



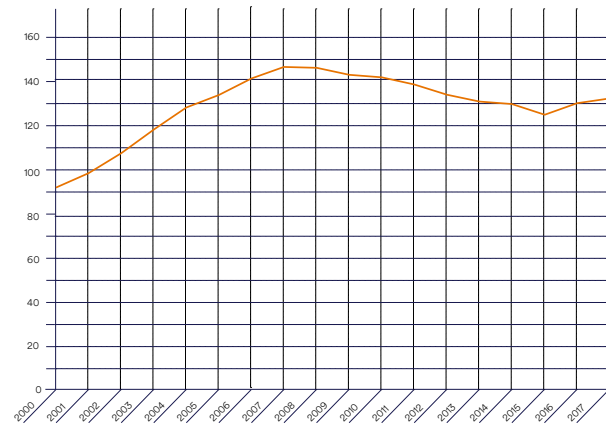
Working together to improve financial lives

How independent, local partnerships together with new research can help tackle indebtedness and financial exclusion

Context

After a period of decline following the financial crisis household debt has begun to rise again, see Figure 1.

Figure 1:



Household debt in the UK as a % of disposable income

Source: House of Commons Household Debt Briefing Paper May 2018

Levels of over-indebtedness vary significantly across the country. Hard pressed local authorities with high levels of deprivation usually record high levels of over-indebtedness. Welfare reform and employment precarity has meant that financial insecurity has become more widespread, complex and intractable.

A number of local authorities have tried to address these issues through a financial resilience strategy. However, the implementation of such strategies has been met with significant problems across the country.

These obstacles can be tackled as both practical experience and new research from the University of Nottingham show.

Main recommendation

Indebtedness is growing nationally, and particularly in areas of high deprivation. An independent local partnership approach to tackle financial hardship together with debt audit methodology developed by the University of Nottingham and Advice Nottingham can help target support and advice, and improve access to fairer credit.

The first lesson from Nottingham - Nottingham Financial Resilience Partnership

Nottingham City has one of the highest levels of over-indebtedness and lowest levels of take home pay in the UK. Despite this the city lacked an action plan and the institutional capacity to tackle indebtedness and financial exclusion in a joined up way. The partnership was created in April 2016 to address this urgent gap.

It is made up of a steering group of fifteen organisations including: Advice Nottingham; Nottingham Credit Union; Nottingham and Notts Refugee Forum; Age UK; Illegal Money Lending Team; Church of England; Financial Inclusion Support; Nottingham City Homes; and Nottingham City Council.

Its strength is that it works with, but importantly is independent of local government. Its independence has been vital in securing the ongoing commitment of member organisations and to sustain effective and long-term collaboration that is community led.

Thanks to the Partnership, Nottingham was the second city to be given the Fair Credit For All award, following a visit by Martin Sheen and the End High Cost Credit Alliance in May this year.



The second lesson from Nottingham - Debt Audit

Not enough is known about the local dynamics of household indebtedness. The Money Advice Service (now MAPS) has estimated over-indebtedness at local authority and constituency levels but the main sources of statistical data are only available for the UK. The lack of local data is a major barrier to developing solutions.

Research from the School of Geography at the University of Nottingham and Advice Nottingham provides a better understanding of the local landscape of indebtedness.

We have conducted an audit of debt advice client data in Nottingham and surveyed the views of debt advice providers.

Summary

A bottom up, multi-agency approach to developing and delivering a Nottingham Financial Resilience Action Plan has helped secure commitment and innovative solutions to tackling the problems of indebtedness and financial exclusion.

Bank summits with regional managers have addressed barriers to accessing banking services that vulnerable people encounter (a table of ID requirements is now regularly used by local support workers and DWP work coaches), but has also highlighted the limitations of local action.

Partnerships can increase the capacity and use of Credit Unions and other Fair Credit providers through: the establishment of Payroll Savings Schemes by Universities and other large employers; championing local awareness raising campaigns; leading involvement in national initiatives such as the Fair Credit For All campaign.

A local debt audit reveals that 1 in 20 people accessed debt advice services in Nottingham City during the twelve month period from August 2017 to Sept 2018, and identified those parts of the city with the highest levels of unmet need for debt advice. The research has highlighted the significance of priority debts, such as council tax and rent arrears, and the importance of local solutions. It has also identified the growing problem of guarantor loans.

Contact the researchers



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