

Active Inclusion Newcastle

Newcastle's Financial Inclusion Briefing: 2015-16 Q4

Promoting financial inclusion is an important part of Newcastle City Council and its partners' commitment to tackling inequality. Our approach to financial inclusion is based on working in partnership through our Financial Inclusion Group to provide information, advice and support to residents when they face difficulties, and promoting early intervention to prevent problems reaching crisis point. Whilst many of the causes of poverty are out of our control, by working together we can make the best use of the resources available to make the greatest difference for residents.

To support this cooperative approach we aim to share systems, priorities and challenges. To help facilitate this we produce a quarterly briefing note to create a common language, to highlight trends and to review our responses to the following five objectives in our Financial Inclusion Action Plan:

- 1. Maximise income and respond to welfare reform**
- 2. Support residents to manage their money, increase financial resilience, reduce harmful debt and prevent homelessness**
- 3. Help residents to train, gain and remain in employment**
- 4. Promote affordable credit options**
- 5. Reduce fuel poverty, increase financial resilience and promote access to bank accounts**

Our quarterly review process helps to create collective agreement about the issues residents face and the difference we are making to people who experience financial exclusion. We recognise that there are limitations in some of the data collected, as organisations invariably count their interventions differently. However, there is sufficient agreement for us to produce these briefing notes to demonstrate the work of the Financial Inclusion Group. Our main aim is to make a positive difference and reduce inequality by prioritising financial inclusion, not to produce a piece of pure academic research, but we welcome partners to point out any errors or opportunities for improvement.

Headlines:

- On 25 May 2016 Universal Credit (UC) 'full service' was introduced at Newcastle City Jobcentre. This means that UC will apply to all new claims to the six 'legacy' benefits and Tax Credits for all claimant types, including those claimants on existing 'legacy' benefits who have a relevant change in circumstances. Further information about UC and the support arrangements for residents is available at www.newcastle.gov.uk/universalcredit
- In 2015-16 the Newcastle Advice Compact successfully secured £27,174,682 in additional income for residents; a 12% increase on the previous year.
- In 2015-16 the Newcastle Advice Compact supported 4,269 residents deal with problem debt and prevented 542 instances of homelessness through debt advice.
- Our next Financial Inclusion Group seminar will be held on Thursday 14 July 2016 and will focus on debt and budgeting. For more information email financial.inclusion@newcastle.gov.uk
- The Newcastle Employment Compact's first meeting took place in May 2016 and was attended by 20 organisations. For more information email financial.inclusion@newcastle.gov.uk
- In 2015-16 Moneywise Credit Union's membership increased by 11%. The organisation has recently launched a budgeting account and a credit repair loan to support residents to build and repair their credit rating. For more information contact Moneywise Credit Union on 0191 2767963

1: Maximise income and respond to welfare reform (including digital inclusion)

Table 1.1: Annualised benefit gains and clients advised by the Newcastle Advice Compact

	2014-15	Q1 (15-16)	Q2 (15-16)	Q3 (15-16)	Q4 (15-16)	2015-16
Benefit gains	£24,166,976	£6,281,860	£6,610,699	£6,882,163	£7,399,960	£27,174,682
Clients advised	18,901	5,404	4,725	4,309	4,259	18,697

Trends:

Table 1.1 shows an 8% increase in benefit gains between Q3 and Q4 of 2015-16. During 2015-16 the Newcastle Advice Compact secured £27,174,283 in previously unclaimed benefits for residents; a 12% increase on 2014-15. This increase is mainly due to improved targeting, for example the Council's Welfare Rights Service (WRS) secured £3,495,194 for families with disabled children in 2015-16.

The growing problem of poverty in the context of the reduced welfare state is highlighted in the Joseph Rowntree Foundation report [Destitution in the UK](#) (published April 2016). The report shows that 1.25 million people, including 312,000 children, were destitute in the UK – without the basic essentials they need to eat, keep clean and stay warm and dry – at some point in 2015. Organisations providing welfare advice in Newcastle, such as the Council's WRS, continue to cite the welfare reforms as a cause for concern. Further information about benefit changes, including a benefit timeline, are available at www.newcastle.gov.uk/welfarerights

An example of the value of trusted advice is outlined in the following case study.

Case study – Newcastle Council's Welfare Rights Service

Miss H has a learning disability and was supported by her mother, who due to ill health moved to residential care. A Welfare Rights Officer (WRO) worked with Miss H to:

- **Maximise her income** – Miss H lost her Carer's Allowance when her mother moved into residential care (Miss H would still receive income support for 8 weeks as a single claimant). The WRO supported Miss H to make a claim for Employment and Support Allowance (ESA) and Personal Independence Payment (PIP).
- **Request a Mandatory Reconsideration** – Miss H was found fit for work at her ESA medical assessment. The WRO helped Miss H to request a Mandatory Reconsideration of the decision and submitted an appeal to the Tribunal Service.
- **Appeal the ESA benefit decision** – the WRO wrote a submission to the Tribunal which overturned the Jobcentre Plus (JCP) decision finding the client to have limited capability for work and placing her in the ESA Support Group and advising due to the nature of the Ms H's conditions for JCP not to reassess her for at least 2 years.

