

good credit project

a toolkit to build
local financial
resilience

DEMOS

good
credit



foreword

Dan Jarvis MP
Mayor of Sheffield City Region

Now more than ever, people across the country are finding their finances stretched and need support to get back on track. Whether they're facing a sudden drop in income, job insecurity or benefit delays, it can be tempting to borrow money, at any cost, to make ends meet. But if people can't access affordable credit, circumstances may force them to turn to short-term, high cost credit that is unaffordable. Missed payments and soaring interest rates then keep people in a cycle of bad credit from which it is difficult to escape.

It's another example of how expensive it is to be poor. The most disadvantaged among us are exploited in their weakness, facing higher costs and barriers which lock them into their poverty. That's not just unfair, it's a colossal waste of human potential that carries an enormous cost for society.

Metro Mayors and Local Authorities can play a key role in promoting financial inclusion as part of addressing the impacts of the pandemic, and rebuilding communities that are financially resilient. Rather than just return to the status quo, now is the time to build back in a way which avoids the problems of the past.

I supported the South Yorkshire Good Credit Project as part of my commitment to tackle inequality and create an inclusive economy in South Yorkshire, and I'm proud of the impact we've made. Now, this toolkit sets an example for other parts of the country to learn from, so that together we can ensure that everyone has access to financial products and services that are affordable, transparent and fair. As we rebuild, it is one more thing we can do to try to change the system for the better.



acknowledgements

We are grateful to Dan Jarvis MP and his office for their support for this project, and to our generous funders, NewDay. We are especially grateful to the individuals and organisations across South Yorkshire who generously shared their experiences, collaborated to design new initiatives, and committed to additional action to tackle financial exclusion for the benefit of residents.

about Demos

Demos is an independent, cross-party think tank, specialising in developing evidence-based policy solutions in a range of areas. Our action research programme brings public, private and voluntary sector stakeholders together to instigate change. Going beyond the traditional think tank model, we test out policy ideas in practice and evaluate both their impact and the implementation process, to better influence policy and develop replicable models for practice change.



Heather Williams-Taplin,
Head of Major Projects,
Demos



Joanne Ainley, Marketing
and Engagement
Coordinator, Demos



contents

Page 4	the case for change
Page 5	step 1: convenor
Page 7	step 2: build networks
Page 10	step 3: work with other key sectors
Page 14	step 4: review your own practice
Page 17	step 5: promote alternatives to residents



the case for change

The outbreak of Covid-19 in the UK has changed our economic, political and social landscape beyond recognition, not least personal finance, spending and credit. Financial exclusion – the lack of access to financial products and services that are affordable, transparent and fair – was already facing some in our communities. Sadly, the impact of Covid-19 is likely to increase the number of people struggling to stay financially resilient.

When we need a loan, a mortgage or a credit card, not everyone is able to get credit at an affordable price under fair conditions. Inequalities run through the system – some are invisible, such as the credit scores attached to us all, and some visible, through high streets filled with pawnbrokers and payday lenders. Differences in credit need and credit environment result in vastly different experiences from region to region, borough to borough or even street to street.

The South Yorkshire Good Credit project was a place-based financial inclusion initiative in the Sheffield City Region. Demos, the cross-party think tank, worked with the city region mayor and other local stakeholders from the public, private and voluntary sectors to co-design tailored initiatives to improve the credit environment.

Inequalities run through the system - some visible & some invisible

The project followed the launch of Demos' groundbreaking Good Credit Index 2019. This identified 'credit deserts' where people struggle to access affordable credit despite a clear need for it. South Yorkshire highlights many of the credit challenges faced by people in the UK. Barnsley and Doncaster count as 'credit deserts', where poor credit provision meets high credit need. Rotherham and Sheffield perform slightly better, but still face a combination of poverty, thin credit files and high insolvency rates.

