fail to meet the Decent Homes Standard

11%

of private sector homes have a category 1 health and safety hazard present

4%

of private sector homes have a problem with damp

62%

of private rented homes have a low level of energy efficiency (EPC Band D or lower)

£29bn

estimated level of investment needed to repair all non-decent private homes

£7.23

of social impact generated for each £1 spent on home adaptations due to improved levels of household wellbeing



Home improvement finance

Over the last 18 months the Financial Inclusion Centre has been undertaking research and development work with a number of councils, including Derby City Council, Nottingham City Council, Stoke-on-Trent City Council and the London Borough of Barking and Dagenham, in relation to home improvement finance in the private housing sector.

Funded through the Local Government Association's Housing Advisers Programme, this work has now been condensed into a practical toolkit designed to provide councils with relevant evidence, good practice and learning on the effective development and delivery of home improvement finance schemes targeted at non-decent homes, homes requiring adaptations and those with a low level of energy efficiency. **The toolkit includes five focused guidance notes accessible via the links below.**



[Research and literature review](#)



[Building the business case](#)



[Case studies](#)



[Financing options](#)



[Local authority survey results](#)

The Financial Inclusion Centre

Promoting fair, inclusive financial services

Private Sector Housing: Home Improvement Finance

Guidance Note 1:
Research and Literature Review

June 2024



Case study:

City of Stoke-on-Trent



The Financial Inclusion Centre worked with Stoke-on-Trent City Council to:

- Develop a clear business case for providing home improvement finance in the private housing sector, to inform council plans and secure investment
- Map out the potential scale of home improvement need, and the estimated cost of meeting this, across the city, in relation to private homes that are non-decent, have a low level of energy efficiency or require disability adaptations
- Identify and appraise potential options for delivering affordable home improvement finance that meets the need of the city



The Financial Inclusion Centre is an independent, not-for-profit research and development organisation dedicated to reducing financial and social exclusion and building resilient communities.

We provide a creative, flexible and affordably consultancy service and can tailor our work to meet different budgets and needs.

To find out how we might be able to help your council, please get in touch using the contact details below:

Gareth Evans

Gareth.evans@inclusioncentre.org.uk
07949 237 114

Matt Earnshaw

Matt.Earnshaw@inclusioncentre.org.uk
07766 035177

www.inclusioncentre.org.uk