The support provided by the WRO resulted in an annualised increased income of **£16,985.80**.

Working age and unemployed benefit claimants are subject to varying degrees of work related conditionality and cuts to benefit for non-compliance. This will increase under UC as work related

activity is extended to more people. Sanction periods are applied consecutively rather than concurrently and hardship payments become loans to be repaid at the end of the sanction period. The Council and JCP are working together to support organisations working with residents at the greatest risk of benefit sanctions through quarterly workshops (see 'what we are doing' for further information). Latest figures from the Department for Work and Pensions (DWP) show a 36% reduction in the number of Jobseekers Allowance (JSA) sanctions as a proportion of claimants in comparison to the same period in 2014-15.

What we are doing:

- The Council and JCP are continuing to work together to help to reduce benefit sanctions through quarterly workshops. The next workshop will be held on 15 September 2016. Further information is available at www.newcastle.gov.uk/financialinclusionforprofessionals. The joint Council and Department for Work and Pensions (DWP) information sheet, [Benefit sanctions and how to avoid them](#), is also available for download.
- Your Homes Newcastle (YHN) are delivering free sessions for tenants who are affected by the introduction of UC. For more information contact the Customer Involvement Team on 0191 278 3663 or email getinvolved@yhn.org.uk
- The [spectrum of advice for benefits](#) has been developed with the Newcastle Advice Compact to describe what level of benefit advice services are expected to provide. As part of this approach:
 - 1,966 subscribers receive bi-monthly benefit bulletins. To sign up for this service, email activeinclusion@newcastle.gov.uk
 - The 'Introduction to Benefits' e-learning module was completed by 237 people during Q4 - a 237% increase on Q3. Further information about this training module is available at www.newcastle.gov.uk/financialinclusionforprofessionals
 - Quarterly face to face 'Introduction to Benefits' training sessions continue to be provided, with 36 people attending in Q4. Details of 2015-16's training programme is available at www.newcastle.gov.uk/financialinclusionforprofessionals
- During Q4 there was a 58% increase in the use of the WRS consultancy line when compared to Q3. For more information about the support available from Active inclusion, email activeinclusion@newcastle.gov.uk
- The Council's WRS are undertaking Tax Credits take up sessions with the Newcastle Bangladeshi Association between May 2016 and July 2016. In 2015-16 similar sessions resulted in financial gains of £322,984.
- 107 staff and volunteers attended the UC open information session held on 13 May 2016. Further information about UC and the support arrangements for residents is available at www.newcastle.gov.uk/universalcREDIT
- There were 5,573 unique visits to Newcastle Welfare Rights webpages in Q4.
- YHN will have a worker co-located in each of the JCP offices across the city.

What next:

- The Council's WRS will be targeting Telecare customers and exploring opportunities to data match with social care to support those with the greatest needs to maximise their income.
- We are providing targeted benefit information for GPs and other health professionals on their web portal 'GPTeamNet' to enable health staff to support residents. This will go live in July 2016.
- We are investigating opportunities to develop a pilot with JCP and supported housing providers to align the Claimant Commitment with support planning processes. This will inform future case management arrangements and contribute towards a shared public services approach, providing a stronger system of support for residents who are vulnerable to benefit sanctions. It will also strengthen partnership working arrangements with Jobcentre Plus at an operational level.
- We will develop stage two of the 'Introduction to Benefits' e-learning module by August 2016.

- To support the targeted support for residents to deal with the reduced benefit cap (likely to start in autumn 2016), the Council's WRS will provide advice on exemptions from the cap. Staff have already ensured that 33 families are exempt due to their work with children with disabilities.
- We are working with Newcastle University to consider the health impacts of the welfare reforms.

