
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 16 October 2013
Subject: Affordable Credit: Manchester - a Financially Inclusive City
Report of: Regeneration Manager, North

Summary

To provide Committee with a progress update on the development of an affordable credit offer in the City since the previous report to Scrutiny in December 2012. The report also outlines a number of principles and deliverables for Manchester to become a “Financially Inclusive City”

Recommendations

That the Committee is recommended to:

1. Note progress since December 2012;
 2. Provide comment on the draft Principles and Deliverables, which could provide a framework for Manchester to become a *“Financially Inclusive City”*.
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Wards Affected:

All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Helping Residents Access Affordable Credit- Economy Overview & Scrutiny Committee (12th December 2012)

Changes to Permitted Development Rights (PD) through the Planning System (Neighbourhoods Overview & Scrutiny Committee- 16th July 2013)

Manchester Family Poverty Strategy

Office of Fair Trading Pay Day Loan Review (2012/2013)

DWP Credit Union Expansion Project (Feasibility Report)

1.0 Background:

- 1.1 Access to affordable credit for both residents in and out of work in Manchester, has never been more important, given rising living costs, stagnant wage inflation, current levels of socio-economic hardship in some neighbourhoods, and the roll out of a number of Welfare Reforms, which will have an impact on some of the City's most vulnerable residents. Coupled with this, is the significant increase in the number of high interest/APR financial products such as those through pay day loan companies, pawn brokers, Cash Generators, Prudential, unlicensed money lenders (i.e. loan sharks), and betting shops.
- 1.2 The "Helping Residents Access Affordable Credit" paper in December 2012, set out the availability of credit and the key issues affecting Manchester residents and neighbourhoods. Following feedback from that Scrutiny, a Task & Finish Group was established to gain an understanding of income levels/debt throughout the City, the range of financial products on offer, the range of preventative/education offer for residents to become more financially confident, and the advice/support available to help residents already in debt or with emerging money problems. What is very clear is that there is a significant amount of activity underway but there are opportunities for a greater impact through a more strategic framework/co-ordinated approach.
- 1.3 The outcome of the work was to propose a number of "Principles" & "Deliverables" that will enable the City move towards becoming a "*Financially Inclusive City*", which if it became policy, would provide the framework for the City Council and partners, at both a Citywide and neighbourhood level. The purpose of these is to be explicit that the City does not condone residents who may or may not be vulnerable, being exploited through paying extortionate rates for credit, when there are more affordable options available. A draft Baseline Report has been produced (attached) to inform this (see Section 3).

2.0 What does a "*Financially Inclusive City look like*"?

- 2.1. Manchester is at the heart of a thriving conurbation, and has seen significant economic growth over the past 10/15 years from a jobs, residential, cultural and leisure perspective. The City Centre is the economic growth generator for the North West, and over the next 10/15 years, it will see, along with the wider conurbation, the creation of 100,000 new jobs in a number of key growth sectors.
- 2.2. Connecting residents to these opportunities is a key priority for the City, and there is a need for more families to be resilient and independent. However, Manchester is aware that families both in work and out of work, are struggling financially, which can then have a massive impact on family life, housing, health and wellbeing, behaviour and range of other issues. These impacts then lead to dependency on public and voluntary/community sector services, where the availability of funding is continuing to reduce on an annual basis.
- 2.3. It is also clear that financial problems cannot be dealt with in isolation, and to ensure a holistic approach, the Principles and Deliverables, will be fed in and

embedded in to other multi-agency work streams in the City such as the Work & Skills, Troubled Families, Welfare Reform, Health & Wellbeing and Education.

2.4. To become a *“Financially Inclusive City”*, there is a need to be explicit upfront, on what it looks like so progress can be monitored. Success for the City, is when residents, of all ages:

- Are in a well informed position to make decisions on which financial products to choose e.g. savings, loans, credit cards;
- Through employment, individual/household income rises and are in a better position to save and take advantage of what the City/conurbation has to offer e.g. leisure, retail & cultural opportunities;
- Have a strong credit history so they are able to secure financial products at more affordable rates, and be able to access long-term, high value loans such as a mortgage (if they want to own their own home); and
- Have a clear credit history so that more of the City’s residents can access employment in the financial services sector where a clear credit history is a pre-condition.

3.0 Baseline Report:

3.1 The baseline report provides a range of information and maps relating to:

- Causes & triggers of debt;
- Income levels on a Ward basis, Benefit claimants, Family Poverty (in/out of work);
- Range of financial products available (traditional lenders) and high cost credit (mapped by Ward);
- Range of financial literacy education available, and advice/support.
- What Manchester needs to consider to become a Financially Inclusive City

4.0 Key Considerations/Progress since December 2012:

4.1 **Welfare Reforms:** The scale and pace of benefit reductions are starting to have an impact on residents throughout the City, and the cumulative impact will be felt disproportionately in areas with high numbers of benefit claimants (North & East Manchester and parts of Wythenshawe). Welfare Reform was considered in depth at a special Economy Scrutiny Committee in September, so the issues are not rehearsed in detail here.

4.2 **Planning Policy:** As reported to Neighbourhoods Overview & Scrutiny Committee on 16th July 2013, the Government has issued a new Statutory Instrument which sets out provisions changing some permitted development rights- effectively relaxing controls on what will require planning permission (from 30th May 2013) for a 2 year temporary period. The implication of this new use class is that whilst it could assist those seeking to test new business uses, it does allow conversions to banks, betting offices, pawn brokers, and

- payday loan shops (A2 use), to now operate (albeit on a small scale) without planning permission or any assessment of impact.
- 4.3 There are further changes being considered through a current Government consultation (ends 15/10/13), which may also affect controls over financial services. Government Ministers have suggested that, where local councils are unhappy with these moves to liberalise the development process, Article 4 Directions could be introduced to achieve an increased level of control (this would enable the City Council to control any change of use granted through Permitted Development rights). Officers are looking in to this and whether this mechanism is likely to be capable of restricting changes of use to Payday Loan outlets, and have discussed the issue with other Local Authorities. (However, there is a need to assess the full impact of the recent changes to Permitted Development rights, and the potential for further changes that could have a bearing on controls relating to financial services, before any response is formulated, including an assessment of whether an Article 4 Direction would be effective or not).
- 4.4 **Licensing Policy:** Since September 2012, twelve new betting shop licence applications were approved (Pay Day Loan operators, Brighthouse, Cash Generators and Pawn Brokers do not require a Licence). To review licenses and discuss any change requests and impacts, a new Licensing Multi-Agency Group has been established, and consists of Licensing, GMP, Environmental Health, Manchester Children's Safeguarding Board, and the Neighbourhood Delivery Team.
- 4.5 **Pay Day Loans: Office for Fair Trading (OFT) Review of Payday loan companies:** In February 2013, the OFT launched an extensive review of the payday lending sector. In June 2013, the OFT announced its decision to refer the Pay Day lending market to the Competition Commission for a market investigation. The Competition Commission released an "Issue Statement" in August 2013 with a deadline of 20 September 2013 for responses. The Commission has a deadline of June 2015 to produce its findings. From April 2014, new rules to regulate payday loan companies come in to force, led by the Financial Conduct Authority (FCA). The regulator will be given powers to cap the total amount charged and borrowers will be prevented from repeatedly rolling over loans. (Access to Pay Day Loan web sites, and other high cost credit, has already been barred on IT facilities in Libraries for example);
- 4.6 **Credit Unions:** Manchester Credit Union (MCU) was successful in its application to be part of the Credit Union Expansion Project (CUEP) funded by the Department of Work & Pensions. This means that it is now receiving support to grow even further, offer automated lending and be part of a national marketing campaign. MCU has opened a new branch in Harpurhey (City Council District Office) and will have a presence in the City Council Customer Contact Centre in the Town Hall Extension. MCU is currently delivering a number of roadshows at City Council venues across the City, to sign up staff to become members. They are also doing a similar exercise with Central Manchester NHS Trust. South Manchester Credit Union has also expanded its physical presence in the City and has recently opened a new main office on

Fog Lane (Burnage), complemented by a number of collection points throughout the community.

- 4.7 **Illegal Lending (Loan Sharks):** Manchester's Trading Standards continues to work closely with the England Illegal Lending Team and Greater Manchester Police, as issues remain of this activity in areas of the City. There is evidence of operations in Moss Side/Hulme, Openshaw, Clayton, Newton Heath and Harpurhey but over the past year, there have been a number of high profile convictions, which are helping to make inroads in to this industry. Investigations have also been complemented with "Awareness Weeks" in some of the areas, and there are opportunities to continue these in a more co-ordinated approach to financial inclusion.
- 4.8 **Banks:** The sector continues to have an intensive focus from the Government, with the new Bank of England Governor, announcing that interest rates will not rise beyond their current all time low of 0.5% until certain thresholds have been met in terms of reduced unemployment, as well as jobs, incomes and spending are also all recovering at a sustainable pace. The frozen interest rate will help those households with flexible mortgage rates, in particular and in the short to medium term, as there will be savings on a monthly basis that can be redirected elsewhere. From a local branch level, there have been discussions with some banks (Halifax, Santander, Royal Bank of Scotland, and the Co-operative), who are experiencing more existing customers getting in to debt (particularly vulnerable adults and those with Mental Health issues). Banks are now spending more time on debt management through a range of in-house help, plus also referring customers to external agencies.
- 4.9 **Post Offices: Local Authority & Post Office Pathfinder Programme:** Although Manchester was not part of the pathfinder programme, the programme has looked at the benefits of an enhanced relationship between the Post Office and Local Authorities. Proposals for future working relate to Network transformation; Transformational Services, Financial Inclusion, and Digital Inclusion. Given Post Offices have significant coverage in both District Centres and in the heart of neighbourhoods, there are opportunities to discuss further joint working (where appropriate) on the financial inclusion agenda.
- 4.10 **PayPoint/Payzone Outlets:** Given there are over 350 outlets of PayPoint alone, across the City in the heart of neighbourhoods, and engaging thousands of residents on daily basis (transactional), there are opportunities to ensure that those outlets are aware of where to signpost residents to access affordable credit and advice/support.
- 4.11 **Fuel Poverty:** There are at least 3,000 households in Manchester who have a Pre-Payment Meter (PPM), and a PPM is a strong indicator of fuel poverty. These are mainly located in low income/high benefit areas, and given rising costs of utilities fuel poverty is likely to become worse. For those with/without a PpM, the Greater Manchester Fair Energy Deal earlier this year, enabled residents across the City to save up to £250 on their energy bills. There could be further rounds in the future.

- 4.12 **Education- Financial Literacy:** Although financial inclusion is not a core element of curriculum there are many examples of good practice in schools across the City. Some of it stems from the Personal Finance Education Group (PFEG), which is UK's leading financial education charity that provides resources and lesson plans, help and advice, to anyone teaching children and young people about money. By December 2013, the England Illegal Money Lending Team will be launching their brand new financial inclusion lesson plans for schools. From September 2014, the national school curriculum is changing where the Financial Inclusion agenda will have a stronger focus with statements such as "All pupils are equipped with the financial skills to enable them to manage their money on a day-to-day basis, and can plan for future financial needs".
- 4.13 **Advice Services: Manchester City Council:** As reported at September's Scrutiny a new advice delivery model is being planned (through a separate Task & Finish Group), where the model proposes to focus cohorts of residents, not on particular categories of advice (April 2014 start). The aim of this is to reduce duplication, improve independence and support residents, who are out of work, on a path in to sustained employment. Four cohorts have been identified, and provides an opportunity to ensure that residents most in need (debt is often the presenting issue), are able to access the support they need:
- 4.14 **Advice Service Transition Project (ASTP):** This new Big Lottery funded ASTP approach, is focusing on transforming Manchester's legal advice service providers in to a strategic partnership- "Manchester Advice Alliance". The two year project is focusing on strategy, service delivery and prevention such as looking at new business models, frontline worker forums to share best practice, inform the transformation of existing advice service delivery, creation on "online suites" to help residents complete benefit applications (for example), as well as engaging/skilling up volunteers to support residents. Manchester must take advantage of this process;
- 4.15 **How other Local Authorities are progressing the Financial Inclusion Agenda:** Across the country other Local Authorities have recognised that the financial inclusion agenda needs a more effective strategic/operational approach, and a number of actions are being implemented. The approach in Manchester is also similar to those other Local Authorities in that the City Council has: agreed a "Motion of Notice" at full Council stating that Credit Union growth in the City will be fully supported; barred access to Pay Day Loan and other high cost credit outlets, on IT facilities in Libraries; and banning the promotion of Pay Day Loan/higher cost credit products on advertising hoardings where the City Council has an interest (Transport for Greater Manchester also have policies for this too, as well as JC Decaux for bus stops). Manchester will continue to work with other Local Authorities across the country to share ideas/good practice, and this provides a platform for a more strategic approach.
- 4.16 **Employment & Skills Support (increasing incomes focus):** A raft of employment and skills support is available for both young people and adults

in/out of work with the aim of working towards increasing individual/household incomes. The jobs growth market across Greater Manchester requires residents to have at least a Level 2/3 (5 A*-C GCSE/A Level equivalent) were ongoing skills development in employment, is a priority and intrinsically linked to higher incomes (in work poverty links too). The wide ranging offer is not listed here, but more about the general tone of it, and there are strong links for this with the Work & Skills Board, Troubled Families and Education. For young people, in addition to intensive support in school, there are a range of learning pathways (while also considering the raising of the statutory school leaving age) such as traineeships, Apprenticeships and Further and Higher Education, which all require strong Information, Advice & Guidance (IAG) to direct young people to them. For adults, again, a significant offer is available linked to the Work Programme, Work Clubs, ESF Complex Families, skills provision through MAES and The Manchester College (entry level+), and business start-up. Similarly, strong IAG is needed as well as confidence building, as some adults may not have worked over the last 5 years.

