

## Thrive's Community Financial Inclusion Project

## Research Summary

**In 2008, Thrive embarked on a programme of action research, focusing on financial inclusion in some of the most deprived areas of North East England. The project received funds from eaga Charitable Trust to help households to develop sustainable solutions to financial exclusion. Thrive aimed to develop relationships with people experiencing poverty, so that practical solutions could be found to help them tackle the problems that were important to them.**

Thrive is a community-based initiative established by Church Action on Poverty to tackle poverty and exclusion in the borough of Stockton-on-Tees.

Thrive set about showing that poverty isn't only about money, it's about a lot of other factors too: good health, access to services, a decent living environment and good social networks and support mechanisms. Thrive has succeeded in this and has achieved what it set out to do - to have people living with poverty and disadvantage moving towards financial inclusion by changing their behaviour, using their own assets and engaging more confidently with financial services.

The Thrive Community Inclusion project has successfully engaged 50 hard-to-reach households and to do this recruited and trained 15 local people as volunteers (some of whom had experienced financial exclusion first hand) to mentor individual householders to access a range of support agencies.

Taking people as a starting point and looking at their strengths instead of needs, mentors began to highlight the 'gaps' between a

household's situation and services at different levels. They demonstrated that inclusion is about local people creating change, and that tangible changes could be achieved in a short space of time; bringing people together to share experiences, to develop communities of trust and learning, and to take action against companies and agencies that profit through poverty. In total, 31% of the 50 households recorded a positive change. Interventions included setting up a group to bring women together to develop positive social links, highlighting appropriate services, and actions in the community such as that against predatory lending practices that affect often very vulnerable people.

Interventions such as referring people to a social group has improved the self-confidence and esteem of a number of women, leading to improved access to services such as the Credit Union or Five Lamps. Improved well-being was also recorded by those who took part in community assemblies. The project has established social bridges amongst different cultural, faith, ethnic, interest groups and different generations, and between and across the different neighbourhoods in which the householders live. These bridges are

shown by actions' on a doorstep lender, a community safety issue, the job centre and civic engagement activities.

Thrive has worked closely with a range of agencies to deliver activities, projects and initiatives within the community, where historically those agencies have found it very difficult to have real engagement or 'buy-in' from local people.

Stockton-on-Tees suffers significant levels of debt and financial exclusion according to Thrive's own previous research in two disadvantaged neighbourhoods, and a survey by Experian carried out for the Financial Inclusion Taskforce.

To address these problems Thrive used a Sustainable Livelihoods (SL) framework. SL is an anti-poverty initiative used by Oxfam and the UK government's Department for International Development (DfID) to get alongside people experiencing poverty and understand the strategies they use to 'get by', as well as understanding the structural issues or barriers such as lack of training, skills, education, fewer suitable job opportunities etc. which stop them from doing so.

Thrive's previous work had successfully drawn lessons from lived experience, and created opportunities for socially excluded people to participate in the social and economic life of the area and the borough.

### **Meeting outcomes**

The interviews undertaken by the mentors were used to build profiles of the households involved in the project and to capture the emergence of key issues and themes that were particular to financially excluded people. They also allowed the development of action plans or interventions by Thrive to combat some of those issues.

### **Improving health and well-being**

Emerging from the householder interviews and assessments was that a major factor in people's inability to work and earn was their health. Only 8 adults of working age were in employment - 32% of householders had health issues, with mental health problems being the most prevalent. Thrive established that those suffering from mental health problems such as depression suffered a lack of confidence, had reduced social networks and were lonely. Most of these were women.

Thrive's intervention here aimed to improve networking amongst the householders. Thrive facilitated social networking amongst some of the female householders by introducing them to the Women of Thornaby (WOT) group. WOT aims to help women by encouraging social interaction and contributing to feelings of social isolation. Simple actions such as getting out of the house once a week to meet and talk with women in similar situations helped to build confidence and self-esteem.

### **Developing community networks**

Through the assessments, it became apparent that for many there was a feeling of shame or embarrassment at being in debt, or being unable to cope with financial problems. Isolation brought with it feelings of worthlessness and being unable to cope.

For some householders, having the support of the mentor provided them with the impetus to access other services. Householders were referred to a range of organisations, which has helped to establish stronger community networks.

The sense of ownership and of being in control of one's finances and being able to navigate one's own way through financial obstacles, was seen as a very positive step for many householders. Householders

referred to CAB for debt counselling reported that they felt “reassured” after receiving advice and Thrive’s intervention.