Digital inclusion

Table 1.2: Free or low cost internet access points and organisations offering IT training in Newcastle

	2014-15	Q1 (15-16)	Q2 (15-16)	Q3 (15-16)	Q4 (15-16)	2015-16
Free / low cost internet access points	680	627	610	610	610	610
Venues offering IT training	72	72	72	72	72	72
Free Wi-Fi provision in Newcastle	N/A	N/A	69	69	69	69

Table 1.3: YHN Digital Champions – tenants who have completed digital training and hours of digital training provided by Digital Champions

	2014-15	Q1 (15-16)	Q2 (15-16)	Q3 (15-16)	Q4 (15-16)	2015-16
Number of tenants who have completed digital training	N/A	122	265	229	281	897
Hours of digital training provided by YHN Digital Champions	N/A	168	230	164	564	1,126

Trends:

Table 1.2 shows that between Q3 and Q4 the number of free or low cost access points and organisations or venues offering IT training has remained consistent. Investment from Go Digital Newcastle has resulted in free Wi-Fi being installed in 69 public building and city centre streets, helping to increase opportunities for people to get online. Further information about free Wi-Fi in public buildings is available online at www.godigitalnewcastle.co.uk, and the interactive map showing where you can get free or low cost access to computers, training and support in Newcastle can be found at www.getonlinenewcastle.co.uk

In June 2015 YHN developed a network of Digital Champions to support tenants to get online and improve their digital skills; they are based at Walker Central Housing Office, Walker Learning Hive and support drop in sessions at City Library and other community venues. Table 1.3 shows a 23% increase in tenants who completed digital training between Q3 and Q4. During the same period the number of hours of training provided by Digital Champions increased by 244%, due to a greater promotion of the support available. To find out more about YHN's Digital Champions, contact Lisa Dawson by email lisa.dawson@yhn.org.uk

What we are doing:

- YHN have installed free Wi-Fi in 23 high rise blocks and 17 supported accommodation venues.
- YHN have provided digital training to 37 people employed as part of the Your Homes Your Jobs programme.
- Free Wi-Fi access is available at Jesmond Library, this has been jointly funded by Barclays Bank and BT.
- Newcastle Libraries Service has removed the 14 hours per week limit from public access PCs.

- Individual one-to-one online taster sessions are offered at all libraries across the city. For further information, contact the Newcastle Libraries Service Enquiry Centre on 0191 277 4100.
- The Newcastle Libraries Service can provide individual support to residents to make an online claim for Universal Credit. During Q4 one referral was made to the service for support.
- Techy Tea Parties take place on the last Thursday of the month at Newcastle City Library. To find out more, or to book a place, visit [Newcastle Libraries event webpage](#).
- Newcastle City Library has opened one of its computer rooms specifically for job seekers. For more information contact the Newcastle Libraries Service Enquiry Centre on 0191 277 4100.

What next:

- Discussions are taking place with the Halifax Bank to identify ways in which their staff volunteer programme can support existing digital inclusion activity in Newcastle.

2: Support residents to manage their money, increase financial resilience, reduce harmful debt and prevent homelessness

Table 2.1: Debt advice and homelessness prevention through debt advice by Newcastle Advice Compact

	2014-15	Q1 (15-16)	Q2 (15-16)	Q3 (15-16)	Q4(15-16)	2015-16
Debts written off	£3,466,289	£584,824	£868,156	£1,051,215	£1,120,810	£3,625,005
Clients advised	3,857	915	1,183	1,100	1,071	4,269
Homelessness prevention	582	136	188	137	81	542

Note: The figures for 'debts written off' and 'clients advised' for Q3 as shown in Q3's Financial Inclusion briefing are lower than the figures above. Not all partners had submitted Q3 returns prior to our reporting deadline. Q3 figures in table 2.1 have been revised to reflect updated totals.

Trends:

Between Q3 and Q4 the number of clients advised by the Newcastle Advice Compact decreased by 3%. During the same period the amount of debts written off increased by 7%. On 1 October 2015 insolvency laws were amended, resulting in changes to the debt limit for a Debt Relief Order (this increased from £15,000 to £20,000 and the asset limit increased from £300 to £1,000). Nationally the Insolvency Service noted an increase in DRO's during Q4 of 2015-16 as a direct result of changes to the DRO eligibility criteria. Approximately a quarter of DROs in this period involved qualifying debts greater than the previous threshold of £15,000. This national trend can help to explain the increase in debt write off experienced this quarter, with Money Matters reporting that that 29% of DRO approvals for their clients were for residents owing more than £15,000 in qualifying debts. More information about DROs is available at www.gov.uk/options-for-paying-off-your-debts/debt-relief-orders

StepChange Debt Charity published their [Statistics Yearbook 2015](#) which provides statistical information about household debt trends in the UK. In 2015 over half of the people accessing advice from Stepchange Debt Charity were employed and over 75% lived in rented properties. The report shows that the number of people working part-time who have debt problems has increased every year since 2011. Additionally, there are more families struggling with essential household bills – over 40% of families in 2015 in comparison to 25% in 2011. Furthermore, one person in every five seeking advice is a single parent, which is a big over-representation of the 7% of all UK households fitting this category.