5.0 Manchester, a “Financially Inclusive City”- Principles & Deliverables

- 5.1 As stated in 1.3, and through clarifying the range of income/debt levels, as well as the significant numbers of financial products, the preventative & education offer, and the advice & support available, the outcome of the work was to propose a number of “Principles” & “Deliverables” that would enable the City to move towards becoming a “Financially Inclusive City”, which if it became policy, would provide the framework for the City Council and partners to progress it.
- 5.2 Delivery needs to focus on both a Citywide level, as well as neighbourhood focused, as areas of Manchester have varying income levels, numbers of residents in receipt of benefits, and children (0-15s) whose household income is below 60% of the median income. There are particular concentrations in North/East Manchester, Moss Side and Ardwick with pockets in Wythenshawe and the rest of the City. The proposed Principles and Deliverables for consideration (more detail in the baseline report), relate to:
- 5.3 **Principle 1: Household incomes continue to rise year on year (through being in employment/ ongoing skills development):**
- **Younger People(to 18)** can achieve in school and are developing the skills and attitudes to become aspiring young adults; clear progression Learning Pathways to Further/Higher Education, to acquire knowledge, skills and attributes to compete in the labour market and meet employers' needs (Level 2/3+) are in place; and implement a targeted approach in neighbourhoods where there are low income levels and high numbers of benefit claimants.
 - **Adults (18+)** of all abilities are engaged in skills development programmes (whether in the community, formal setting or already in work) to learn new skills and become more resilient (can lead to going in to /remain in employment); Work through Work Clubs for example, to engage residents who are furthest from the labour market (as well as Jobcentre Plus/Work Programme providers, schools and other public sector bodies.), with clear

progression routes to learning; and ensure families who are identified as a Troubled Family, are engaged with the aim of supporting more residents off benefits in to work (similarly to young people, implement a targeted approach in those neighbourhoods where there are low incomes/high benefit claimants).

- (The additional consideration here is all the work on the Minimum Wage and the Manchester Minimum Wage (opportunities to go beyond the City Council), and what this means in practice).

5.4 **Principle 2: Residents are equipped to choose the right financial products** *(have the information/confidence to make informed decisions):*

- **“Financial Inclusion Pathways”**- delivery of a more integrated strategic approach for the whole family to raise awareness of financial products, low cost/high cost credit, APR’s, pitfalls, budgeting, savings, and opening an account etc with a Credit Union, Bank & Post Office. It will include young people (via school curriculum), adults via Mind Your Money/Credit Unions (in particular) and employers (engaging staff) and frontline staff (signposting service users). The focus here is aligning the raft of support that is already available in to a co-ordinated package.

5.5 **Principle 3: Residents know where to access more affordable financial products** *(any age and whether in/out of work):*

- **“Better Off”**- the delivery of a citywide strategic (multi-agency) PR campaign to raise awareness/visibility of the Credit Union product offer (in particular, but also other traditional outlets such as Banks/Post Office), as well as engaging other public sector bodies (Jobcentre Plus, NHS, GMP, Further/Higher Education, Registered Providers and Transport for Greater Manchester), private sector employers and PayPoint/Payzone locations for example, for them to be aware of the offer themselves and where to signpost service users to.
- **Electrical/White Goods**- significantly raise the profile of the products through Credit Unions and Smarter Buys, to redirect residents away from high cost credit.
- **Restrict the advertising of high cost credit in the City**- building on good practice of the City Council and Transport for Greater Manchester, work with other public/private sector partners where there are flexibilities to do so within any existing advertising policies/agreements.
- **Discretionary Loans/Grants take-up**- ensuring those who are eligible and in need, are aware of the support offer.
- **Credit Union Neighbourhood/City expansion**- the potential for a City Centre location (Manchester Credit Union), and “sustainable” Credit Union growth more generally in neighbourhoods, while considering channel shift in accessing financial products.
- **Strategic Relationships**- Enhancing existing linkages with the Post Office network, Banks and Church of England to deal with the Financial Inclusion agenda, and for the latter, Credit Union growth in particular.
- **Fuel Poverty**- Build on the Greater Manchester Fair Energy Deal approach to reduce household energy bills, to identify future opportunities with Utility

companies, with a particular focus on residents with Pre-payment Meters (PpM) given the correlation to poverty.

- **Bulk-Purchasing-** Identify other opportunities for households to save money, through collective purchasing powers across Greater Manchester.

5.6 **Principle 4: Residents access the financial/debt advice/support they need** (*whether online/self-help to face to face*):

Promotion of the Advice/Support Offer

- Roll out a strategic multi-agency PR campaign to raise awareness of the range of support on offer, both locally and nationally (this needs to engage other public sector bodies, Jobcentre Plus, GP's/NHS, Registered Providers, employers, Banks, Post Office and the Voluntary and Community Sector, while also considering the channel shift focus/self-help);
- Engage with PayPoint and Payzone locations in the heart of neighbourhoods, to signpost residents on where to go for help;
- Develop an easy to use Toolkit of the offer so frontline staff are able to signpost residents to it.

Targeting of Advice/Support

- Target those residents who are most in need in priority neighbourhoods, where there are concentrations in North/East Manchester, Moss Side and Ardwick with pockets in Wythenshawe and the rest of the City.
- Continue to engage identified Troubled Families across the City (accelerate in low income/high benefit areas), and ensure any debt issues are being dealt with;

Best Practice:

- Continue to working alongside the Advice Service Transition Project (ASTP) to understand best practice in terms of advice delivery and engagement.

5.7 Linked to delivery are also the powers at the disposal of the City Council, which have already been outlined such as Planning (4.2) and Licensing (4.4). Work will remain ongoing with Officers regarding the Permitted Development Rights challenge, and whether an Article 4 Direction would be effective or not, as well as links to the Licensing Multi-Agency group assessing Licensing applications. Any other powers through the City Council (such as Test Purchasing) or those through partner organisations, will be also be identified and used wherever appropriate.

6.0 Implementation:

6.1 There has already been progress over the past year in delivering the financial inclusion agenda, providing a good platform from which to develop. The purpose of this document is to provide a framework in which delivery could be more strategically and operationally focused, and targeted at right neighbourhoods in the City. In terms of Manchester becoming a more *"Financially Inclusive City"*, the agenda will be progressed as follows:

- A Manchester Financial Inclusion Conference is now planned for 18th November 2013. This is aimed at both strategic and operational Officers from Credit Unions, Banks, Building Societies, Post Offices, Advice Agencies, Utility Companies, and public agencies, plus many more, and will be focusing on how we turn the principles in to reality, as well as launching the citywide Mind Your Money project, which City South Housing Association are leading;
- Proposing the establishment of a strategic forum between the City, Credit Unions, Banks, Building Societies, Post Office, Manchester/Church of England, Registered Providers etc, to progress the Principles/Deliverables (Task & Finish Group will continue in the interim);
- Principles/Deliverables will be embedded in other multi-agency workstreams such as Work & Skills, Welfare Reform, Troubled Families, Health & Wellbeing and Education (linkage to the City Council Commissioning Hub will be key in terms of how the City Council continues to respond to this agenda).
- Agreeing on the range of Key Performance Indicators (KPIs) to monitor/track delivery of those Principles and what success looks like (as outlined in 2.4). Consideration also needs to be given to the time lag with some data sets such as child poverty/households struggling financially, which is 2 years behind.

6.0 Conclusion

- 6.1 Overall, there are a range of organisations involved in the financial inclusion agenda, with a raft of products and support available. However, there are opportunities for greater impact through a more strategic and co-ordinated approach. There are strong links between this agenda and the Family Poverty Strategy, which is also being considered as a separate item. Given the financial pressures faced by families, which for some families will be exacerbated by Welfare Reform, it is important for the City Council and its partners, to focus activity where it can make the most impact. This will involve working collaboratively with Credit Unions, Banks, Building Societies, Registered Providers and Voluntary and Community organisations for example, and using any limited powers to intervene effectively.

Manchester- *“A Financially Inclusive City”*

**Draft Baseline &
Principles/Deliverables**

16/10/13

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Section 1: Introduction

Background:

- 1.1. Access to affordable credit for both residents in and out of work in Manchester, has never been more important, given rising living costs, stagnant wage inflation, current levels of socio-economic hardship in some neighbourhoods, and the roll out of a number of Welfare Reforms, which will have an impact on some of the City's most vulnerable residents. Coupled with this, is the significant increase in the number of high interest/APR financial products such as those through Pay Day Loan companies, Pawn Brokers, Cash Generators, Prudential, unlicensed money lenders (i.e. loan sharks), and even Betting Shops.
- 1.2. In order for the City Council to look at this issue/opportunity in more detail, back in December 2012, a paper was presented to the Economy Overview & Scrutiny Committee titled "Helping Residents Access Affordable Credit". This paper looked at the role of Credit Unions and Banks in providing affordable credit, access to financial advice and signposting, and support for people to avoid using high interest loans. A number of next steps were proposed to progress a more strategic approach to the Financial Inclusion agenda (Appendix 1 outlines these).
- 1.3. To step this up, the key objective since December 2012, has been to focus on how Manchester can move towards being a "*Financially Inclusive City*". To drive this, a Task & Finish Group was established to gain a strategic understanding of income levels/debt throughout the City, the range of financial products on offer, the range of preventative/education offer for residents to become more financially confident, and the advice/support available to help residents already in debt or with emerging money problems. (Appendix 2 highlights its membership). What is very clear is that there is a significant amount of activity underway (not starting from scratch), but there are opportunities for greater impact through a more strategic/co-ordinated approach.
- 1.4. The outcome of the work was to propose a number of "Principles" & "Deliverables" that will strive towards a "*Financially Inclusive City*", which if it became policy, would provide the framework for the City Council and partners, at both a Citywide and neighbourhood level. The purpose of these is to be explicit that the City does not condone residents who may or may not be vulnerable, being exploited through paying extortionate rates for credit, when there are more affordable options available.
- 1.5. To inform those Principles & Deliverables, this Baseline Report provides the context for it. The report has not tried to identify/map every type of issue/aspect linked to financial inclusion, but has focused on those indicators and issues/opportunities that are highly relevant to inform future direction (and outlined in Section 5). Behaviour change is a key element of this whole approach.

Section 2: What does a “Financially Inclusive City” Look Like?

- 2.1. Manchester is at the heart of a thriving conurbation, and has seen significant economic growth over the past 10/15 years from a jobs, residential, cultural and leisure perspective. The City Centre is the economic growth generator for the North West, and over the next 10/15 years, it will see, along with the wider conurbation, the creation of 100,000 new jobs in a number of key growth sectors e.g. Financial & Professional Services, Life-Sciences, Digital & Creative Media, Retail, Sport & Leisure, and Hospitality & Tourism.
- 2.2. To link Manchester residents to this economic growth, the City and its partners, have invested millions of pounds in the education infrastructure to provide state of the art learning facilities i.e. new Primary Schools and High Schools/Academies, Further Education and Higher Education; the provision of an extensive employment & skills offer, as well as more intensive support for families to overcome any issues they are experiencing so they can become more resilient.
- 2.3. To maintain the connection of residents benefiting from the City’s economic growth, Manchester needs more families to be resilient and independent, healthier, and in work with ongoing skills development to meet the needs of employers, which will ultimately make them wealthier. However, Manchester is aware that families both in work and out of work, are struggling financially (and will only intensify with the onset of Welfare Reforms for example), which can then have a massive impact on family life, housing, health and wellbeing, behaviour and range of other issues. These impacts then lead to dependency on public and voluntary/community sector services, where the availability of funding is continuing to reduce on an annual basis.
- 2.4. It is also clear that financial problems cannot be dealt with in isolation, as the cause/trigger for the situation the resident/family is in, needs to be understood, to then inform a more holistic approach to address it. To ensure this, the proposals for Manchester to become a “Financially Inclusive City” will be fed in and embedded in to multi-agency work streams in the City such as the Work & Skills, Troubled Families, Welfare Reform, Health & Wellbeing and Education.
- 2.5. To inform how Manchester can become a “Financially Inclusive City”, there is a need to be explicit upfront, on what it looks like. This will then help shape the Principles & Deliverables, how it could be progressed, and also inform how progress is monitored. Success for the City, is when residents, of all ages:
 - Are in a well informed position to make decisions on which financial products to choose e.g. savings, loans, credit cards;
 - Through employment, individual/household income rises and are in a better position to save and take advantage of what the City/conurbation has to offer e.g. leisure, retail & cultural opportunities;

- Have a strong credit history so they are able to secure financial products at more affordable rates, and be able to access long-term, high value loans such as a mortgage (if they want to own their own home); and
- Have a clear credit history so that more of the City's residents can access employment in the financial services sector where a clear credit history is a pre-condition.

Section 3: Baseline Information

3.1. This section provides a range of information and maps relating to causes/triggers for debt, Income levels throughout the City; the range of financial products available, and the support/advice on offer to help residents become more resilient. A brief analysis is provided, as well as a summary of key points at the end of the section.

3.2. **Causes & Triggers of Debt:**

3.2.1 From the outset and in addition to outlining what success looks like, it is also important to understand what the causes/triggers are for residents actually falling in to debt, approximate average debt levels across the city that are being presented to the Manchester CAB, and what the consequences can be of being in that situation:

3.2.2 **Causes/Triggers:** Debt can arise due to a variety of reasons such as: family breakdown, being made redundant from work, reduced/loss of income, onset of health conditions, alcohol, substance-misuse, smoking, struggling to pay off loans (such as pay day loans), credit cards, and gambling (lottery/scratch cards/online betting);

