

Cumbria Rural Forum – Community Briefing



CUMBRIA
RURAL
FORUM

In March 2010, Cumbria Rural Forum, in collaboration with **Action with Communities** in Cumbria, **DRAMA**, **Cumbria Financial Inclusion Forum** and the “now lets talk money” initiative, hosted a conference under the title **Achieving Financial Inclusion – Cumbria’s Rural Dimension**. The event included presentations which set the national and regional context and provided examples of good practice. Workshop sessions enabled delegates to consider the practicalities of delivering financial services in rural Cumbria.

Central to the event was the absence of access to alternative sources of basic financial services in much of east Cumbria and the contribution that existing and new Credit Unions might have for filling this gap.

A Key Priority

A key government priority is overcoming the financial exclusion that some households face because they are unable to access what are described as basic financial services. These include:

- Affordable credit
- Basic bank account
- Debt and money advice
- Home contents insurance
- Savings

This conference sought to explore practical mechanisms for tackling exclusion in rural Cumbria.

The National Context

Amanda Pyper, Financial Inclusion Champion for Cumbria, defined financial exclusion as “the inability of individuals, groups and communities to **access** and **use** appropriate and affordable personal, business and organisational financial products and services.”

People who are excluded find it more difficult to get a job, pay for utilities or access impartial advice, will lack a financial buffer to unexpected demands and may have to pay very high interest rates to doorstep and other lenders (e.g. 2000+%). Those most likely to be affected include benefit recipients, social renters, the unemployed, and older people.

The challenges that result are exacerbated in rural areas by the lack of visibility of financial exclusion, poor public transport which limits access to mainstream provision, higher rural service costs and the lack of local infrastructure (credit unions, debt advisers, etc.).

Financial exclusion impacts upon rural, as well as urban, communities. Six of the 25 local authorities with the highest unmet demand for affordable credit are rural or have significant

rural populations. Only one in eight banks and building societies are in rural areas, although 20% of the population live there. 200,000 rural residents have no bank account.

While there is no direct data on financial exclusion, **Roger Roberts** (ACT) gave a short presentation highlighting proxy indicators that can help to illustrate the potential extent to the problem. There is a proven correlation between a particular category of ACORN¹ household, Category 5 – the Hard Pressed, and households likely to experience financial exclusion. This includes households with low incomes, older residents, people in social rented housing, unemployed and retired people, lone pensioners, residents in receipt of state benefits and residents with no qualifications.

Such households are found throughout rural Cumbria, with concentrations in rural centres such as Brampton, Longtown, Wigton, Silloth Aspatria, Cockermouth, Egremont, Keswick, Appleby, Alston, Kirkby Stephen.

The Credit Union Model

Credit Unions are ethical, community-based structures established to help provide an easy way to save and a source of affordable borrowing. Usually run by volunteers, they help address financial exclusion while keeping money within local communities and returning profits to their local membership. There are already a number of credit unions giving good coverage of urban areas, however, there is no provision in rural East Cumbria.

Barriers to broadening coverage include the capacity of existing organisations, the higher service costs in rural areas, transport limitations, the limited potential membership base for new rural credit unions.

¹ A Classification of Residential Neighbourhoods

Good Practice

Graham Brewis, Financial Inclusion Manager with Homes for Northumberland Limited spoke about the work of the Northumberland Financial Inclusion Partnership. Established in 2008, this brings together a range of public, private and third sector partners in order to increase credit union activity, help people improve their financial skills and inform policy.

Achievements to date include two credit unions offering loans and savings products to rural communities with staff take-up and payroll savings schemes helping to support credit union growth. Financial literacy programmes have been implemented especially targeting young people and a range of third sector partners are now delivering debt advice. The Partnership has also become involved in addressing fuel poverty, a particular dimension of financial exclusion which is a particular feature of rural communities off mains gas.

This approach is mirrored in Cumbria by the formation of the Cumbria Financial Inclusion Forum.

Flavia Humphreys, Shropshire Council, provided a practical example of delivering services to rural communities. The Telly Talk initiative has been implemented by the Council to enable it to offer a wider range of services than can be reached through its own, face to face contact points across a very rural area.

Telly Talk allows a client to have a video conversation with one of a number of service providers, to exchange documents, provide photos and where necessary to sign forms, agreements, etc. Currently used by the Council and seven public and third sector partners, making their services accessible in eleven additional rural locations, Telly Talk provides access to diverse services including concessionary travel passes with photo, CAB legal advice, benefits applications, career interviews, housing paperwork, disabled parking badge applications. The ability to book confidential advice sessions being key to enabling the delivery of some of these services.

David Heron of Technology Store, A Cumbrian company that provided Shropshire's Telly Talk system, highlighted the system's potential. Able to connect service providers with less accessible or more vulnerable clients, it is now in use by some 30 UK Councils, the UK Border Agency and high street banks.

Critical issues are the availability of broadband and the willingness of clients to use the facility.

Practical Solutions

Through a workshop programme, delegates explored some of the key issues associated with improving access to financial services in rural areas. Key conclusions were:

A need does exist for advice, insurance, saving and borrowing – just the types of service that credit unions and their partners can provide.

A broad potential client base exists comprising not just disadvantaged people who are unbanked but also a broad cross-section of rural residents who cannot easily access urban services. This client base includes more affluent potential savers who would be attracted by ease of access and could underpin new credit union activity.

There is a diverse range of public, private and third sector organisations with a presence in rural areas that have the potential to help deliver services. Many own or control assets that might form the locations from which services could be provided, e.g. pubs, village and church halls, schools, libraries. There may also be collaborative opportunities working with existing mobile service providers.

Further developments will need to reconcile the strength that credit unions gain from local ownership and volunteering with the need to minimise overhead costs, perhaps by sharing backroom services. This might be achieved through a combination of an overarching credit union for Cumbria as a whole working with a federation of local organisations and groups.

The Conference Speakers were:

- Amanda Pyper, DWP Financial Inclusion Champion for Cumbria
- Roger Roberts, ACT
- Graham Brewis, Homes for Northumberland Ltd
- Flavia Humphreys, Shropshire Council
- David Heron, The Technology Store

You can contact the speakers through **ACT** and their presentations are available on our website www.cumbriaaction.org.uk

**For further details about the Cumbria Rural Forum, contact Dani Hudson at ACT
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Working with the people and communities of Cumbria to realise their potential