Money Matters and Citizens Advice Newcastle have witnessed similar trends as those described above. Debt advisors are also experiencing an increase in the number of residents facing destitution as a result of the welfare reforms. Recent cases that Money Matters have dealt with include a resident who had to rely on foodbank vouchers for months due to high debt repayment deductions from her UC award. This is further discussed in the case study below.

Money Matters case study showing the impact of UC and deductions of fines

JCP referred Ms B to Money Matters for Personal Budgeting Support (PBS) when she claimed UC upon losing her job in October 2015. Ms B is 44, single and lives alone. She didn't have any savings nor could she count on support from family and friends to survive the waiting period of five weeks before she got her first payment of UC. To prevent destitution Money Matters issued her food vouchers and advised her to claim a short-term benefit advance.

The first payment of UC to Ms B was reduced by £108 to pay for a court fine and by £16 to pay for her Council Tax arrears. In March 2016 the deductions increased further because of paying back the short-term benefit advance. Ms B now has £127 per month taken from her UC to pay for debts owed. This leaves Ms B with £12.73 per month to live on, once her bills and debts have been paid. Money Matters has issued several food vouchers to Ms B and referred her to Talking Therapies as her money problems have affected her mental health and she is finding it extremely hard to cope.

Money Matters made a request to the DWP to reduce the deductions for fine repayments as the deduction rate was set at the maximum level allowed by law and the DWP has discretion to lower it. The DWP refused to lower the deductions saying that they had to comply with the Magistrates' Court request. The Northumbria Central Enforcement Unit also refused to lower the deductions stating that it was up to the DWP to do that. Money Matters has raised this issue with the local MP's office and with the Child Poverty Action Group who are considering a legal challenge.

What we are doing:

- YHN and Money Matters are continuing to provide PBS to residents who need help managing their money as they claim UC. 62 referrals were made for this support during Q4. The learning gained from the PBS provision to single claimants that started in April 2015 has been used to plan for the roll out of UC to all new claims at Newcastle City Jobcentre which began on 25 May 2016.
- In Q4 we continued to roll out the Active Inclusion Newcastle (AIN) training and support available to partners as part of our [spectrum of advice for money management \(budgeting and debt\)](#):
 - 'Debt Awareness' Level 1 e-learning module was completed by 234 people during Q4. The highest uptake of training this quarter was seen amongst YHN staff, followed by staff working in the supported housing sector. Feedback from trainees completing the module included: "to always offer help with money problems and signpost" (YHN Tenancy and Estates), "knowing how to identify and address issues and be confident to discuss it with the customer" (YHN Housing Options) and "very useful refresher covering the basic and essential key points to be aware of" (Changing Lives).
 - We also continue to hold quarterly 'Introduction to Budgeting' face to face training sessions. Details of the AIN 2016-17 training programme is available at www.newcastle.gov.uk/financialinclusionforprofessionals
- In Q4 Money Matters supported 8 vulnerable residents to obtain a DRO through the service's DRO fund. In 2015-16 25 people obtained DROs through the fund and 33 people attended financial capability sessions which are a pre-requisite for accessing the fund. The project aims to break the cycle of debt which many clients can still be stuck in following a DRO, due to poor money management skills.
- We are applying the principles of the Walker Discretionary Housing Payment (DHP) pilot to align advice and support services with the DHP award process for all Newcastle residents. YHN and ISOS have found that this way of working gives residents more timely support to prevent crisis. The AIN Unit is coordinating this work and providing monitoring support.

What next:

- It is expected that the lower benefit cap will be applied in Newcastle from November 2016. As well as new households being impacted, people that are currently capped will see their benefits further reduced. YHN has identified their tenants who are most likely to be affected by the reduced benefit cap and they are in the process of planning the support structure to help the affected households. To complement what YHN is doing, the Active Inclusion Service is developing a support framework for other residents who will be impacted. The service is using the learning from the preparation for the introduction of the “bedroom tax” and the UC Triage Trial to adapt to the challenges that this welfare reform change brings. The Money Matters team will adopt a triage approach to identifying need and supporting residents, particularly those who are not YHN tenants. This will be part of our Financial Inclusion Triage programme.
- The Newcastle Advice Compact members will continue to monitor the impact of welfare reforms on resident’s lives and raise awareness about the need to identify budgeting and debt issues early to prevent problems escalating and leading to destitution, hardship and crisis. Our next Financial Inclusion Group seminar will be held on 14 July 2016 and will focus on debt and budgeting. This will provide us with another opportunity to better coordinate our responses and promote and enhance our support offer to partner organisations. For resources that are currently available and for more information about debt, money management and financial inclusion issues visit www.newcastle.gov.uk/financialinclusionforprofessionals.
- The Active Inclusion Service is creating a framework to systematically identify and monitor barriers that Newcastle residents face in achieving financial stability. At the same time, the service is further strengthening partnership working with support services that contribute to the joint aim of helping people realise financial stability: employment support services, social care, mental health and alcohol and drugs services in the city.
- Citizens Advice Newcastle and Money Matters will work with Newcastle University researchers to look at the impact of high cost credit on Newcastle residents. We are also working with the Money Advice Service (MAS) to improve access to budgeting support and debt advice.