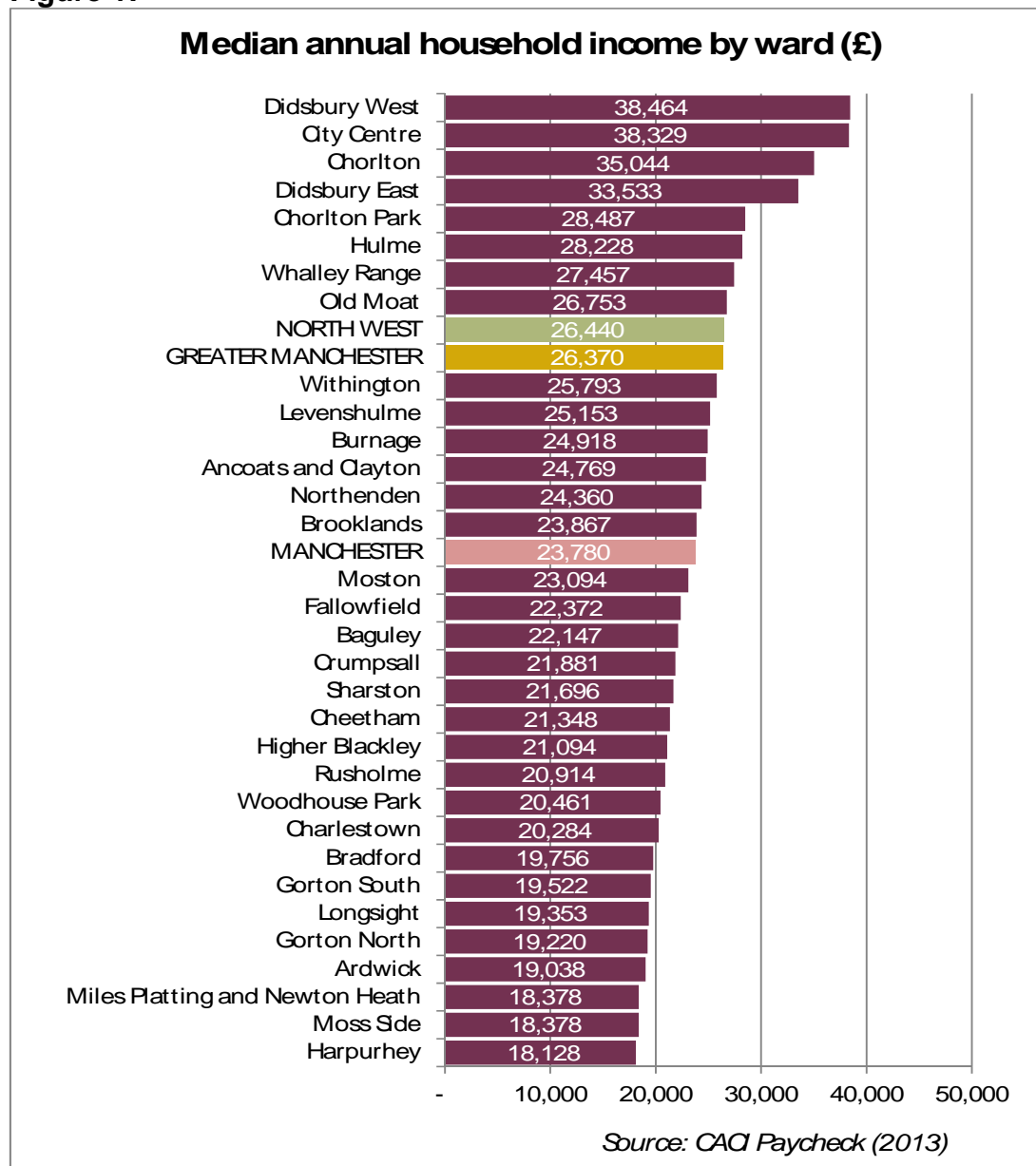
3.2.3 **Average debt levels: (priority/non priority):** In 2012/13, Manchester CAB reported that residents with money problems, had an average debt level of £12,368. This was made up of £3,434 "priority" (where the resident can lose something, e.g. home, fuel supply, liberty as a result of not paying); and £8,934 "non-priority" (where the creditor must obtain a money judgement at county court, and if the client keeps to payment arrangements, no further action can be taken).

3.2.4 **Consequences of falling to debt:** If residents fall in to financial difficulty, the result could be court proceedings, County Court Judgements (CCJs), bankruptcy, bailiffs at the front door, and debt relief orders. As a consequence, there will be an impact of an individual's credit rating, which will then determine which financial products can be accessed (a poor credit history, can often mean being refused or accepted with high APR's, as the individual will be seen to be more risky), knock-on health issues (stress, anxiety, mental health), and then how these issues then play out in family behaviour (e.g. complex families). There is also a consideration linked to the need for a good credit history linked to certain jobs such as those in the financial services sector- any issues could prevent a job being offered. Overall, a greater dependency on public services could be created, when a reduction is needed.

3.3. Income Levels:

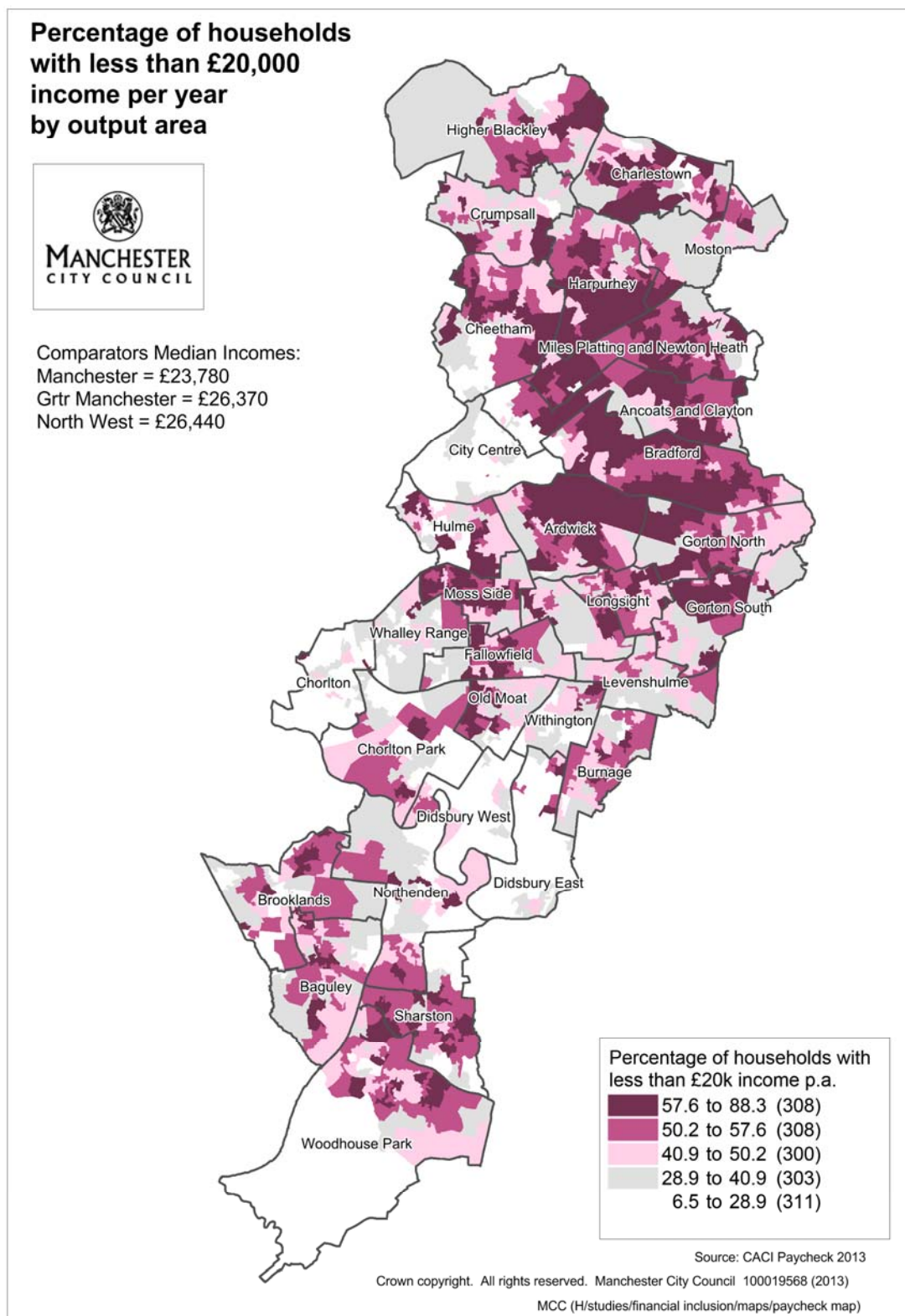
3.3.1. Figure 1 identifies the Median annual income levels for each Ward and compared to the levels for Manchester, Greater Manchester and the North West. The source includes income from “all” sources (Wages, Benefits & Interest for the whole household, which could/not include children). It highlights that more than 50% of Wards have income levels below the Manchester average, with Harpurhey the lowest and the Didsbury West the highest.

Figure 1:



3.2.2 Figure 2 takes the Figure 1 data further, and identifies the percentage of households in each Output Area (population of approximately 329 people), that have an annual income of less than £20,000. It is clear that there are concentrated areas within North & East Manchester and Ardwick and Moss Side, with pockets across the rest of the City.

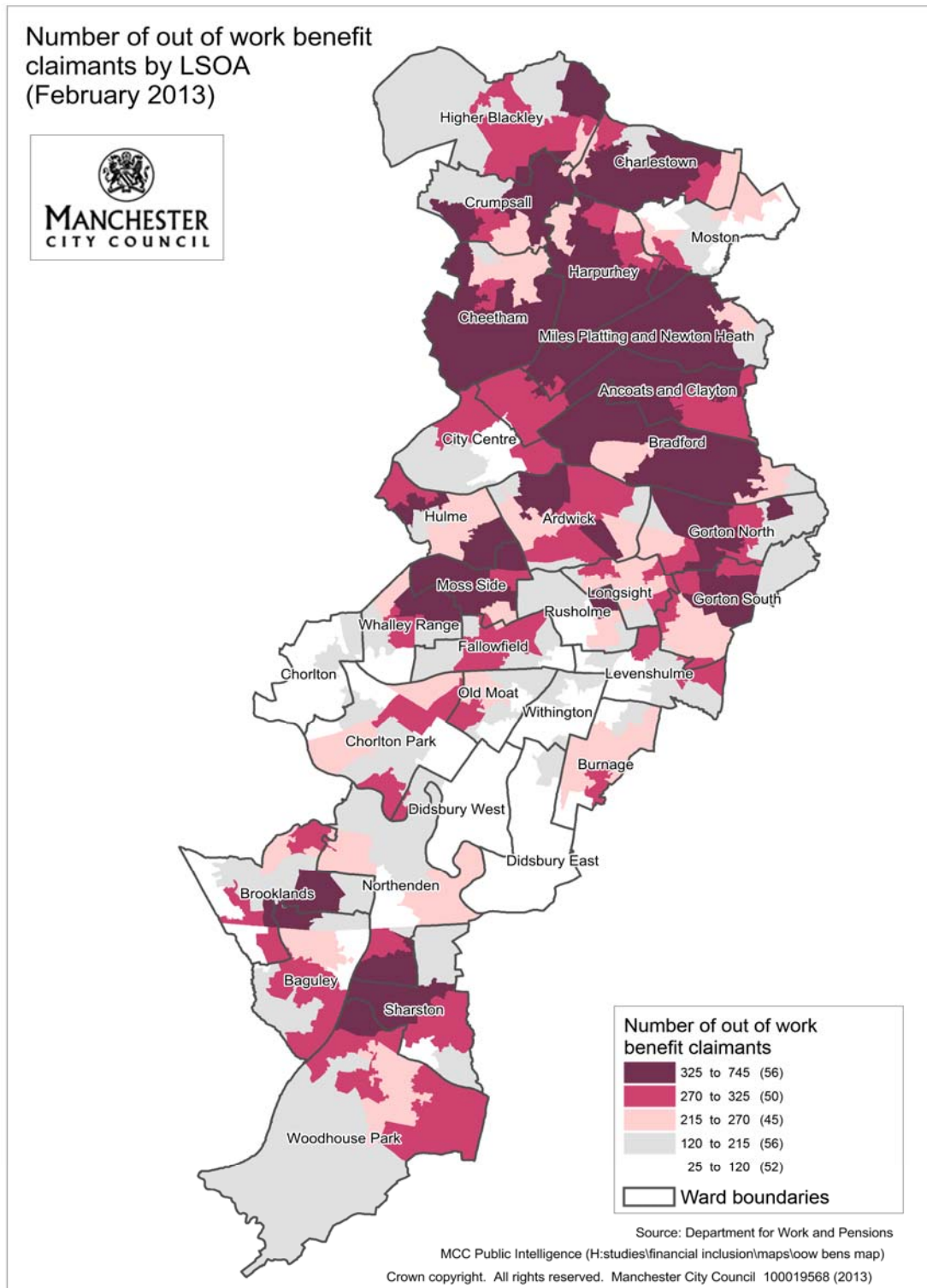
Figure 2:



3.2.3. Figure 3 identifies the numbers of Out of Work Benefit Claimants by Super Output Area (SOA - population of approximately 1,784 people) across the City. It includes Job Seeker's Allowance (JSA), Incapacity Benefit (IB)/Employment Support Allowance (ESA), Lone parent income support, and

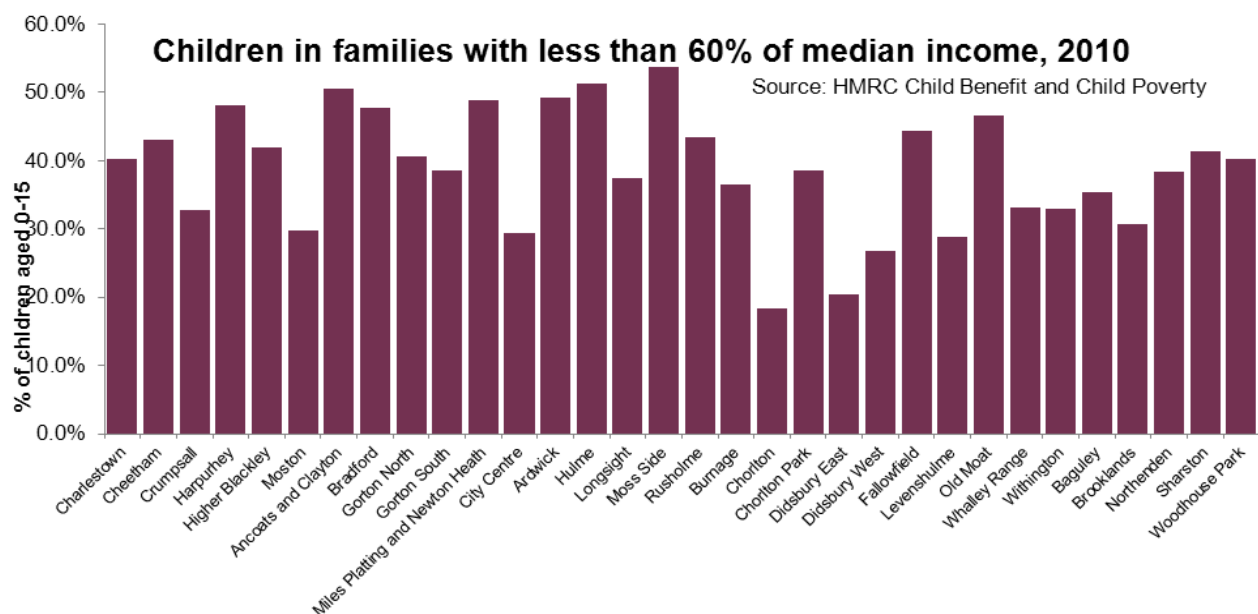
other non income-related benefits. As with Figure 2, the map identifies concentrated levels of benefit recipients in North & East Manchester, and Moss Side, with pockets throughout the rest of the City. In addition, Appendix 3 provides a table confirming the total number of Working Age population and the % on benefit. The Manchester average is 16.9%, and the range is from 2.3% in the City Centre Ward to 28.8% in Harpurhey.