The [Good Credit Index 2020](#) finds general improvements in the physical credit environment and in average credit scores. However, credit need has grown and is likely to soar in 2020 as a result of Covid-19, so the lack of affordable credit options on the high street remains a cause for concern. Local leaders should use the Index to identify the drivers of financial exclusion in their area: is it a matter of high need, poor credit scores, or a bad credit environment? Local data on the impact of Covid-19 will also indicate where financial resilience initiatives could be targeted, such as changes in employment, benefits, increasing levels of council tax and sundry debt among customers, or delays paying.

This toolkit shares the learning from our Good Credit Project, setting out practical tips to help you address financial exclusion, supported by case studies from people and organisations we have worked with. The toolkit is aimed at local authority leaders and metro mayors across the UK, who can play a key role in bringing sectors together to tackle exclusion and build resilience among your residents. We set out five steps, which can be followed in whole or in part. We recognise that resources are under pressure, so suggest that readers pick which lessons are most applicable to their situation and start there. It's also worth noting that our suggestions don't necessarily require additional budget, but can be delivered by thinking differently about what we have to hand. There is also much added value to be gained, from social return on investment to streamlined service delivery and use.

Financial resilience and access to credit that is transparent, affordable and fair will be increasingly vital in our new post-Covid reality. This toolkit is an essential resource to help you promote financial inclusion and address the impact of coronavirus on your locality. We hope to inspire readers to take action, from small steps to whole system change.



step 1:
convenor

A nominated convenor for your initiative can play an important role in raising visibility, bringing people together, and driving action. This role is best held by someone who has a high-profile locally and broad networks, including senior leaders across a range of sectors and local politicians from all parties.

These factors will help to increase awareness of your initiative and build buy-in from those who you want to take action. It will also be helpful if their office has administrative capacity to support the delivery of the initiative, including hosting the networks.

case study

The Good Credit Project was supported by Mayor of Sheffield City Region, Dan Jarvis MP. The mayor hosted our milestone events, sent targeted communications to his networks, connected us to key stakeholders in the region and supported media coverage through his press office.

“Through this exciting project, we aim to set an example for other parts of the country. If this work helps to free our communities from the cycle of bad credit, then it will also be a very welcome contribution to my ambition to tackle inequality, create good jobs and grow an inclusive economy.”

Dan Jarvis MP,
Mayor of Sheffield City Region

Dan Jarvis MP with
Demos Chief Executive,
Polly Mackenzie, at the
South Yorkshire Financial
Inclusion Awards





step 2:
build networks

Positive activity frequently takes place under the radar but the inevitable challenge of finite resources means that building networks at all levels will be invaluable. A combination of in-house, external, sector-specific and cross sector links will allow you to tap into fresh ideas, expertise and crucial partnership opportunities – with the potential to improve capacity, broaden knowledge and extend your reach and impact.

Finding accessible ways to bring people together to share best practice and learning can lead to meaningful, long-term connections. Hosting or attending events that recognise and reward achievements are especially helpful to engender a sense of comradeship and celebration. Offering something of value to people working in these challenging areas can be a welcome boost and provide a gateway to new and sometimes unexpected links.

case study

Organisations across the region answered our call for nominees in the Good Credit Project Financial Inclusion Awards 2020. Held at Sheffield's historic Cutlers' Hall, the event was hosted by Sheffield City Region Mayor, Dan Jarvis MP and attracted stakeholders from the public, private and voluntary sectors.

The awards celebrated ongoing services, tirelessly supporting people with issues like debt, access to benefits and managing a household budget; organisations helping people to help themselves by making longer-term changes to build their financial resilience; and individuals going above and beyond to meet a need they'd seen in their communities.

The winners recognised for championing financial inclusion were:

GROW

A Rotherham-based organisation enabling women and girls to access support to gain essential life skills including the ability to maximise their income, manage money and reduce debt.

Sheffield Credit Union

An affordable loan provider helping people to access the right financial products and services for them. By encouraging customers to regularly save small amounts, it supports them to build financial resilience as protection against financial shocks.