3: Help residents to train, gain and remain in employment

Table 3.1: Number of people supported into employment, self-employment or apprenticeships

	2014-15	Q1 (15-16)	Q2	Q3	Q4	2015-16
Newcastle Futures	680	135	144	72	55	406
Supported Employment Service	59	7	18	24	26	75
YHN		32	33	20	33	118
Changing Lives			13	25	10	48*
Crisis Skylight Newcastle					5	5*
Total	739	174	208	141	129	652

* Part year figures

Trends:

Table 3.1 shows a 9% decrease from Q3 to Q4 of people supported into employment, due to a drop in referrals and refocusing on vulnerable client groups. Key trends from Q3 to Q4 include:

- Newcastle Futures experienced a 24% decrease in people supported into employment. This reduction is a result of the service's refocus to provide targeted support to vulnerable groups.
- The number of people helped to find work by the Supported Employment Service has remained consistent. The service also supported 11 clients achieve an accredited qualification.
- YHN's Employability Team had a 65% increase people supported to find employment, including self-employment and apprenticeship opportunities. 12 tenants were also recruited to the Your Homes Your Jobs programme, working in business administration and manufacturing roles, 4 of these new recruits have been employed through a supported employment route in partnership with the Supported Employment Service. A further 14 tenants have engaged with the Make Your Own Money project and are receiving individual support to set up their own business and 9 businesses were launched this quarter, including a painter and decorator, hairdresser, lampshade maker a vegan cake shop and a taxi driver. An example of the support available is detailed below.

Case study: YHN's Make Your Own Money project – Baba Tandoori

The [Make Your Own Money](#) project helps YHN tenants who wanted to turn an interest into a business. Mr and Mrs R were keen cooks who regularly catered for family and friends, but had not considered turning their hobby into a business, until discussing the possibility of opening their own restaurant with the Sustainable Enterprise Strategies team who helped Mr and Mrs R to:

- Develop a business start-up plan and apply for grant funding to help fund rental costs for a property for a restaurant.
- Secure a grant application of £10,000 helped Mr and Mrs R to fund a deposit on premises.
- Apply for additional funding through YHN's Business Startup Fund which allowed Mr and Mrs R to design and print some promotional material for the restaurant.

In November 2014 Baba Tandoori was established. 18 months on and the restaurant is doing extremely well. When asked about their journey, Mr R said: *"we had no idea how to go about setting up a business before speaking to an advisor through the Make Your Own project, but we now run a really good business thanks to their support."*

What we are doing:

- We have established the Newcastle Employment Compact. The first meeting, held on 10 May 2016, was chaired by Councillor McCarty and was attended by 20 organisations. The next meeting will be held in August 2016, for information contact Clare Fish at clare.fish@newcastle.gov.uk
- We have updated the Newcastle Support Directory to include details of organisations in Newcastle offering employment and supported employment support. Details are available at www.newcastlesupportdirectory.org.uk
- The Skills Hub officially launched in March 2016 to support resident's access employment and / or skills advice. For more information phone 0191 2774125.
- On Wednesday 6 July 2016 the Skills Hub, in association with CITB, are hosting a Discover Construction event at City Library for residents who want to learn more about careers in construction. For more information phone 0191 2774125.
- Changing Lives' Ready for Work programme provides support for adults with some of the biggest barriers to employment secure sustainable work and is aimed at clients who have experienced homelessness, drug and alcohol dependency, care leavers, have had involvement in the criminal justice system or have left the armed forces. For more information contact Val Chybowski, Employment Services Manager, by phone 07506744928, or email val.chybowski@changing-lives.org.uk
- Newcastle Futures have identified a gap in employment support for people aged 50 plus. To help meet this gap they have developed a programme called 'On Track'. Working with an experienced Life Coach, five sessions are delivered in small working groups. The sessions aid mature jobseekers to identify their transferrable skills in an increasingly digital market, improve their ability to manage change and introduce the concept of mindfulness and how it can be applied to stressful situations. Contact Newcastle Futures on 0191 2302970 for further information.
- Newcastle City Council's Supported Employment Service has secured funding from the Northumberland, Tyne and Wear NHS Foundation Trust (NTW) to relaunch an Individual Placement Support (IPS) project to help people with mental health problems to access sustainable employment. During Q4 21 referrals were made to the project, 15 people engaged with employment support and 2 people successfully secured work. An example of the support provided by this project is detailed below.