Figure 3:



3.2.4. Figure 4 provides the mostly recently available data that helps to define the scale of family poverty in the City (the universal measure of poverty is the number of 0-15 aged children in families with less than 60% of median income). The overall percentage of children aged 0-15 living in poverty in Manchester has been falling year on year. In 2007 it was 44.6%, 2008 41.8%, 2009 39.9% and 2010, fallen to 38% (England average is 21.1%). Given the data always lags 2 years behind (latest release was November 2012 based on data from Summer 2010), the caveat here is that any further impacts of economic market conditions and the onset of Welfare Reforms (from April 2013), will not be included. It is clear to see that high levels are persistent in Moss Side (the highest), Hulme, Ancoats & Clayton, Harpurhey, Bradford and Old Moat.

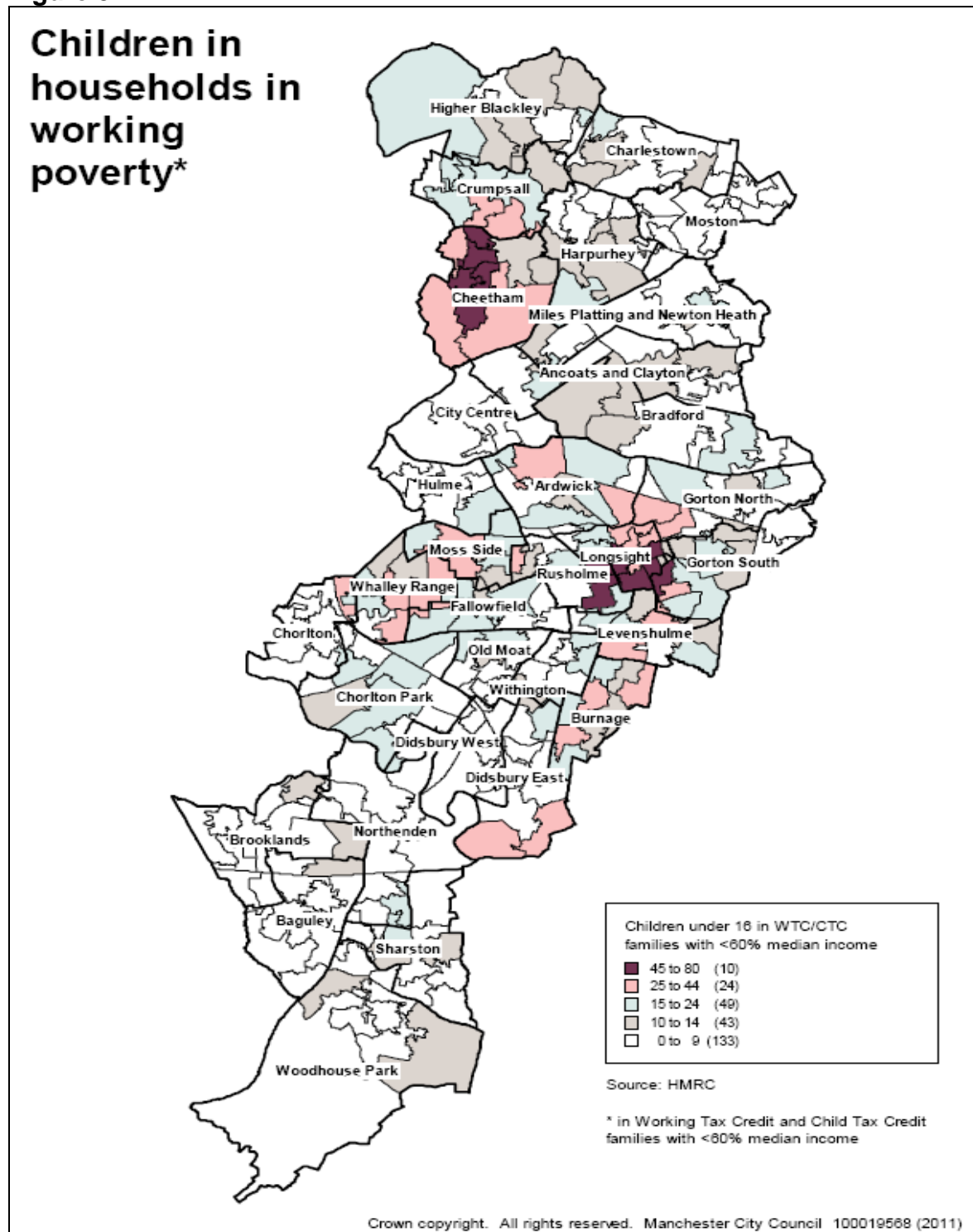
Figure 4:



3.2.5. Closely linked to Figure 4, Figure 5 shows “in work poverty”- the number of children aged 0-15 in families receiving both Working Tax and Child Tax credit, whose income is still less than 60% of the median income. The main concentrations of this are in Cheetham, Longsight and Rusholme, with a lower, but still relatively high propensity, within parts of Crumpsall, Whalley Range, Ardwick, Moss Side, Levenshulme and Burnage. The additional consideration here is the Minimum Wage and the Manchester Minimum Wage (opportunities to go beyond the City Council).

As we know the majority of people living in poverty in the City are 'working poor'. Extension of the Manchester minimum wage beyond the council to businesses in the city should be a priority - as well as moving to becoming a Living Wage employer. This is an important part of MCCs role as a leader and opinion former in the area. We should also be looking at how we can support workers to clamp down on employers who are not paying the minium wage and therefore breaking the law.

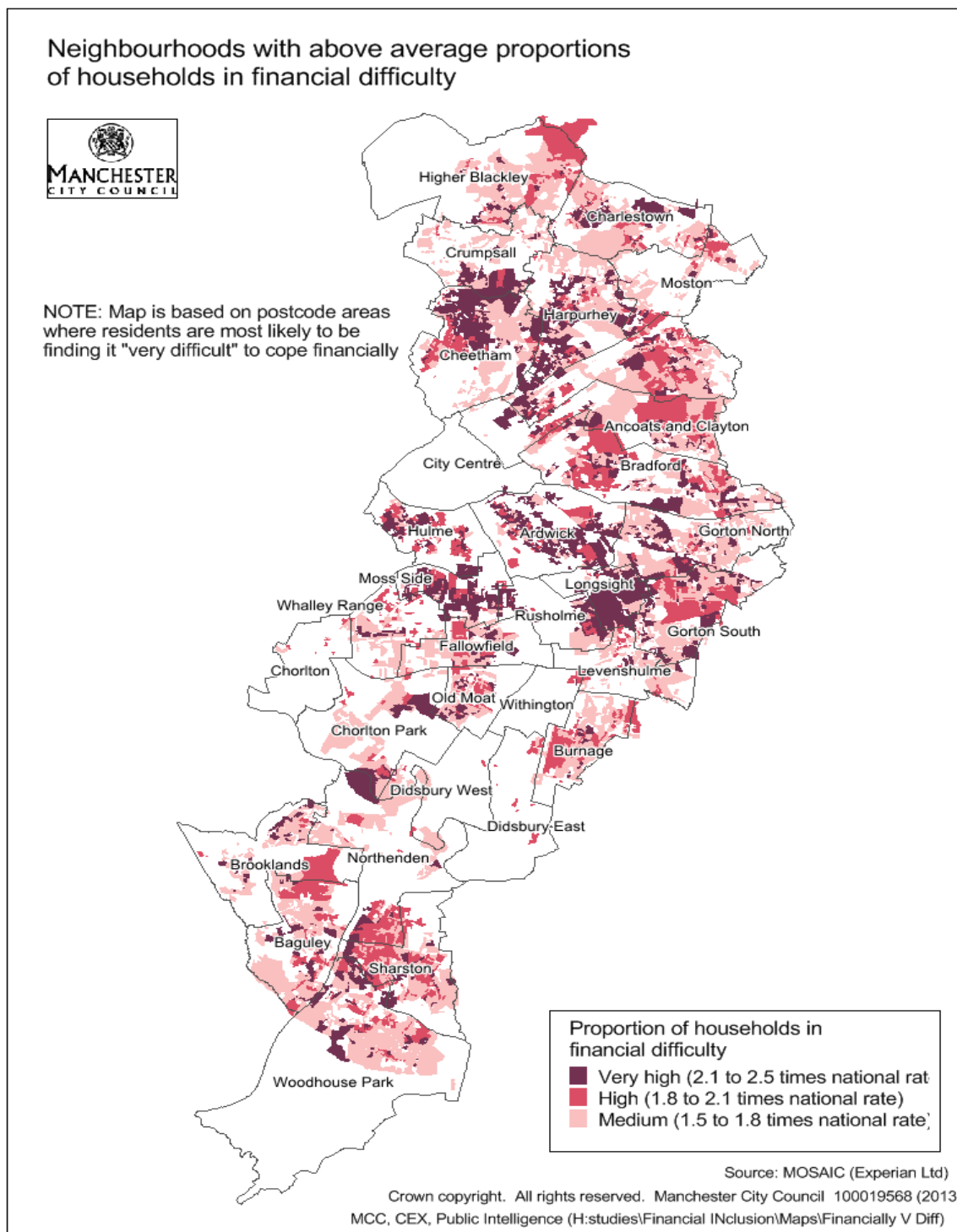
Figure 5:



3.2.6. Figure 6 is based on Mosaic types of households classified as “finding it very difficult to cope on current income levels” at a Postcode level (approximately 15 homes). Data is collected via surveys and is very subjective at that point in time (also with a 1/2 year lag). The national average is 7.9% and the map below highlights those Postcode areas who are between 1.5 times and 2.5 times the national rate. Once again, concentrations in North & East

Manchester are identified, along with Moss Side, Rusholme and Longsight, and then pockets throughout the rest of the City.

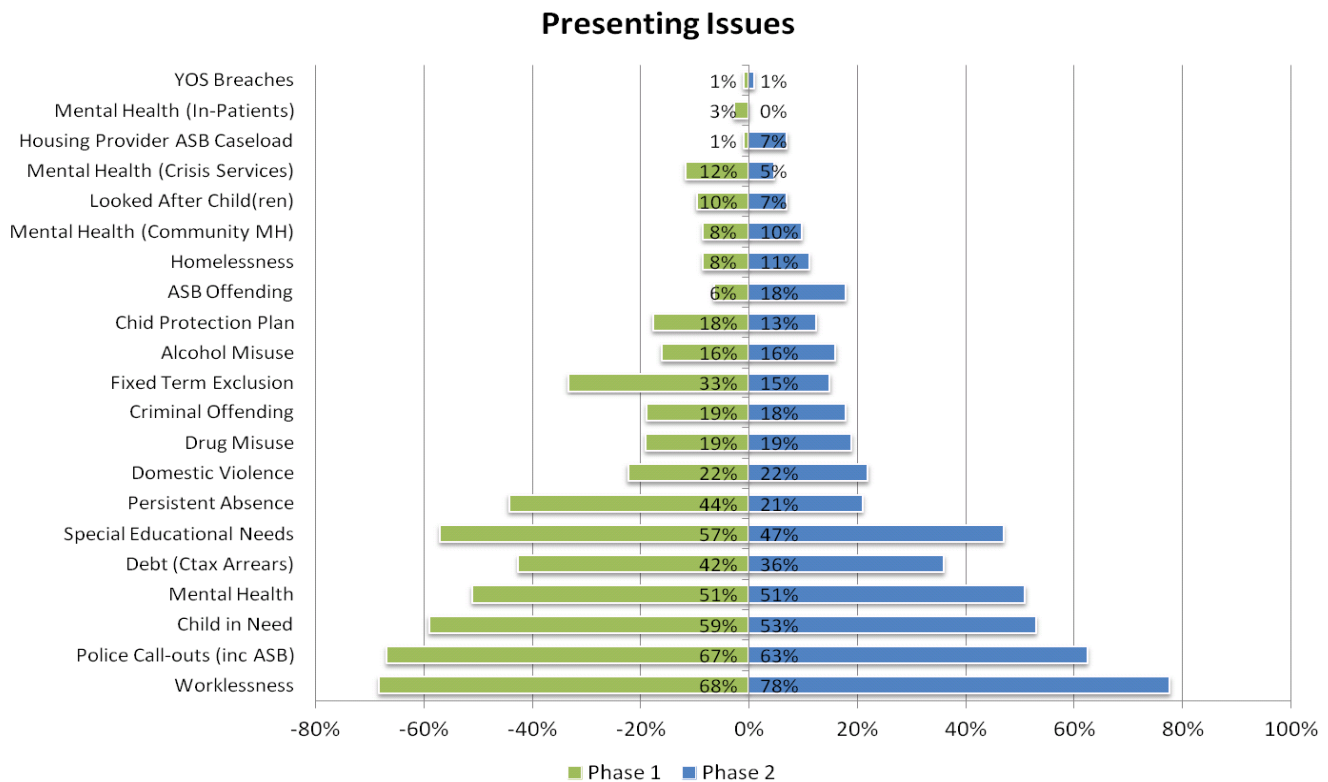
Figure 6:



3.2.7. The final figure (7) indicates the types of presenting needs from approximately 1,200 Troubled Families from Phase 1 (Wythenshawe & Longsight/Gorton) and Phase 2 (North Manchester) who have been included in the interim evaluation. The current proxy used to identify debt is Council Tax areas.

However, what is obvious through family support, debt, from a variety of sources, is a much bigger issue than initially presented.

Figure 7:



3.2.8. Summary of Key Points:

- There are a range of causes/triggers that lead to a resident having financial difficulty, which then has a knock on impact on credit history and even career options;
- More than 50% of Manchester Wards fall below the average household Manchester income level of £23,780;
- High concentrations of low income levels, families struggling financially, and 0-15 year olds living in poverty, in North & East Manchester, Moss Side and Ardwick, as well as pockets within Central/South Manchester and Wythenshawe;
- Evidence of in work poverty (particularly in Cheetham, Longsight and Rusholme, where there are also larger families (4+ children));
- Impacts of Welfare Reform will be felt disproportionately in those high benefit areas, which will mean even less disposable income from now on given all Welfare Reforms have not taken effect yet;
- Concentrated benefit areas also include the majority of identified Troubled Families where there is a high dependency on public services, and debt is identified as a key issue for them on referral/assessed need (offer is now being rolled out across the whole City);

- Although debt is not always the presenting issue, feedback from debt advisors is that it's evident in most (90%) of cases.