Rotherham Council Financial Inclusion Team

Encompassing pre-tenancy, employment solutions, tenancy support and advocacy and appeals, this coordinated approach supports thousands of local people to manage debt, access benefit payments and find work and training.

Barneslai Homes Tenant First Service

A Barnsley-based ALMO helping people to manage and sustain their tenancies. It raises awareness of money-saving services, debt advice, utility discounts, grants and entitlements and has used a tour van to engage hard-to-reach residents.

Gary Simpson – Chief Executive, South Yorkshire Community First Credit Union

Supporting thousands of customers in some of the region's most deprived areas. He also presents financial awareness sessions to schools, colleges and community groups and encourages businesses to improve the financial wellbeing of staff.

Lewis Bowman – Reach South Yorkshire Live Better: Get Connected

Making a long-term commitment to Sheffield people aged over 50 to tackle barriers such as social isolation and financial exclusion. His support helps boost people's wellbeing and involvement in community life.

The event was also an opportunity for people to network and inspire collaboration.

"Great networking, the chance to speak to people we hadn't known about or been able to connect with before."
Event attendee

"The feel-good atmosphere and the knowledge of other people out there trying to make a difference is overwhelming and pushes you to want to achieve more."
Event attendee

case study

Named as a Good Credit Financial Inclusion award-winner, Rotherham Council's Financial Inclusion Team has forged effective and long-term links with various partners to benefit the local community. In particular, a close connection with Age UK Rotherham to support customers seeking benefit reviews, specifically Attendance Allowance, has improved service provision, streamlined the application process and increased positive results for local residents. It has led to extra income amounting to thousands of pounds for eligible Rotherham households and also provided a solid referral route for the future.

Without this effective partnership working, the team would only have the capacity to signpost these customers. Working directly with Age UK Rotherham has improved communications and achieved results that help to maximise both a customer's income and wellbeing.

The team values the importance of networking to build productive relationships and says such opportunities have brought about many firm connections. They described the Good Credit Awards for financial inclusion as "an ideal forum for organisations to get together and share best practice in every line of work being carried out."

Members made links with a credit union during the event with a view to exploring its offer for customers as well as possible partnership opportunities. Through first-hand experience, the team has found that working with other organisations often gives customers the best outcome.



Dominic Dimanna and Rachel Vella from Berneslai Homes

Lewis Bowman from Reach South Yorkshire Live Better: Get Connected





step 3:
**work with other
key sectors**

Recognise the role of other key stakeholders and sectors locally: employers, housing associations, and the voluntary sector. Working in partnership will help to make best use of limited resources and reach more people, therefore increasing the impact. Target your engagement to each sector's specific needs and potential, working together to find where they can add most value.

housing associations and arms-length management organisations (ALMOs)

Housing associations and ALMOs are often already very engaged with this agenda and deliver great work to ensure their tenants are financially included. Increasingly, their support for tenants is offered to employees too. They can be great ambassadors for financial inclusion, with valuable experience to share. Work with them to share that good practice, both within other parts of the housing sector (e.g. the private rental sector) and across other types of organisations too. Local authorities may decide to roll out an offer to customers in other parts of the business, or employers be inspired by an initiative to support their staff.

employers

It's easy to assume that only large employers with more resources can afford to support the financial resilience of their staff, but there are numerous low or no cost options available. Often, small businesses can be more directly connected to their employees and aware of their circumstances, so are well positioned to offer support. Particularly at the moment, regular check-ins with staff to see how they're coping can help managers to spot early signs of financial difficulty.