Case Study – Individual Placement Support (IPS) Project

A Supported Employment Officer worked with Mr L to secure a permanent job as a gardener, by:

- Identifying the positive impact of employment in relation to his mental health condition
- Supporting Mr L to identify his strengths, key skills, update his CV and interview techniques
- Contact previous employers to discuss potential employment opportunities

What next:

- We will be developing an 'Introduction to employment support' e-learning package and quarterly face to face training sessions. Training will be developed by August 2016.
- Changing Lives are working in partnership with the Dame Kelly Homes Trust to deliver their Get On Track programme in Newcastle. The programme is aimed at disadvantaged young people to enhance confidence, improve self-belief and boost employability skills. As part of this programme elite athletes will provide intensive mentoring. This project will be running by July 2016.

4: Promote the expansion of affordable credit options as an alternative to expensive high interest credit, such as payday loans or loan sharks

Table 4.1: Moneywise Credit Union membership and loans granted

	2014-15	Q1 (15-16)	Q2	Q3	Q4	2015-16
No. of members	7,430	7,596	7,815	8,010	8,276	8,276
Loans granted	2,176	507	509	754	403	2,173
Loan value	£1,897,216	£485,363	£538,393	£683,557	£435,382	£2,142,695
Own Your Own	125 approved applications from 818 received	21 approved applications from 115 received	15 approved applications from 87 received	15 approved applications from 68 received	13 approved applications from 84 received	64 approved applications from 354 received

Table 4.2: Five Lamps loans granted and loan value (Newcastle residents)

	2014-15	Q1 (15-16)	Q2	Q3	Q4
Loans granted	619	79	113	215	53
Loan value	£303,690	£39,790	£59,370	£137,185	£29,835

Trends:

Moneywise Credit Union's membership continues to grow. Table 4.1 shows that in 2015-16 Moneywise Credit Union's membership increased by 11 % in comparison to 2014-15. This growth is due to additional payroll deduction schemes, school based collection points and marketing opportunities through partners. Testimonials from members, such as those detailed below, help to reinforce the important role that credit unions continue to play in communities.

Moneywise Credit Union – member feedback

"my credit union savings account has helped to give my kids a great start with their university studies" - Denise

"Moneywise has helped me pay for school trips and uniforms. I would not be without my credit union account" – Sharon

"Moneywise helped me consolidate all my debts into one easy manageable payment and saves me money in the process" – Alan

Moneywise Credit Union and Five Lamps experienced a reduction in the number of loans granted this quarter (47% and 75% respectively). The lead up to Christmas marks Moneywise Credit Union and Five Lamps busiest period, meaning that a reduction in the number of loans granted during Q4 was anticipated.

Own Your Own is a scheme developed by Moneywise Credit Union and YHN. It provides low cost loans for household items, helping to discourage residents from purchasing goods through expensive,

high interest credit providers. Q4's Own Your Own approval rate was 15%; a reduction of 7% on the previous quarter. The main reasons for refusal continue to relate to rent arrears or poor credit history. During Q4 there were no prosecutions for suspected loan shark activity. The Illegal Money Lending Team believe that loan sharks continue to operate in Walker, Byker, Fenham and Newbiggin Hall wards. Officers are following up on all leads and continue to work in partnership to raise awareness of the dangers of illegal money lending and encourage loan shark victims to seek help.

What we are doing:

- Moneywise Credit Union has launched a [budgeting account](#) which will provide a revolving account based on regular savings. For example, if a member commits to saving £30 per month, Moneywise Credit Union will provide an open credit agreement for up to ten times that amount. For more information contact Moneywise Credit Union on 0191 2767963.
- Moneywise Credit Union has launched a [credit repair loan](#) which has been designed to help residents build their credit rating. Members are offered a £60 interest free loan which is held in a suspense account. The loan is repaid over a period of 12 months at a cost of £5 per month and at the end of the loan period £30 will be given towards a future loan. Moneywise Credit Union will treat the credit repair loan in the same way as all other loans and repayment information will be shared with credit reference agencies. During Q4 there has been one successful application for this product. For more information contact Moneywise Credit Union on 0191 2767963.
- Moneywise Credit Union is working with the Workers Educational Association (WEA) to raise awareness of the role of credit unions, the importance of saving on a regular basis and the importance of affordable credit.
- The Illegal Money Lending Team is offering funding of up to £5,000 for projects which help to promote their stop loan sharks message. For more information email Natalie Barker natalie.barker@birmingham.gov.uk

What next:

- The Regional Financial Inclusion Group are investigating opportunities to promote the importance of credit unions, saving money and access to affordable credit through a coordinated approach.
- We are investigating ways to support residents to repair and build their credit rating. This includes identifying opportunities to promote Moneywise Credit Union's credit repair loan and developing information detailing practical steps to increase credit worthiness.
- From April 2016 we will start to report on the number of loans refused by Moneywise Credit Union.
- 20 October 2016 marks International Credit Union Day. This is a day to reflect upon the credit union movement's history and to promote its achievements, in recognition of this day Autumn's Financial Inclusion Group seminar (Thursday 13 October 2016) will focus on this topic. For further information contact Clare Fish clare.fish@newcastle.gov.uk
- We are investigating opportunities to set up credit union savings accounts for families qualifying for assisted childcare.