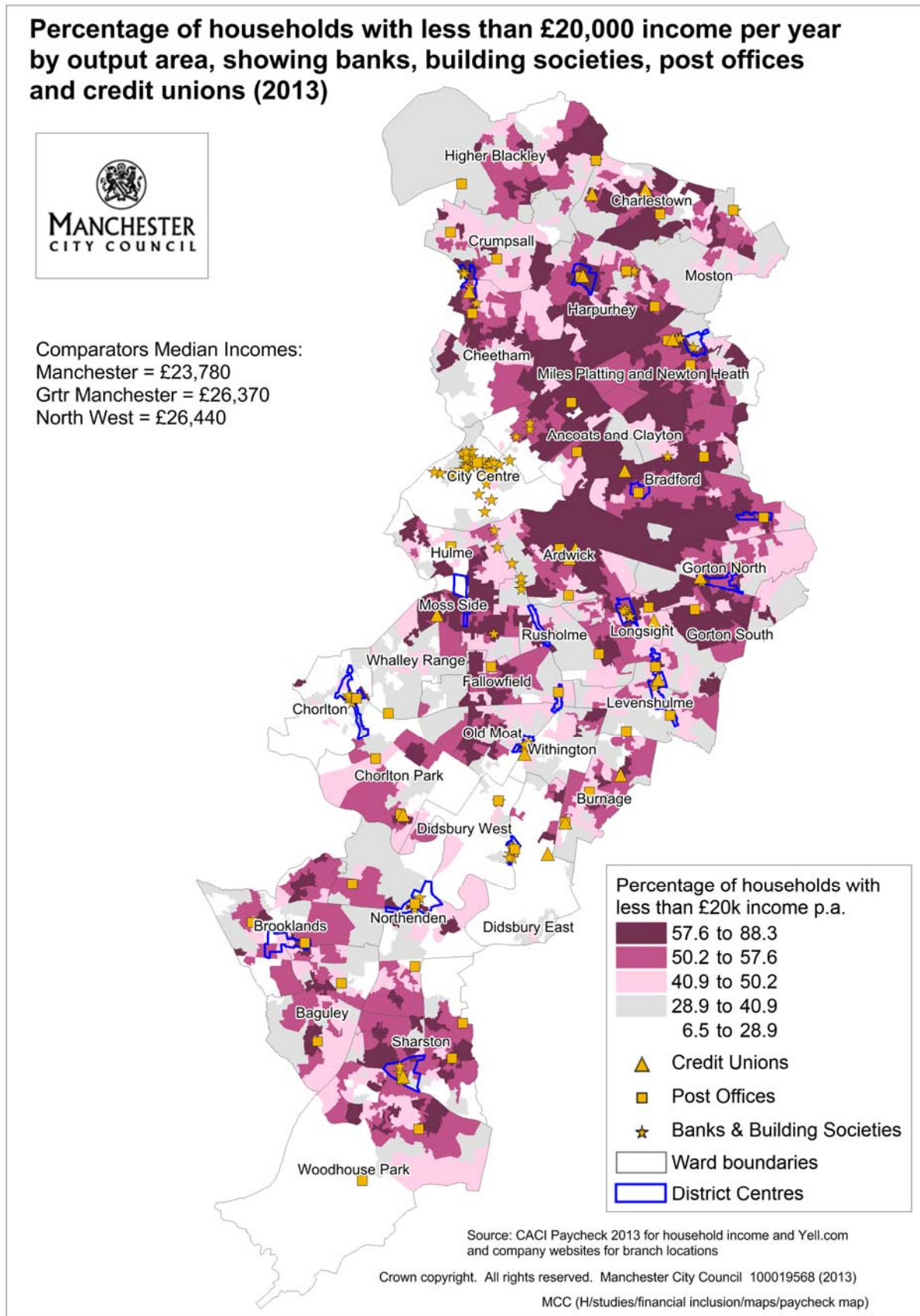
3.3 **Financial Products: Banks/Building Societies, Post Offices, Credit Unions & PayPoint:**

Figure 8 identifies traditional financial outlets.

- 3.3.1. **Post Offices** have the widest coverage throughout the City, both in District Centres and in the heart of neighbourhoods. Post Offices also provide a range of services that attract residents such as topping up electricity cards, mobile phones, and payment of invoices to the City Council such as Council Tax etc).
- 3.3.2. **Credit Unions** (Manchester & South Manchester whose common bond is live or work in their area), have a similar geographic base to Post Offices, but not the same scale. There are also a number of Credit Unions, which are employee focused (but also allow family members to join), which are not included on this map Voyager (approx 4500 members), Number 1 Copper Pot (approx 4750 members) and Co-operative Friendly (approx 3000 members).
- 3.3.3. **Banks and Building Societies** are mainly located in District Centres, which reinforces their focus on high footfall areas, and aiming to attract more profitable customers (incomes in excess of £1k per month).
- 3.3.4. **PayPoint** services are very accessible across the City with approximately 350 outlets in a range of neighbourhood based venues such as Newsagents, Off-Licenses, Supermarkets and Convenience Stores, as well as mobile/web based. PayPoint allows customers to make payments/top-up for utility bills, mobile phones and buy transport tickets, plus many more. The City Council accepts payments via PayPoint such as Council Tax.
- 3.3.5. **Payzone** is a similar set up to PayPoint offering the same services. As above, there are large numbers of Payzone outlets throughout the City.
- 3.3.6. **ATMs** are located throughout the City, both at Banks in District Centres, to shops in the heart of communities such as Off-Licenses and Convenience Stores (where PayPoint/Payzone also operate). However, ATM withdrawals can range from free to £1.50 to £1.99 (per withdrawal); and
- 3.3.7. The table below provides examples of bank APR rates for personal loans:

Santander	6.4%
Royal Bank of Scotland	6.4%
Halifax	7.4%
NatWest	8.9%

Figure 8:



3.4 **Financial Products: Pay Day Loans, Pawn Brokers, Bright House, Perfect Home, Cash Generators and Betting Shops:**

Figure 9 identifies higher cost financial products.

3.4.1. **Betting Shops** have the greatest penetration in District Centres and in the heart of neighbourhoods (over the last year, 12 new licenses have been granted and there are currently 92 outlets across the city);

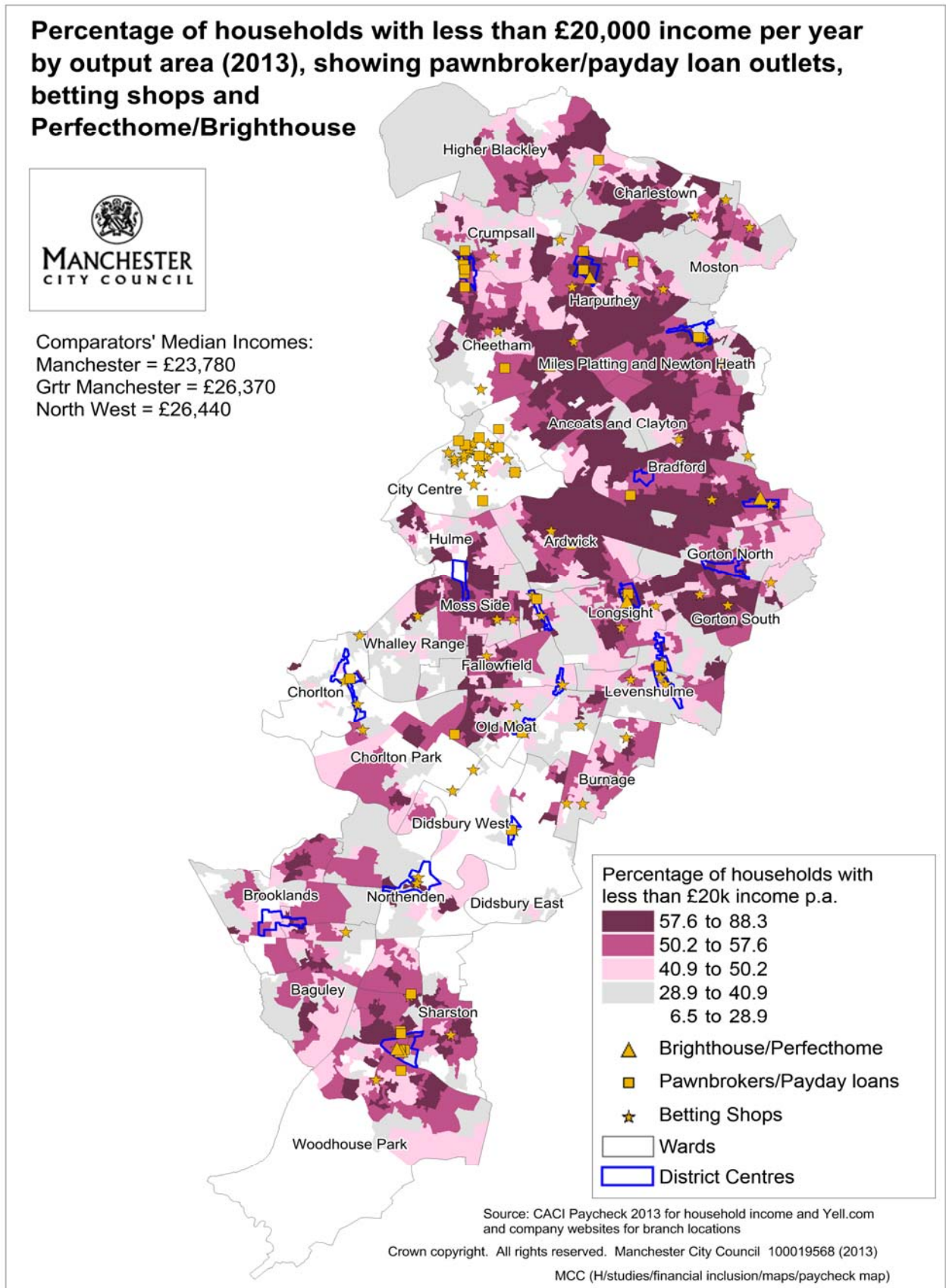
3.4.2. **Pay Day Loans, Pawn Brokers, Bright House, Perfect Home, and Cash Generators** are mainly District Centre based (higher footfall areas). However, what is omitted from the map is the range of Pay Day loan offers that are web focused (and all automated) such as Wonga, as well as doorstep lending from **Provident Personal Credit** and **Illegal Money Lenders** where there is evidence that these do operate in Manchester's low income areas (particularly Moss Side/Hulme, Openshaw, Clayton, Newton Heath and Harpurhey for the latter).

3.4.3. The table below provides examples of high cost credit APR rates

Perfect Home	29.6%
Brighthouse	64.7%
Cash Generator	2115.7%

3.4.4. The outcomes of **Mystery Shopper visits** (August 2013) are outlined in Appendix 4, where the purpose was to gain some understanding of how offers such as Brighthouse and Wonga, operate and what attracts customers to them as a viable credit option.

Figure 9:



3.5 Other Financial Products:

3.5.1. In addition to aforementioned products, there are a range of other products and discretionary support through Credit Unions, the Co-op, Registered Providers the City Council, and DWP for example. These help residents save money through lower interest charges, as well as provide money, based on an assessment of need, to deal with immediate cases of hardship (short-term basis). They relate to:

- Manchester Credit Union/Co-op (White Goods/Electrical Items): Provides access to internet priced appliances at more affordable loans rates via a loan from the Credit Union (alternative to higher cost credit);
- Smarterbuys (Household Goods/Electric Items): A new service from CitySouth Housing Trust, Northwards Housing and Guinness Northern, who will signpost their tenants to Smarterbuys who provide an online discount deal scheme (www.sbstore.org.uk) designed to help customers to buy essential home items at discounted prices (being launched in November).

3.5.2. From the City Council, the offer relates to:

- Discretionary Council Tax Payments / Housing Payments;
- Free School Meals / Secondary School Clothing Grants;
- Section 17 Payments (Children's Act) / Section 21 Payments (no recourse to public funds) / Foster Carers' Discretionary Allowances;
- Welfare Provision- minimum essential furniture items, and short-term loans following a crisis/emergency. The latter is delivered by both Manchester and South Manchester Credit Unions; and
- Individual Budgets / Carers' Individual Budgets / Funeral Payments

3.5.3. From DWP, the offer relates to:

- Cold Weather Payments / Winter Fuel Payments;
- Budgeting Loans / Short Term Advances;
- Sure Start Maternity Grants; and
- Funeral Payments

3.5.4. From the voluntary & community sector, a number of Foodbanks have also been set up in the City (see Figure 10) and are helping families to access essential food items they are struggling to afford.

3.5.5. Bulk Purchasing: The Greater Manchester Fair Energy deal took place between January-April 2013, with an opportunity for residents to reduce fuel bills/fuel poverty through collective energy switching.

3.5.6. **Summary of Key Points:**

- PayPoint & Payzone outlets, Post Offices and Betting Shops currently have the greatest reach in District Centres and in the heart of neighbourhoods, whereas Banks & Building Societies are mainly located in District Centres;
- Higher cost offers, almost all operate on a national level, backed up with TV/Radio advertising, and window displays that lure residents to take up their products (these type of offers have also grown significantly over the past few

years given economic market conditions). This infrastructure overshadows the Credit Union offer;

- National brands also have the capacity for using mobile technology (Apps/web) to engage customers, which provide opportunities for online applications and automated lending decisions (extremely efficient with money appearing in your account within 15 minutes);
- ATM withdrawals can range from free to £1.50-£1.99 per withdrawal;
- Affordable interest rates from banks range from 6.4% – 8.9%, high cost credit options range from 64.7% - 2115.7%, yet residents still use high credit options
- A wide range of additional small grants and discretionary support is available, which may seem confusing to both residents/frontline staff;
- Foodbanks are increasing across the City; and
- The Greater Manchester Fair Energy approach provides an opportunity to inform future collective purchasing power of other items/services.

3.6 **Education & Advice Services:**

3.6.1 **Education Focus (examples)**

- **Mind Your Money Project:** Delivered by City South Housing Trust on behalf of a consortium of Registered Providers in the City (3 year Lottery funding from January 2013). Focus is on “Improving Financial Confidence” and is a free service for all social housing residents across Manchester (18+ and have either started work/been unemployed in the last 12 months). Residents are supported to understand budgeting, credit and savings, and where to go for help;
- **Financial Literacy: Manchester Adult Education Services (MAES):** Offer a 4-week programme to help residents get a grip of their finances by looking at money coming in/going out, keeping track of the essentials, cutting back and budgeting for the future;
- **National School Curriculum:** At both Primary School and High School levels, there is no discrete curriculum area on Financial Inclusion. However, schools in Manchester do focus on it through Numeracy and Maths lessons, plus Personal, Social and Health Education (PSHE) and Citizenship.