Engage with employers who are not already tapped into this agenda by demonstrating the business case, and providing a clear offer. For example, a sector event on the topic will provide valuable networking opportunities. Work with trusted networks, such as the Chamber of Commerce and Local Enterprise Partnership, to get your message out, and don't underestimate the value of personal introductions to specific businesses. Clear steps for employers that are tailored to them, accessible and instructive, such as a step-by-step guide, will be warmly welcomed.

voluntary sector

Many organisations in the voluntary sector are doing great work to promote financial inclusion and tackle poverty. They have deep connections with the communities they serve and can help you to reach these as trusted contacts. You may need to package your approach in terminology that relates to their priorities and current activity. Lack of capacity can be a real challenge in this sector, so anything that works to connect up or add value to existing activity can be more feasible than initiatives requiring big changes and additional resources. Look for opportunities to build on what works as well as trying out new ideas, and make the most of existing networks to share learning and facilitate partnerships.

case study

The Good Credit Project published a series of 'how-to' guides tailored to different sectors, setting out the case for promoting financial inclusion and clear steps for what individual organisations can do. We used these as an engagement tool to distribute across networks and start conversations with key stakeholders about their role in improving the region's credit environment. The guides are available at www.goodcreditindex.co.uk/guides.



how to support your employees' financial health, now and in the future

www.goodcreditindex.co.uk

case study

Recognising the need to boost capacity in the region's voluntary sector, we established a small grants programme to fund new financial inclusion initiatives or support existing projects to take their activity to the next level of impact and reach. Local authorities could consider taking a similar approach with their strategic investments in service delivery.

Funded projects had to contribute to the overall aims of the Good Credit Project by either reducing the need for credit, taking steps to improve credit scores, or improving the credit environment. We received top-class entries from across the region and our judging panel awarded grants to the following projects:

my house project: Affinity 2020

The project will equip young care leavers aged 14 to 18 with the practical skills and understanding they need to run their first home, organise their finances and avoid homelessness. Workshop-style sessions are delivered with the support of partners to cover topics including budgeting, employability, benefits and banking, credit scoring, financial crime and debt and borrowing. Supported by individual mentoring, My House is designed to increase financial awareness, knowledge and confidence leading to better life chances for beneficiaries.

open banking: Sheffield Credit Union

This grant will enable Sheffield Credit Union to increase access to affordable loans and speed up the application process. Open banking allows the important element of affordability to be assessed without members having to supply bank statements, a usual requirement which deters around 40% of new members from applying for a credit union loan. The quicker application process gives borrowers a practical alternative to high-cost, online lenders and also helps the credit union to signpost people to other products and services to support their financial wellbeing.

one-to-one debt support: GROW

This project will build on GROW's broad-ranging support to empower women affected by trauma to access opportunities and gain essential life skills including money management. GROW offers finance, benefit and debt interventions to help reduce the risk of women falling into poverty and crime. The grant extends that reach to a new cohort of beneficiaries enabling them to access vital support such as debt management plans and creditor negotiation. Having greater financial capability is expected to maximise people's incomes and improve their mental health and personal circumstances overall.

credit bureau: Community First Credit Union

By sharing credit account performance data with national credit bureaus, this project supports borrowers to improve their credit rating – a key factor in boosting access to more affordable choices. A good credit score can ensure people have better borrowing options and ultimately save them money. The Credit Bureau project will give thousands of people across the region an affordable alternative to expensive financial products, especially those that claim to increase scores. It will also provide access to other credit union products and services to support people to manage their money.

case study: Unipart Rail

Based on the well-documented premise that supporting staff wellbeing is beneficial both to individuals and businesses, a large South Yorkshire employer offers a 'Workwell Programme' to all employees.

In 2018, Unipart Rail, which has around 450 staff at its Doncaster site and 8,000 group-wide, decided to streamline its existing but ad hoc approach to employee wellbeing. Aware that staff might be reluctant to approach managers about personal finance issues, it brought in external providers to operate the confidential service.

As part of the resulting package, every employee has access to a range of support including financial wellbeing advice, education and guidance, loans and savings accounts, legal expertise and specialist debt support.

Unipart also offers a corporate health cash plan and access to clinical support for emotional issues which, among many other things, can help those whose mental health is affected by debt and money worries.