5: Reduce fuel poverty, increase financial resilience and promote access to bank accounts

Table 5.1: Energy Services new referrals, cases closed and financial outputs

	2014-15	Q1 (15-16)	Q2	Q3	Q4	2015-16
New YHN referrals	244	64	56	77	72	269
New non YHN enquiries	94	14	18	25	32	89
Energy debts written off	£50,623	£11,184	£17,330	£22,879	£26,717	£78,110
Total cases closed	239	45	60	69	56	230
Average financial gains	£211.82	£248.54	£288.84	£331.57	£477.08	£339.61

Table 5.2: Citizens Advice Newcastle's Northern Powergrid Fuel Debt Project new clients seen and fuel debt issues dealt with

	2014-15*	Q1 (15-16)	Q2	Q3	Q4	2015-16
New clients	73	41	68	54	17	180
Issues addressed	802	447	566	552	60	1,625

* Part year figures – project commenced October 2014

Trends:

Newcastle City Council's Energy Services provide specialist energy saving and fuel debt advice to Newcastle residents and fuel debt casework for YHN tenants. Table 5.1 shows that from Q3 to Q4 referrals to Energy Services remained consistent. The main reasons for referral continue to relate to high energy bills, understanding fuel bills, fuel debt, self-disconnection, advice about reducing energy bills and keeping homes warm.

Case study – Energy Services

Miss L was referred to Energy Services because her energy supplier had applied for a warrant to install prepayment meters for an outstanding debt of £1,500. However, prepayment meters had already been fitted for both fuels almost two years previously for debt. It was discovered that the gas meter exchange had not been registered on the national database, so the account was still being billed on the old credit meter and the debt balances had never been sent to the meters. Once the meter exchange had been processed the debt was reduced to £800. The final balances were partially written off due to the length of time it had taken to process the meter exchange. The residual debt was removed as a goodwill gesture. In addition, Miss L was eligible for the Warm Home Discount and the gas was switched to a cheaper supplier.

As a result of Energy Services support Miss L realised the following financial outputs:

Energy bill reduction	£700
Debt write off	£500
Goodwill payment from energy supplier	£300
Warm Home Discount	£140
Money saved by switching gas supplier	£180
Total	£1,820

The financial outputs realised by Energy Services include energy bill reductions and the average financial outputs for closed cases, which includes the correction of energy billing errors, Warm Home Discount awards, successful Charis applications and goodwill payments. An example of the support provided by Energy Services is detailed in the case study above.

During this quarter Citizens Advice Newcastle experienced a change of personnel to their Fuel Debt caseworker post and extended leave due to illness. Following a phased return, Citizen Advice Newcastle's Fuel Debt caseworker Citizens Advice Newcastle's Northern Powergrid Fuel Debt Project commenced in October 2014. It provides specialist advice to residents experiencing problems with energy bills and fuel debt. Table 5.2 shows that between Q3 and Q4 there has been a 69% reduction in the number of new clients advised. During the same period the number of issues addressed reduced by 89%. is now working full time. Citizens Advice Newcastle continue to note problems associated with pre-payment meters, such as unexpected charges, for example households being unaware of the standing charges applied to their account, or pre-payment meters being set to collect an incorrect payment level . An example of the support provided by this project is detailed below.

Case study – Citizens Advice Newcastle's Northern Powergrid Fuel Debt Project

Miss A is a single person who is in receipt of Housing Benefit, Council Tax benefit and incapacity related benefit. On the advice of her energy supplier, Miss A's direct debit payment for electricity charges were reduced from £41 per month to £5 due to being £1,600 in credit. It later emerged that Miss A's energy supplier had not received actual meter readings and had calculated bills using estimated readings. After supplying accurate meter readings Miss A was rebilled and was found to be £751.62 in debt. Miss A approached Citizens Advice Newcastle for advice; a specialist Fuel Debt Adviser supported Miss A to:

- Contact the electricity supplier to make a formal complaint. The Fuel Debt Adviser argued that Miss A's account went into debt as a direct result of Npower reducing monthly payments without checking accurate meter readings.
- Complete a successful Charis application to write off the outstanding debt.
- Negotiate a better energy tariff for Miss A which would save approximately £57 per year.

Miss A was grateful for the help to remove the risk of disconnection from her electricity supply.