3.6.2 **Advice Services (examples)**

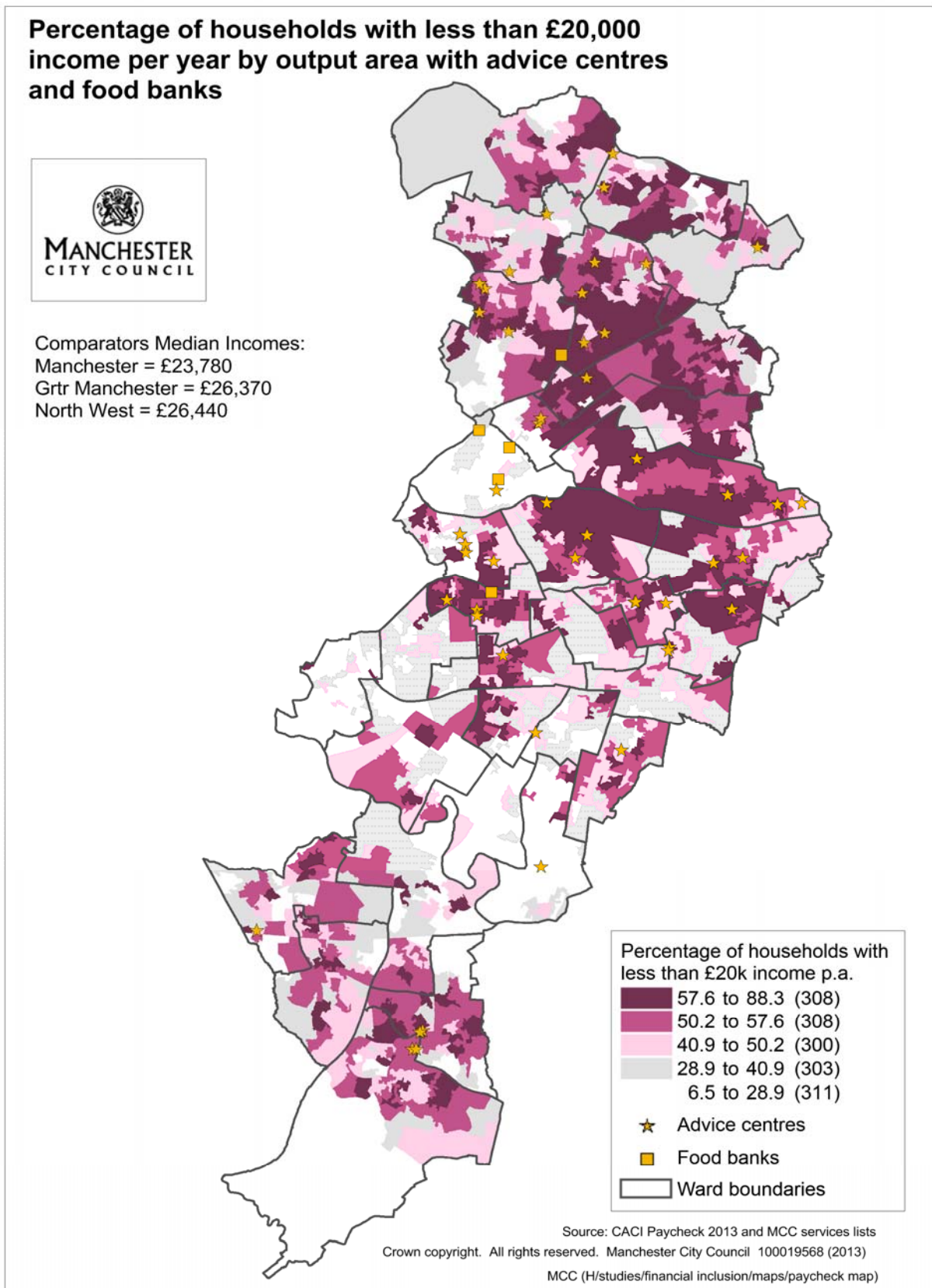
- There is raft of advice available throughout the City covering a range of issues (including debt). Mapping remains ongoing and to date, 176 organisations have been identified;
- A range of nationally funded universal advice services, both telephone and web-based, are also available, including Community Legal Advice Direct, Step Change Debt Advice, Money Advice Service and Money Matters;
- **Manchester CAB:** Currently receives funding from a variety of sources, one being Manchester City Council. Provides a range of advice services such as specialist debt and benefits advice; and fuel debt (fuel poverty) funded by energy suppliers to help residents manage their finances more effectively (including financial literacy workshops);
- **Registered Providers:** Given the onset of Welfare Reforms, Registered Providers are providing additional advice/support to their tenants;

- **Libraries:** Over 600 public facing PC's are available across the City where residents access free of charge for one hour. Access to these is important given the channel shift focus of public services, as well as self-help (when appropriate);
- **Manchester City Council Customer Contact Centre** is helping to signpost residents to the support they need (phone, face to face and web).

3.6.3 Summary of Key Points:

- Schools are paving the way to embed financial inclusion and the principle of money management/saving, in to the mindset of young people;
- Money Management provision is also available for adults, so in essence, a family approach can be delivered;
- A range of advice is available to support people who are already in debt or have emerging money problems, and is clearly aligned to low income areas;
- Registered Providers are engaging their tenants on the financial inclusion agenda, and provides a platform to reach those residents in the most need;
- Libraries play a key role with access to IT facilities, as well as signposting residents to appropriate support services.
- City Council Customer Contact Centre is playing a key role in signposting residents.

Figure 10:



Section 4: What does Manchester now need to consider to become a *“Financially Inclusive City”*?

- 4.1 Over the past year in particular, there has been so much focus on financial inclusion from both a national and local level (both policy and service delivery). In order for Manchester to move towards becoming a *“Financially Inclusive City”*, there is a need to consider the information in the previous sections, as well as what is changing, to determine the future direction in the City.
- 4.2 **Welfare Reforms:**
- Benefit reductions are starting to have an impact on residents throughout the City, and will be felt disproportionately in areas of high benefit claimants. Given the phased implementation of them, a gradual cumulative effect will be felt.
 - Since April 2013, Housing Benefit (Bedroom Tax) has been cut by 14-25% per week, and a Council Tax Support Scheme was implemented whereby a minimum of 8.5% must be paid; Disability Living Allowance replaced by Personal Independence Payment (PIP) for new claims; September 2013- introduction of Benefit Cap for working age households limiting the amount on money that can be claimed per week (£350/£500 and disregarding the number of children who may also be living there); October 2013- introduction of Universal Credit, which affects anyone of working age who is claiming benefits; and by December 2017, all claimants of working age, will be transferred to Universal Credit.
- 4.3 **Planning Policy:**
- As reported to Neighbourhoods Overview & Scrutiny Committee on 16th July 2013, the Government has issued a new Statutory Instrument which sets out provisions changing some permitted development rights- effectively relaxing controls on what will require planning permission (from 30th May 2013) for a 2 year temporary period. The implication of this new use class is that whilst it could assist those seeking to test new business uses, it does allow conversions to banks, betting offices, pawn brokers, and payday loan shops (A2 use), to now operate (albeit on a small scale) without planning permission or any assessment of impact. Under a new Class D, premises with a floorspace up to 150 sqm, are allowed to change from A1 (shops), A2 (financial & professional services), A3 (restaurants and cafes), A4 (Bars), A5 (hot food take-aways), B1 (business), D1 (non-residential institutions), and D2 (assembly and leisure), to A1, A2, A3 or B 1 for a continuous 2 year period.
 - There are further changes being considered through a current Government consultation (ends 15/10/13), which may also affect controls over financial services. Government Ministers have suggested that, where local councils are unhappy with these moves to liberalise the development process, Article 4 directions could be introduced to achieve an increased level of control (this would enable the City Council to control any change of use granted through Permitted Development rights). Officers are looking in to this and whether this mechanism is likely to be capable of restricting changes of use to Payday Loan outlets, and have discussed the issue with other Local Authorities. (However, it would be prudent to assess the full impact of the recent changes

to Permitted Development rights, and the potential for further changes that could have a bearing on controls relating to financial services, before any response, potentially including an Article 4 direction, if effective, is formulated).

- A key issue is that Barking and Dagenham have looked to progress an Article 4 Direction to restrict the growth in the number of Betting Shops, but have received strong advice that it would have to be justified on planning and amenity grounds rather than on concerns regarding the broader social implications of the uses being considered (these are deemed to be matters for the licensing system). As such, in pure Planning and amenity terms, it is likely to be difficult to justify differentiating Pay Day loan outlets from other financial services operations. Further, an Article 4 Direction could not control changes within a use class. Therefore, it is likely that any unit authorised for use as a bank, building society, estate agents, surveyors, solicitors or other uses covered by the A2 use class, could change to a Pay Day loans company or Betting Shop without planning permission, even with an Article 4 Direction in place. This aspect would need to be considered fully from a legal perspective to understand the scope of the controls that could be achieved.
- Since December 2012, 8 Planning Applications for A2 use linked to financial services, where approved (particularly Betting Shops).

4.4 **Licensing Policy:**

Pay Day Loan operators, Brighthouse, Cash Generators and Pawn Brokers for example, require a Consumer Credit licence, but the last two, must be entered on a Register with the City Council. Only Betting Shops require licensing and since September 2012, 12 new licence applications were approved.

- The City Council has a Policy in respect of Gambling Licences. However, legislation is permissive in that the Council has to "aim to permit" gambling so is therefore, difficult to restrict further premises. To challenge a licence being approved, the Council would need to demonstrate that doing so is necessary to achieve our Gambling objectives i.e.
 - (a) Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
 - (b) Ensuring that gambling is conducted in a fair and open way; and
 - (c) Protecting children and other vulnerable persons from being harmed or exploited by gambling.
- To progress the above, a Licensing Multi-Agency Group has been established, and consists of Licensing, GMP, Environmental Health, Manchester Children's Safeguarding Board, and the Neighbourhood Delivery Team. This group reviews licensing applications or change of licensing requests, and discusses any issues relating to them to inform further discussion with the applicant.
- The challenge for the City Council given the "aim to permit" legislation from a Licensing perspective, (while also considering Permitted Development Rights from a Planning Perspective), is that a robust and legally defensible response is needed to achieve our Gambling objectives.

4.5 **Pay Day Loans: Office for Fair Trading (OFT) Review of Payday loan companies:**

- In February 2013, the OFT launched an extensive review of the payday lending sector. This was in part prompted by concerns that some payday lenders may be taking advantage of people in financial difficulty (the more

vulnerable members of society). The review investigated compliance with the Consumer Credit Act and the OFT Guidance on responsible lending. The key issues the review focused on included:

- The provision of loans without first checking adequately that the borrower can afford to repay them;
 - Inappropriately targeting particular groups of people with clearly unsuitable or unaffordable credit;
 - Rolling over loans so that charges escalate and the loans become unaffordable; and
 - Not treating borrowers that get into financial difficulties, fairly
- In June 2013, the OFT announced its decision to refer the Pay Day lending market to the Competition Commission for a market investigation. The Competition Commission released an “Issue Statement” in August 2013 with a deadline of 20 September 2013 for responses. The Commission has a deadline of June 2015 to produce its findings.
 - From April 2014, new rules to regulate payday loan companies come in to force, led by the Financial Conduct Authority (FCA). The regulator will be given powers to cap the total amount charged, borrowers will be prevented from repeatedly rolling over loans (maximum of two), and those that do, will be given information on where to go to get free debt advice;
 - The challenge for the City is how more affordable financial products are promoted more heavily given the above timescales, plus the Permitted Development rights mentioned in 4.3.

4.6 **Credit Unions:**

- Manchester and South Manchester Credit Unions are the two live/work Credit Unions in the City with approximately 11,000 and 2,500 members respectively. Manchester covers the whole City and parts of Greater Manchester (Trafford, Tameside, Bury and High Peak)- common bond, and South Manchester covers Ardwick, Burnage, Chorlton, Chorlton Park, Didsbury East/West, Fallowfield, Hulme, Levenshulme, Moss Side, Old Moat, Whalley Range and Withington. Both have outlets in District Centres and other retail areas, as well as access points in the heart of neighbourhoods. The offer relates to current accounts, ATM card, savings accounts and loans, and also have young people with accounts;
- Manchester Credit Union is one of the fastest growing Credit Unions in the country, averaging 300 new members a month now. This has grown significantly since Welfare Reforms started back in April 2013, and is due to a variety of reasons such as word of mouth, the Credit Union profile being raised by the Archbishop of Canterbury in the media, and making links with more employers for payroll deduction (including the City Council). Approximately 10,000 loans are being processed per annum with the majority of loans between £300-£450 (which the banks do not focus on). By getting loans from the Credit Union, rather than a door-step lender, the Credit Union has saved residents over £3m in interest per annum, and this money is more likely than not, to remain within the Manchester economy;
- Manchester Credit Union is in the process of expanding its physical coverage in the City, and has recently opened a new branch in Harpurhey (City Council District Office), and will have a presence in the City Council Customer Contact Centre in the Town Hall Extension. Given the priority to attract more working

members, the Credit Union is currently targeting City Council staff, as well as Central Manchester NHT Trust, as a pilot approach. South Manchester Credit Union has also expanded its physical presence in the City and has recently opened a new main office on Fog Lane (Burnage), complemented by a number of collection points throughout the

- Manchester Credit Union is now part of the Department of Work & Pensions Credit Union Expansion Project (CUEP). £38 million has been allocated to support the expansion of Credit Unions across the country, with the aim of making them more efficient and profitable, supported by significantly raising the profile of them. For sustainability, Credit Unions need to attract more working members in order to provide balance and sufficient resources to continue to attract/support those members who are out of work. Deliverables relate to: 1) Development of a central back office system to improve efficiency, and help to reduce compliance risks and operating costs; 2) Introduction of an Automated Lending tool (October 2013), online membership/loan applications; 3) Introduction of other well known financial products such as Cash ISAs; and 4) The roll out of a national Credit Union marketing campaign from November 2013.
- Manchester and South Manchester Credit Unions are also complemented by employee (& their family members) focused Credit Unions such as Voyager (for the passenger transport industry in England & Wales- 4,500 members), No 1 Copper Pot (for all Police Forces across England & Wales- 4,750), and Co-operative Friendly (for the Co-operative Group (Bank/Retail- 3,000).
- Overall, despite Credit Unions being a global brand, knowledge and take-up of their more affordable products, is lower than it could be when you consider the living/working population in Manchester, and this provides a significant opportunity going forward.