Other support includes healthy lifestyle tips and incentives such as a Cycle to Work scheme, 'Free Fruit Fridays' and gym membership discounts which all help people's incomes to go further.

Karen Beardsley, Managing Director of Unipart Rail Supply Chain Solutions, said the move had formalised and extended the company's previous wellbeing offer and improved access to more sensitive resources because staff felt comfortable dealing with an external provider.

The programme is well-publicised internally and has been highlighted again during Covid-19 with regular reminders and updates posted online and in communal areas to maximise uptake.





step 4:
**review your
own practice**

Organisations that help customers to build financial resilience can use that knowledge and practice to support their own employees, adding value to operational activities and boosting staff wellbeing. If financial inclusion is only a minor part of your remit or even outside it, collaboration is key to plugging the gaps. Local authorities have thousands of council homes to manage directly or outsource to ALMOs, making them well-placed to share learning from that role or relationship.

Consider embedding good practice in other areas of the business (such as council tax debt collection) as well as internally for your own staff. Initial small steps, such as offering staff a 'financial health check' as you might for a tenant, can be enough to set the ball rolling and encourage a greater focus on financial awareness.

Formal policies and system change are long-term goals but taking interim steps towards them will ensure progress and bring you closer to those objectives. Communication and employee participation is key and the simplest – and least costly – methods can be the most effective. You can include staff and encourage ownership and ideas such as sharing snippets and suggestions on an internal email channel. Ambassadors keen to drive things forward quite often emerge during less formal interaction. It's important to recognise what is achievable, rather than what's not, and build an approach from there.

case study: Sheffield City Council

Sheffield has a long-standing commitment to being an inclusive city and addressing poverty and inequality. These objectives are set out in the Tackling Poverty Strategy, Sheffield City Partnership's Inclusive Economy Framework, and Health and Wellbeing Strategy, amongst others.

Sheffield City Council recognises that feeling in control of personal finances is central to people's economic, social and mental wellbeing. Whilst no organisation has control over all the factors that can lead people into financial difficulty, the city council believes in maximising the tools and powers it does have to support people to become more financially resilient.

The council's starting point to develop a robust financial inclusion strategy was to build on existing networks and partnerships by running workshops with voluntary, community, faith and other organisations. This provided valuable insight into how local people experienced financial difficulty and what solutions could be most effective. Qualitative and quantitative data was also gathered to inform the work. Finding it useful to think of financial inclusion as a spectrum that people might move within depending on what was happening in their lives, the authority developed a spectrum of support, advice and intervention to reflect the different levels. Ultimately, this support aims to prevent people from experiencing financial exclusion but, where necessary, provides intensive, targeted assistance when people are financially vulnerable.

Cat Arnold, the council's Policy and Improvement Officer, said the effective partnership working that emerged while developing the strategy had been critical to its response to other financial inclusion challenges. It helped the city to respond to the introduction of Universal Credit, and – most recently – enabled stakeholders to work together quickly and closely to support vulnerable people through the Covid-19 crisis.

case study: South Yorkshire Housing Association (SYHA)

To complement an already broad range of practical support to help staff maximise their incomes, SYHA responded proactively to the Covid-19 pandemic by promptly engaging employees in discussions about managing money in a crisis.

Drawing on its in-depth knowledge as a social landlord about the impact of debt on individuals and families, SYHA teamed up with an external training provider to trial a webinar to help boost financial awareness and resilience among staff.

As part of the pilot exercise, a questionnaire was circulated in advance to encourage the employee group to focus on their own finances and consider things such as automated payments, credit cards and overdrafts. To gain an up to date picture of their finances, participants were asked to think about their income and outgoings overall, particularly in light of any changed circumstances during Covid-19.

The webinar discussed the general findings - with personal finances remaining entirely undisclosed - and suggested actions to put into practice. Attendees were asked for feedback to inform the company's next steps. With families nationwide concerned about their household incomes and employment stability, it was a timely and welcome intervention to improve financial literacy.