What we are doing:

- Shelter have secured funding from the British Gas Energy Trust to provide fuel poverty and energy efficiency advice to vulnerable households. Within this role there is also scope to assist with any debt issue, particularly where this impacts the client's ability to pay for fuel. For more information about the support available please contact Chris Kemp by email Fuel_northeast@shelter.org.uk , or phone 0344 5151601.
- YHN is running a pilot for a void affinity scheme which allows the energy supply for their empty properties to be switched to a preferred supplier. The energy supplier choice will be based on a number of factors, such as energy advice, smart meters, pricing and management issues. The pilot is currently being trialled in Kenton ward, and if successful, will be rolled out across the city.
- Warm Up North are offering free replacement boilers (subject to survey) to eligible private sector households with inefficient gas heating systems. For more information, visit www.warmupnorth.com
- Residents in Newcastle who use electricity or solid fuel heating and have never had gas central heating can apply for a free gas central heating system from the Central Heating Fund. For more

information and details of the eligibility criteria, visit www.warmupnorth.com. This scheme will run until August 2016.

- Warm Up North offer free or subsidised cavity wall and loft insulation. For information, visit www.warmupnorth.com
- Health Through Warmth offer assistance to home owners who suffer from a cold or damp related health condition. If clients do not have heating and hot water and meet the HTW criteria then they can access the Rapid Care Fund. For more information phone 0800 022220 (select the energy efficiency option).
- The final auction for the Big Community Switch took place in May 2016. The average saving per registrant in previous auctions was £349.
- Newcastle City Council's Crisis Support Scheme can assist with fuel vouchers for eligible residents. During Q4 259 energy vouchers were raised for 143 households. The total value of energy vouchers issued this quarter was £9,086.

What next:

- Energy Services are reviewing best practice from the other cities which have decided to have a greater role in the supply of energy to their communities and are reviewing options for increasing the energy supplier choices available to residents.
- Due to the success of Citizen Advice Newcastle and Northern Powergrid's Fuel Debt Project, funding has been secured to develop a similar initiative in Leeds. Citizens Advice Newcastle will be working with Citizens Advice Leeds to promote access to energy fuel debt advice.
- Citizens Advice Newcastle is supporting Dawn Butler MP's 'Pre-Pay Rip Off' campaign by supplying information about their client's experiences.

Active Inclusion Newcastle (AIN)

The Financial Inclusion Group is part of the Active Inclusion Newcastle (AIN) partnership approach that responds to the growth in demand for information, advice and support to promote social and financial inclusion and to prevent the risk of homelessness with reduced resources. AIN coordinates responses to welfare reform, austerity and destitution by creating the conditions for stability:

- **An income**
- **Somewhere to live**
- **Financial inclusion – life without excessive debt**
- **Training & employment opportunities**

AIN facilitates partners at the following levels:

Primary prevention activities – to support making prevention ‘everyone’s business’ AIN has the following primary prevention ‘offer’ to support partners.

- Information for staff and the public – financial inclusion examples are available online at www.newcastle.gov.uk/financialinclusionforprofessionals
- Consultancy advice for professionals and volunteers – contact details are available online at
- Briefing sessions for professionals and volunteers – to request a briefing, email activeinclusion@newcastle.gov.uk
- Spectrums of advice – details are available online at www.newcastle.gov.uk/financialinclusionforprofessionals
- Training for professionals and volunteers – details of training sessions are available online at www.newcastle.gov.uk/financialinclusionforprofessionals
- Protocols and policies – details are available online at www.newcastle.gov.uk/housing
- Partnerships and governance – details are available online at www.newcastle.gov.uk/financialinclusionforprofessionals
- Quarterly reviews – available for financial inclusion online at www.newcastle.gov.uk/financialinclusionforprofessionals

Secondary prevention activities – specialist advice and accommodation services that community based primary services can turn to when they need help.

Crisis activities – services that support people facing destitution when community and preventative support fails to prevent crisis.

Next steps and how to get involved

The issues raised in the draft version of this briefing were discussed at the Newcastle Advice Compact meeting on 18 May 2016. Feedback has been incorporated into this document which will be presented to councillors and the Financial Inclusion Group at our next quarterly seminar. 2016 Financial Inclusion Group seminars will take place on:

- Thursday 14 July 2016, 3pm to 5pm - debt and budgeting
- Thursday 13 October 2016, 3pm to 5pm – credit unions and affordable credit
- Tuesday 6 December 2016, 3pm to 5pm – food poverty

To find out more about Financial Inclusion Group seminars, or the work we are doing to promote financial inclusion visit www.newcastle.gov.uk/managingyourmoney or contact Clare Fish by phone 0191 277 7529 or email: clare.fish@newcastle.gov.uk