4.7 **Illegal Lending (Loan Sharks):**

- Manchester's Trading Standards continues to work closely with the England Illegal Lending Team and Greater Manchester Police, as issues remain of this activity in areas of the City. There is evidence of operations in Moss Side/Hulme, Openshaw, Clayton, Newton Heath and Harpurhey, but over the past year, there have been a number of high profile convictions, which are helping to make inroads in to this industry.
- Investigations have also been complemented with "Awareness Weeks" in some of the areas, and there are opportunities to continue these in a more co-ordinated financial inclusion approach.

4.8 **Banks:**

- The sector continues to have an intensive focus from the Government, with the new Bank of England Governor, announcing that interest rates will not rise beyond their current all time low of 0.5% until certain thresholds have been met in terms of reduced unemployment, as well as jobs, incomes and spending are also all recovering at a sustainable pace. The frozen interest rate will help those households with flexible mortgage rates, in particular and in the short to medium term, as there will be savings on a monthly basis that can be redirected elsewhere. From a local branch level, there have been discussions with some banks (Halifax, Santander, Royal Bank of Scotland, and the Co-

operative), who are experiencing more existing customers getting in to debt (particularly vulnerable adults and those with Mental Health issues). Banks are now spending more time on debt management through a range of in-house help, plus also referring customers to external agencies such as Step Change Debt Advice.

4.9 **Post Offices: Local Authority & Post Office Pathfinder Programme**

- Although Manchester was not part of the pathfinder programme, the programme has looked at the benefits of an enhanced relationship between the Post Office and Local Authorities. Proposals for future working relate to:
 - Network transformation- investment in branches;
 - Transactional services- payment of bills (which the PO would charge the company where the bill has come from). The City Council already has a relationship with the PO for this such as Council Tax payments;
 - Transformational Services- any other services that allow organisations issuing bills, to become more efficient and reduce costs;
 - Financial Inclusion- development of/promotion of services to support residents to become more financially resilient;
 - Digital Inclusion- helping customers get online etc
- Given Post Offices have significant coverage in both District Centres and in the heart of neighbourhoods, there are opportunities to discuss further joint working (where appropriate) on the financial inclusion agenda.

4.10 **PayPoint & Payzone Outlets:**

- Given there are over 350 PayPoint outlets across the City (& similar levels of Payzone outlets) in the heart of neighbourhoods, and engaging thousands of residents on daily basis (transactional), there are opportunities to ensure that those outlets are aware where to signpost residents to access affordable credit and advice/support.

4.11 **Fuel Poverty:**

- There are at least 3,000 households in Manchester who have a Pre-Payment Meter (PpM), and a PpM is a strong indicator of fuel poverty. These will be mostly located in low income/high benefit areas, and given the Welfare Reform agenda, fuel poverty is likely to become much worse. The Greater Manchester Fair Energy Deal approach earlier this year, provides a model for further opportunities, and helping residents to save money.

4.12 **Education- Financial Literacy:**

- There is lots of good practice in schools across the City, even though financial inclusion is not core element of the curriculum. This relates to **Money Sense for Schools programme**: Via Natwest, and a free interactive programme giving students the skills to manage their money so they can plan for independent living; **Personal Finance Education Group (PFEG)**: Using the resources from the UK's leading financial education charity, who provides resources and lesson plans, help and advice, to anyone teaching children and young people about money; **Money Matters**: Providing practical guidance and understanding of using Bank Accounts and getting into good financial habits. Parental Workshops have also been linked to this and signposting to debt

advice services; and **Enterprise Days:** Pupils are provided with a budget to work out profit and loss linked to an activity.

- By December 2013, the England Illegal Money Lending Team will be launching their brand new Lesson Plans for schools about financial inclusion (all key stages), and will be free of charge. They are aligned to the curriculum (English, Maths and Drama in particular) and will be quality marked by the Personal Finance Education Group
- From September 2014, the national school curriculum is changing where the Financial Inclusion agenda will have a stronger focus with statements such as “All pupils are equipped with the financial skills to enable them to manage their money on a day-to-day basis, and can plan for future financial needs”.
- Given current delivery and future changes, this provides a strategic opportunity for partners to work together on curriculum design/delivery to make it even more “real” from a Manchester perspective (identify what help schools would appreciate), and how more young people can be encouraged/helped to open an account with the Credit Union/Bank;

4.13 **Advice Services:**

- **Manchester City Council:** A new delivery model is now being planned (through a separate Task & Finish Group), where the model proposes to focus on cohorts of residents, not on particular categories of advice (April 2014 start). The aim of this is to reduce duplication, improve independence and support residents, who are out of work, on a path in to sustained employment. Four cohorts have been identified, and provides a strategic opportunity to ensure that residents in the most need (including debt), are able to access the support they need:
 - Cohort 1: “People helping themselves”- using self help advice provision (predominantly online sources);
 - Cohort 2: Residents at moderate risk of escalating need, currently likely to access generalist advice provision (may present one need, but not complex);
 - Cohort 3: Residents at high risk of escalating need, may be accessing a range of different public services already, including specialist advice provision;
 - Cohort 4: Residents at very high risk of escalating need, facing multiple, complex and overlapping needs. Likely to be accessing multiple interventions across a range of services.
- Given ongoing reductions in public sector resources, there is a need to ensure clarity on the support available, and where residents should go to access it (including self-help). There is a role for the Council’s Customer Service Centre, directing requests to the right channel.
- As stated in 3.5.2, 176 advice services have already been identified in Manchester, and there is a need to make sense of it and linkage to it for the financial inclusion agenda. The advice and support through Registered Providers also provides a strategic opportunity to engage tenants, and there are opportunities to strengthen links with Private Sector landlords, who will also be providing accommodation for vulnerable sections of the community.

4.14 **Advice Service Transition Project (ASTP):**

- This new Big Lottery funded ASTP approach, is focusing on transforming Manchester's legal advice service providers in to a strategic partnership- "Manchester Advice Alliance". The two year project is focusing on strategy, service delivery and prevention such as looking at new business models, frontline worker forums to share best practice, inform the transformation of existing advice service delivery, creation on "online suites" to help residents complete benefit applications (for example), as well as engaging/skilling up volunteers to support residents. Manchester must take advantage of this process;
- The partnership is currently made up of 9 legal advice partners from across Manchester: Manchester CAB, Wai-Yin, Young People's Support Foundation (YPSF), Manchester Refugee Support Network (MRSN), Cheetham Hill Advice Centre, Wythenshawe Advice Centre, Greater Manchester Immigration Aid Unit (GMIAU), Manchester MIND and Shelter.

4.15 **How other Local Authorities are progressing the Financial Inclusion**

Agenda:

- Across the country other Local Authorities have recognised that the financial inclusion agenda needs a more effective strategic/operational approach, and a number of actions are being implemented. The approach in Manchester is also similar to those other Local Authorities in that the City Council has: agreed a "Motion of Notice" at full Council stating that Credit Union growth in the City will be fully supported; barred access to Pay Day Loan and other high cost credit outlets, on IT facilities in Libraries; and banning the promotion of Pay Day Loan/higher cost credit products on advertising hoardings where the City Council has an interest (Transport for Greater Manchester also have policies for this too, as well as JC Decaux for bus stops). Manchester will continue to work with other Local Authorities across the country to share ideas/good practice, and this provides a platform for a more strategic approach.
- As stated in 4.3, Barking and Dagenham are in the process of progressing an Article 4 Direction in regards to new Permitted Development rights, and this will be monitored closely.

4.16 **Employment & Skills Support (Increasing incomes focus):**

- A raft of employment and skills support is available for both young people and adults in/out of work with the aim of working towards increasing individual/household incomes. The jobs growth market across Greater Manchester requires residents to have at least a Level 2/3 (5 A*-C GCSE/A Level equivalent) were ongoing skills development in employment, is a priority and intrinsically linked to higher incomes (in work poverty links too). The wide ranging offer is not listed here, but more about the general tone of it, and there are strong links for this with the Work & Skills Board, Troubled Families and Education.
- For young people, in addition to intensive support in school, there are a range of learning pathways (while also considering the raising of the statutory school leaving age) such as traineeships, Apprenticeships and Further and Higher Education, which all require strong Information, Advice & Guidance (IAG) to direct young people to them. For adults, again, a significant offer is available

linked to the Work Programme, Work Clubs, ESF Complex Families, skills provision through MAES and The Manchester College (entry level+), and business start-up. Similarly, strong IAG is needed as well as confidence building, as some adults may not have worked over the last 5 years.

Section 5: Manchester, a “Financially Inclusive City”- Principles & Deliverables

5.1 Section 2 outlined what success looks like for Manchester to move towards becoming a “Financially Inclusive City”. The subsequent sections have then provided the context to inform a number of Principles & Deliverables to making this a reality, if it became Policy. It is considering the raft of activities already underway through the City Council and its partners (not starting from scratch), and emerging changes that the whole City can take advantage of. As a result, four Principles are proposed, which will go some way to support the behaviour change needed:

Principle 1: Household incomes continue to rise year on year (through employment/ongoing skills development):

Younger People (to 18):

- Young People can achieve in school and are developing the skills and attitudes to become aspiring young adults;
- Young People have clear progression Learning Pathways to Further/Higher Education, to acquire knowledge, skills and attributes to compete in the labour market and meet employers' needs (Level 2/3+);
- Once in employment, ensuring young people and their employers are aware of the range of in-work support; and
- Implement a targeted approach in neighbourhoods where there are low income levels and high numbers of benefit claimants.

Adults (18+):

- Adults of all abilities are engaged in skills development programmes (whether in the community, formal setting or already in work) to learn new skills and become more resilient (can lead to going in to /remain in employment);
- Work through Work Clubs for example, to engage residents who are furthest from the labour market (as well as Jobcentre Plus/Work Programme providers, schools and other public sector bodies.), with clear progression routes to learning;
- Ensure families who are identified as a Troubled Family, are engaged with the aim of supporting more residents off benefits in to work; and
- Implement a targeted approach in neighbourhoods where there are low income levels and high numbers of benefit claimants.

(The additional consideration here is all the work on the Minimum Wage and the Manchester Minimum Wage (opportunities to go beyond the City Council), and what this means in practice).

Principle 2: Residents are equipped to choose the right financial products (*have the information/confidence to make informed decisions*):

Financial Inclusion Family Pathway:

- Develop an integrated strategic approach with the whole family focusing on financial products, low/high cost credit, APR's, pitfalls, budgeting, and savings, which includes:
 - Young People: Embedding financial inclusion in curriculum delivery at schools/other youth focused centres, and engaging Credit Unions/Banks to make it real (LEA/Councillor Governors can play a key role in driving the agenda forward)- support young people to open up Credit Union/Bank accounts;
 - Adults: Joining up with the Mind Your Money offer and other Financial Literacy programmes etc, which also engages Credit Unions/Banks/Post Office;
 - Employers: Maximise the role employers can play in the pathway so they can help maintain the financial resilience of their staff (particularly important given the growth of Pay Day loans;
 - Frontline Staff: Develop an easy to use "Tool Kit" of the offer so staff are able to signpost in to pathway/become part of the delivery.
 - Deliver the Family Pathway in priority neighbourhoods i.e. North & East Manchester, Moss Side and Ardwick, and pockets throughout the rest of the City.

Principle 3: Residents know where to access more affordable financial products (*any age and whether in/out of work*):

"Better Off"- Strategic PR Campaign:

- Implement a multi-agency PR Campaign to raise the profile and visibility of the Credit Union offer throughout the City (in particular, but also other traditional outlets such as Banks/Post Offices), which also takes account of seasonal demands for money (this should be specific to young people, adults and employers so they can see the benefits for them);
- Maximise the take-up of household goods/Electrical items, through the Credit Union and Smarter Buys loan arrangements;
- Engage with all public sector bodies/frontline staff to support implementation (NHS, Jobcentre Plus, Greater Manchester Police, The Manchester College, Universities, GP's, Transport for Greater Manchester);
- Engage with PayPoint/Payzone locations (pilot approach initially) to assess the potential/impact of them signposting residents to the financial inclusion offer;
- Delivery "road show" style events at business premises, District Centres, Supermarkets, stalls at Manchester Markets, Libraries, City Council District Offices, Registered Provider offices, The Manchester College and Universities etc, supported by social media channels (Twitter/Facebook etc) given different target audiences;
- Deliver a targeted approach in low income/high benefit neighbourhoods i.e. North & East Manchester, Moss Side and Ardwick, and pockets throughout the rest of the City;

- Ensure eligible residents for discretionary small grants/loans, are aware and able to take them up;

Restrict the advertising of high cost credit in the City:

- Continue to ban access to Pay Day Loan companies in Libraries, and work with other partners to also ban from their PC's (assess how a pop-up can signpost to Credit Unions if a user tries access a pay day loan company);
- Continue to ban the advertising of high cost credit (pay day loans) on billboards where the City Council has an interest, plus also work with other partners to do the same (Transport for Greater Manchester also underway with this) where there are flexibilities to do so within any existing advertising policies/agreements;

Credit Union Neighbourhood/City expansion:

- Assess the potential for a Manchester Credit Union outlet in the City Centre, which will significantly raise the profile of the Credit Union (attract more members), but also make a strong statement of what a Credit Union is versus perception.
- Roll out the Manchester Credit Union offer in the new City Council Customer Contact Centre (monitor take-up to inform future positioning).
- Work with South Manchester Credit Union on any further service delivery plans at a neighbourhood level.

Development of Strategic Relationships:

- Build on existing links with the Post Office, Banks and Building Societies, given penetration in District Centres and the heart of neighbourhoods, and the customer reach they have;
- Continue to work with the Church of England on their support for growing Credit Unions across the country, and how we can strengthen the Credit Union movement within Manchester.

Fuel Poverty:

- Work with energy/utility providers on the fuel poverty agenda given the situation could worsen with the roll out of Welfare Reforms (building on the Greater Manchester Fair Energy Deal approach).

Bulk Purchasing:

- Build on the Greater Manchester Fair Energy Deal process, to identify other products/services where collective purchasing power of scale, could help residents save money.

Principle 4: Residents access the financial/debt advice/support they need (whether online/self-help to face to face):

Promotion of the Advice/Support Offer

- Roll out a strategic multi-agency PR campaign to raise awareness of the range of support on offer, both locally and nationally (this needs to engage other public sector bodies, Jobcentre Plus, GP's/NHS, Registered Providers,

employers, Banks, Post Office and the Voluntary and Community Sector, while also considering the channel shift focus/self-help);

- Engage with PayPoint and Payzone locations in the heart of neighbourhoods, to signpost residents on where to go for help;
- Develop an easy to use Toolkit of the offer so frontline staff are able to signpost residents to it.