**‘Elaine’**

*Elaine’s well-being was severely affected because she had a number of subprime loans which were causing her to worry: “I was waiting for the bailiff.” Due to Thrive’s on-going mentor support and a referral to CAB for debt counselling, Elaine now has her financial situation under control. Of her referral to CAB she said: “Enjoyable - it brought hope. I feel much, much better - many thanks. I feel stupid that I put it off for so long. Thrive is a good initiative, there is nothing like it.”*

**Community actions and civic engagement**

During the project period there were issues involving community safety and employment, where households involved in the project benefited from Thrive’s intervention. Six households were experiencing anti-social behaviour associated with a ‘Multi-Use Games Area’ (MUGA) located near their homes. Thrive intervened in this community safety issue by providing resources for the householders to meet and share their problems and to give the householders a voice.

Thrive’s intervention recognised that in situations like this, the livelihood of householders - including debt and ill-health - is intrinsically related to their well-being and surroundings.

**Working with other agencies**

Emerging from the assessments was that householders felt that they were unable to communicate effectively with other agencies about issues that affected them. The Thrive Customer Involvement Group (CIG) - a task group involving householders referred by

mentors - was established to raise these concerns with local agencies. CIG met with the Job Centre Plus to address issues of concern to them. Feedback had shown that people within the project households often felt overwhelmed and/or ‘worthless’ when it came to dealing with other agencies such as the Job Centre Plus.

**Judith Hall, Job Centre Plus:**

*“It was a very useful discussion, but it’s where you take this information from now and how you use it. Job Centre Plus would like to be involved for the betterment of the users of Job Centre Plus.”*

**Financial capability training and support**

From interviews, Thrive identified patterns of behaviour that were being employed by householders in relation to dealing with debt. Assessments showed entrenched behaviours that were used by householders who found it difficult to manoeuvre out of financial difficulty. Research showed that households often planned to get out of debt by switching between different financial products or restructuring their payments.

The positive partnership between the CAB and Thrive led to the development of a rolling programme of financial capability classes, into which 34 households were referred and monitored to help support people to use financially sustainable products.

Classes were available for those particularly affected and debilitated by debt caused by exceptionally high interest rates on borrowings. These involved increasing the financial capability and well-being of clients in the longer term through positive choices, not merely about CAB ‘wiping the slate clean’ of debt obligations. Topics covered included priority and non-priority debts, affordable

credit and budgeting. Participants in the course were assigned to mentors to continue their support after the programme. Participants said they found the work both empowering and informative.

### Action to tackle predatory lending

Emerging from the Sustainable Livelihood household assessments was a worrying pattern of predatory lending by a particular hire purchase company which was becoming a problem for many households in Stockton.

#### Jane'

*'Jane' is paying the hire purchase company about £70 every 8 weeks. There's a fault with the television but that would cost £60 to fix. Watching the television costs £1 for every three hours' viewing and she sometimes has to ask the neighbours if she can borrow a pound. She says she likes the convenience though she knows "it's extortionate".*

In response to this, Thrive established a task group to challenge the current lending practices. The group includes long-term customers of hire-purchase companies who have paid out thousands of pounds in interest over and above purchase price.

The group met to prepare and meet with private companies and the media to challenge current practices. They explained their experiences and the financial impact it has had on their households. The action led to a cross-sector, media initiative that highlighted extortionate lending practices aimed at economically excluded people.

### Action on energy

In many instances, households highlighted instances of fuel poverty where many of the householders were paying for their electricity with a key meter and their gas with a card

meter. Many householders 'managed' the cost of paying for their meter-supplied fuel either by limiting its use, or by becoming indebted. One householder used a camping gas stove to cook his meals. Thrive signposted households experiencing fuel poverty to more suppliers who offer a special tariff for low incomes.

Overall, of the 50 households, 37 have been referred to a range of services in order to establish social networks and build social capital, most frequently to services that provide advice about more sustainable financial practices and services.

Significantly, there is more positive feedback from householders about how they were able to manage their finances more confidently, or take an alternative approach to shopping - such as using bonus points/saving schemes, learning to assess their own need and 'doing without', or meeting people 'just like them' - than there is about how much individual debt has been reduced.

The benefits of this scheme are that it has given people more confidence in their actions about what they do, and their approach to managing money, as well as just paying off debt. Many of the households can now make informed choices about their future finances because they have the confidence to do so or at least have the confidence to ask.

### For more information

The full report can be downloaded from the eaga Charitable Trust

[www.eagacharitabletrust.org](http://www.eagacharitabletrust.org) website.

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