Mushrat Javaid, Programme Lead for the Good Work Project, said that acting to help prevent financial problems rather than waiting for them to happen was a key part of the SYHA philosophy. To further support wellbeing and financial health, staff can also access a raft of additional support including credit union membership, a Cycle to Work scheme, childcare vouchers, high street shopping discounts and other rewards.

There's also the option, in some circumstances, to work relief hours or benefit from on-call payments to increase earnings. Replicating some of the support it gives to customers, the company regularly raises awareness among staff about specific money-saving measures such as applying for uniform rebates and spreading the cost of prescriptions. Employees often pass on these tips to family and friends, helping to spread the message further.





step 5:
promote
alternatives to
residents

Challenge bad credit options in your area by raising awareness of the alternative, ethical advice, support and affordable credit options available to residents. Sadly, these services can struggle to be heard against high-cost credit providers with large marketing budgets, but by joining forces you can amplify the message. Work in partnership with those on the frontline to develop appropriate messages and use the networks you've developed to reach new audiences, and achieve greater impact.

case study

In the run-up to Christmas, the Good Credit project ran a public campaign to promote tools and services available locally to help people manage their money and access good credit. Christmas-time sadly is often a pressure point for families balancing tight budgets with immense pressure from advertisers to spend, and from bad credit providers offering an 'easy' solution.

The campaign directed people to our project website with information on affordable credit, and listings of local services for information, advice, or affordable loans. We worked with the voluntary sector to ensure that the information provided was accurate and that the tone of the campaign was appropriate - friendly and informative, with a seasonal sense of humour.

A local agency designed the creatives and the website, and the campaign was promoted across the region's newspapers and news websites. Advertising in the Sheffield Star, Sheffield Telegraph and Doncaster Free Press was very successful, achieving higher than average levels of campaign awareness and customer intention to take action as a result of seeing the campaign. Flyers were also distributed at the Alhambra Shopping Centre in Barnsley, across libraries and family centres, and voluntary organisations.

A second campaign encouraging people to access advice services to understand how the government measures affect them and any credit products they hold, and encourage those looking to access credit to take stock of their options, is currently running across South Yorkshire.



case study: Sheffield Credit Union

Sheffield Credit Union advised the Good Credit project public campaign to raise awareness of affordable credit options and advice in the run-up to Christmas. We linked up with Sheffield Credit Union specifically to raise awareness of the benefits of using a credit union and to demonstrate the various elements which might be less well known, such as Christmas savings schemes and eligibility for people with poor credit scores.

CEO Jackie Hallewell was able to provide us with a hard-hitting example of how credit union membership could make a tangible difference to local people. To illustrate the positive contribution to the credit environment and the very real human impact, our local media coverage included an anonymised case study of a Sheffield Credit Union customer, 'Neil' aged 65.

Severely disabled and in receipt of benefits, Neil took out regular, short-term loans and described how they helped to bridge the gap during times of benefit payment delays and extra expenses. "If it hadn't been for the credit union, I would have ended up on the streets," he said. "I pay it back slowly and there is no problem at all, I don't notice it."

We also listed credit unions across South Yorkshire on our Good Credit website and directed people to this practical resource.

Following the public campaign, Jackie Hallewell said Sheffield Credit Union issued 37% more loans in December 2019 than in December 2018, describing it as 'an excellent result'.

She added: "to be listed on a website which enables local people to find the service they need to support their financial resilience was an honour. We know our ethical, cooperative and fair services complement the others on the website, and through trust in this campaign, more Sheffield people were able to access affordable loans when they needed them, and begin to build savings for future resilience."



Further information

Get in touch if you would like to find out more about our Good Credit work, and how we can help you lead action to promote financial inclusion in your locality - email heather.williams@demos.co.uk or visit www.goodcreditindex.co.uk

DEMOS

good
credit