Targeting of Advice/Support

- Target those residents who are most in need in priority neighbourhoods, where there are concentrations in North/East Manchester, Moss Side and Ardwick with pockets in Wythenshawe and the rest of the City.
- Continue to engage identified Troubled Families across the City (accelerate in low income/high benefit areas), and ensure any debt issues are being dealt with;

Best Practice:

- Continue to working alongside the Advice Service Transition Project (ASTP) to understand best practice in terms of advice delivery and engagement.

5.2 Linked to delivery are also the powers at the disposal of the City Council, which have already been outlined such as Planning (4.2) and Licensing (4.4). Work will remain ongoing with Officers regarding the Permitted Development Rights challenge, and whether an Article 4 Direction would be effective or not, as well as links to the Licensing Multi-Agency group assessing Licensing applications. Any other powers through the City Council (such as Test Purchasing) or those through partner organisations, will be also be identified and used wherever appropriate.

Section 6: Implementation:

6.1 There has already been progress over the past year in delivering the financial inclusion agenda, providing a good platform from which to develop. The purpose of this document is to provide a framework in which delivery could be more strategically and operationally focused, and targeted at right neighbourhoods in the City. In terms of Manchester becoming a more *"Financially Inclusive City"*, the agenda will be progressed as follows:

- A Manchester Financial Inclusion Conference is now planned for 18th November 2013. This is aimed at both strategic and operational Officers from Credit Unions, Banks, Building Societies, Post Offices, Advice Agencies, Utility Companies, and public agencies, plus many more, and will be focusing on how we turn the principles in to reality, as well as launching the citywide Mind Your Money project, which City South Housing Association are leading;
- Proposing the establishment of a strategic forum between the City, Credit Unions, Banks, Building Societies, Post Office, Manchester/Church of England, Registered Providers etc, to progress the Principles/Deliverables (Task & Finish Group will continue in the interim);
- Principles/Deliverables will be embedded in other multi-agency workstreams such as Work & Skills, Welfare Reform, Troubled Families, Health & Wellbeing

and Education (linkage to the City Council Commissioning Hub will be key in terms of how the City Council continues to respond to this agenda).

- Agreeing on the range of Key Performance Indicators (KPIs) to monitor/track delivery of those Principles and what success looks like (as outlined in 2.4). Consideration also needs to be given to the time lag with some data sets such as child poverty/households struggling financially, which is 2 years behind.

Section 7: Conclusion

- 7.1 Overall, there are a range of organisations involved in the financial inclusion agenda, with a raft of products and support available. However, there are opportunities for greater impact through a more strategic and co-ordinated approach. There are strong links between this agenda and the Family Poverty Strategy, which is also being considered as a separate item. Given the financial pressures faced by families, which for some families will be exacerbated by Welfare Reform, it is important for the City Council and its partners, to focus activity where it can make the most impact. This will involve working collaboratively with Credit Unions, Banks, Building Societies, Registered Providers and Voluntary and Community organisations for example, and using any limited powers to intervene effectively.

Appendix 1: Recommendations from the Economy OSC Paper

- The City Council to provide a strong leadership role to address the “Financial Inclusion” agenda with other public, private and voluntary sector partners, and continue the work to connect more of the City’s residents to higher income jobs;
- Develop a more strategic relationship with the Banking sector, Post Office network and all Credit Unions/ABCUL in the City, to raise the profile of and demystify the more affordable product offer and ideas for greater collaboration;
- Continue to progress discussions regarding Manchester Credit Union location as part of the wider public service offer from the Town Hall extension;
- Linked to the work on welfare reform and complex family/community budget agendas, gather and monitor intelligence on a Citywide/SRF area basis of debt issues, demand for advice services as a result, increase/decrease of high interest product outlets etc, to identify trends and ongoing responses, as well as helping to reduce dependency on public services given the knock-on impacts of debt;
- Deliver a co-ordinated approach to ensure residents are more financially competent, have the knowledge to make informed decisions, and know where to access advice;
- Through the Community Legal Advice Service (CLAS), assess the impact of the removal of the funding element for legal aid from April 2013, by the Legal Services Commission;
- Await the outcomes of the Office of Fair Trading (OfT) review of the Pay Day loan sector and what the implications should be for Manchester;
- Await the outcomes of the Department of Work & Pensions (DWP) Credit Union Expansion Project (consortium decisions- February 2013), and Manchester Credit Union’s expression of interest to be involved. Either way, there is a need to stimulate the growth/membership base of the Credit Union movement throughout the City; and
- Continue to work with the England Illegal Lending Team (including MCC Trading Standards) on dealing with “Loan Shark” activity in the City.

Appendix 2: Task & Finish Group Membership:

This internal/external group consists of Officers from the following City Council services: Regeneration (lead), Revenue & Benefits, City Policy, Research & Intelligence, Trading Standards, and Families, Health & Wellbeing, as well as Manchester Credit Union and City South Housing. Councillor Amina Lone (Hulme Ward) is also engaged with the group.

Appendix 3: Working Age Population and % of those in receipt of benefits (by Ward)

	Out of work benefit claimants*	Working age population*	Percentage of the working age population (aged 16-64) that are claiming an out of work benefit
Ancoats and Clayton	2,160	13,678	15.8%
Ardwick	2,365	11,931	19.8%
Baguley	2,245	10,100	22.2%
Bradford	2,790	11,740	23.8%
Brooklands	1,535	9,123	16.8%
Burnage	1,740	10,279	16.9%
Charlestown	2,430	9,753	24.9%
Cheetham	2,540	14,435	17.6%
Chorlton	705	9,283	7.6%
Chorlton Park	1,400	10,077	13.9%
City Centre	295	13,100	2.3%
Crumpsall	2,250	11,685	19.3%
Didsbury East	710	10,530	6.7%
Didsbury West	620	9,036	6.9%
Fallowfield	1,425	12,456	11.4%
Gorton North	2,435	9,861	24.7%
Gorton South	2,670	12,212	21.9%
Harpurhey	3,535	12,325	28.7%
Higher Blackley	2,100	8,961	23.4%
Hulme	1,960	14,444	13.6%
Levenshulme	1,410	11,165	12.6%
Longsight	1,930	11,262	17.1%
Miles Platting and Newton Heath	3,125	11,186	27.9%
Moss Side	2,585	11,371	22.7%
Moston	1,885	9,841	19.2%
Northenden	2,090	10,605	19.7%
Old Moat	1,545	12,520	12.3%
Rusholme	1,475	14,876	9.9%
Sharston	2,660	11,889	22.4%
Whalley Range	1,615	11,206	14.4%
Withington	760	10,634	7.1%
Woodhouse Park	2,185	9,676	22.6%
MANCHESTER	61,230***	361,240	16.9%
NORTH WEST			14.3%
ENGLAND			11.3%
*Source: DWP statistical client group (Feb 2013)			
**Source: ONS Mid year estimates (Experimental Statistics) 2010.			
***Does not sum due to rounding			

Appendix 4: Mystery Shopper Exercise

A. Brighthouse

Customer Journey/Offer:

- Customers are free to browse with no hard sell or approach with an aspirational/luxurious feel to their products ;
- There is an emphasis on an attainable middle class lifestyle in their marketing literature, (even though this is mostly at odds with their true customer base.) Sell high-demand luxury goods- the latest mobile phones and Smart TVs for example. There is less emphasis on basic essential items;
- They have a large physical presence on the high street, many products are on display.
- Literature relating to incentives for existing customers to introduce friends and claim a £50 credit per introduction. Other promotions in-store include: family days out, 2-4-1 deals, optional service cover etc;
- Support NSPCC/Childline charities (paying back into communities who are directly affected by issues such as child poverty);
- APR is consistent across the board at 29.9%, annual fixed interest rate.
- Payback schedule ranges from 26-156 weeks- they have a breakdown of payments per product.

Example 1

'Holly' 3 seater sofa (APR 29.9%)			
Weekly rate	No. of weeks	Cash price/total credit amount	Total Payable
£8.79	156	£952.53	£1,371.24

Example 2

Samsung 'Ecobubble' Washing Machine (APR 29.9%)			
Weekly rate	No. of weeks	Cash price/total credit amount	Total Payable
£5.52	156	£598.18	£861.12

Example 3

Sony PlayStation 3 Console Bundle (APR 29.9%)			
Weekly rate	No. of weeks	Cash price/total credit amount	Total Payable
£8.44	52	£387.14	£438.88

Example 4

Blackberry Z10 smartphone (APR 29.9%)			
Weekly rate	No. of weeks	Cash price/total credit amount	Total Payable
£6.17	90	£447.72	£555.30

B. Payday Loan Companies: Wonga website

Customer Journey/Offer:

- Wonga have an automated lending process: 24/7 customer service, 365 days a year.
- Approval process takes 5 minutes, money then appears in your bank account within 15 minutes.
- Can initially borrow up to £400 for a maximum of 30 days.

- APR is consistent across the board at 5853%, with an annual fixed interest rate.
- They use a slider calculator: how much cash do you want? / how long do you want it for.
- 90% of customers would recommend Wonga to a friend.
- Apple and Android apps make the process even easier.
- Loans can be repaid early to save money (Wonga only charge interest for the days borrowed.)
- Wonga allow existing borrowers to top up their loans.
- Wonga allow existing borrowers to apply for another loan (borrowing up to £1000.)

Example 1

£175 for 18 days (APR 5853%)			
Interest	Interest rate	Transmission fee	Total Payable
£32.49	365% pa (fixed)	£5.50 (fixed)	£212.99

Example 2

£350 for 18 days (APR 5853%)			
Interest	Interest rate	Transmission fee	Total Payable
£63.99	365% pa (fixed)	£5.50 (fixed)	£419.49

Example 3

£350 for 30 days (APR 5853%)			
Interest	Interest rate	Transmission fee	Total Payable
£106.65	365% pa (fixed)	£5.50 (fixed)	£462.98

C. Payday Loan Companies: Sunny website

Customer Journey/Offer:

- The Sunny website is smaller than the Wonga website.
- There is an automated lending process: 24/7 customer service, 365 days a year.
- Approval takes 4 minutes, money then appears in your bank account within 15 minutes. (They appear to be in direct competition with Wonga hence the similar timeframe.)
- Initially borrow between £100 and £1000 for a maximum of 5 months. (Wonga offer a maximum of £400 which must be repaid within 30 days for first time loans.)
- APR is consistent across the board at 1971% (variable). (Wonga charge a crippling 5853%, annual fixed interest rate.)
- They use a slider calculator: how much cash do you want? / how long do you want it for?
- Sunny work on a points system – customers can earn points by building up a good history which is equally affected by late repayments. Interest rates drop from 29% to 15%, (the 15% interest rate can then be set as a marker for any subsequent loans. Wonga loans can be repaid early to save money and they only charge interest for the days borrowed.)
- Sunny award points for watching videos and completing a quiz about financial literacy.

Example 1

£175 for 18 days (APR 1971% variable)			
Interest	Interest rate	Transmission fee	Total Payable
£30.44	345% pa (fixed)	none	£205.44

Example 2

£350 for 18 days (APR 1971% variable)			
Interest	Interest rate	Transmission fee	Total Payable
£60.89	345% pa (fixed)	none	£410.89

Example 3

£350 for 30 days (APR 1971% variable)			
Interest	Interest rate	Transmission fee	Total Payable
£101.49	345% pa (fixed)	none	£451.49

D. Payday Loan Companies: Pounds to Pocket website

Customer Journey/Offer:

- The Pounds to Pocket website is smaller than both the Wonga and Sunny websites.
- There is an automated lending process: 24/7 customer service, 365 days a year.
- The money appears in your bank account within 10 minutes of approval. (They appear to be in direct competition with Wonga and Sunny hence the similar timeframe.)
- You can initially borrow up to £2000 for a maximum of 12 months. Pounds to Pocket allow customers to top up their loans: 'If you're still feeling the pinch, a top-up allows you to borrow more money on top of your current loan. There's no need to pay back your current loan before borrowing a bit more. If approved, your current loan will be rolled into a new loan. Your new monthly payment will depend on your approved loan duration and total loan amount. There are no early settlement or processing fees involved for closing your previous loan. However, if your topped-up loan has a longer term than your previous loan, you may end up paying more interest.'
- Their APR is presented at a representative figure of 278% (although interest rates are ultimately based on personal circumstances and credit checks.)
- Loans can be repaid early to save money, Pounds to Pocket only charge interest for the time borrowed.

Example 1

£500 for 12 months (APR 278% representative)			
Interest	Interest rate	Transmission fee	Total Payable
£449.01	140% pa (fixed)	none	£949.01

Example 2

£350 for 1 month / 30 days (APR 278% representative) (Approximate figures based on telephone quote)			
Interest	Interest rate	Transmission fee	Total Payable
£80	140% pa (fixed)	none	£430

Example 3

£350 for 12 months (APR 278% representative) (Approximate figures based on telephone quote)			
Interest	Interest rate	Transmission fee	Total Payable
£318	140% pa (fixed)	none	£668

E. APR rates and Total Payable fee for a £350 30 day loan from Wonga, Sunny, Pounds to Pocket:

Wonga website

£350 for 30 days (APR 5853%)			
Interest	Interest rate	Transmission fee	Total Payable
£106.65	365% pa (fixed)	£5.50 (fixed)	£462.98

Sunny website

£350 for 30 days (APR 1971% variable)			
Interest	Interest rate	Transmission fee	Total Payable
£101.49	345% pa (fixed)	none	£451.49

Pounds to Pocket website

£350 for 1 month / 30 days (APR 278% representative) (Approximate figures based on telephone quote)			
Interest	Interest rate	Transmission fee	Total Payable
£80	140% pa (fixed)	none	£430

Organisation	Timescale	Total pay back amount	Monthly/Weekly payback amount	APR
£300.00 Loan				
Provident Personal Credit	52 Weeks	£546.00	£10.50 (w)	272.2%
Manchester Credit Union	52 Weeks	£337.99	£30.00 (w)	26.8%
£1000.00 Loan				
NatWest Bank	12 months (min term)	£1116.24	£93.02 (m)	22.9% (fixed)
Manchester Credit Union	52 Weeks	£1124.43	£22.00 (w)	26.8%
£500.00 loan (the maximum amount that you can borrow)				
Provident Personal Credit	52 Weeks	£910.00	£17.50 (w)	272.2%
£400.00 loan from Wonga - First-time customers can only borrow £400 - then you build up a 'trust rating' in order to gain a higher loan				
Wonga	30 days	527.15	N/A	5853%