

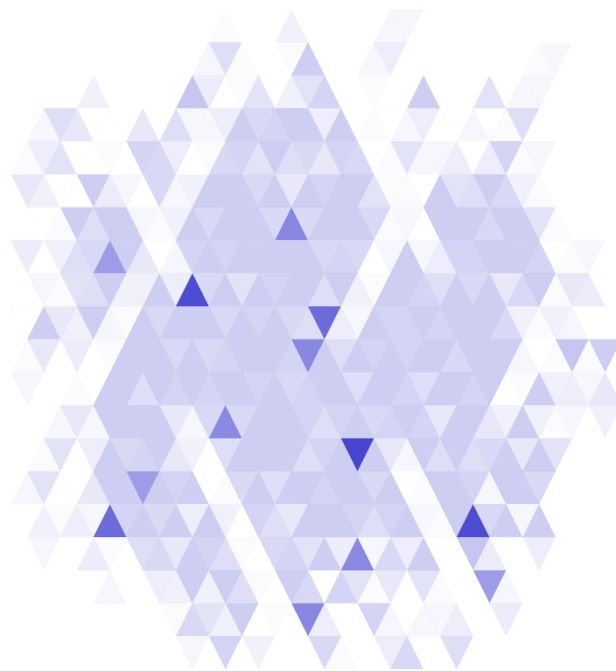
working together in
Warwickshire



Warwickshire Citizens Advice Bureaux

Financial Wellbeing: A Local Assessment

Full Report



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Warwickshire Citizens Advice Bureaux

Financial Wellbeing Assessment – Full Report

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Introduction

In the national context of continuing austerity with a further £12 billion of cuts, reductions in support services and Welfare Reform in the pipeline, there is no doubt that for many, local Citizens Advice Bureaux have become an agency of last resort. The emerging advice category of Financial Capability helps people deal with daily money management and delivers educational initiatives that can help people avoid unmanageable debt and other money problems. The objective is to help people to improve their financial prospects, and this in turn can lead to better employment prospects, reductions in Child Poverty and improvements in physical and mental wellbeing.

Warwickshire Citizens Advice Bureaux have been working in the field of Financial Capability for several years. As a result of funding for projects from the Warwickshire Local Welfare Scheme and the Big Lottery, North Warwickshire CAB was able to take a fresh approach to the subject of Financial Capability. Practical experience told us that getting clients and consumers to engage with us in this area has been an ongoing challenge for Financial Capability workers – people have problems but are not necessarily in crisis and can tend to be reluctant to ask for help with the daily grind of affordability issues, which for many have become the ‘wallpaper’ of their daily lives.

Hang Ho, Head of JPMorgan Chase Foundation said recently “There is an urgent need to better understand the inter-related and multi-faceted reasons for over-indebtedness amongst low-income and vulnerable people in order for public, private and voluntary organisations in the financial capability space to tackle this growing issue more effectively and at scale going forward.” Our Financial Wellbeing Assessment is helping us to acquire this understanding so that we can be more effective in our financial inclusion programmes.

Whether planned or unplanned, life events such as retirement, redundancy or relationship breakdown frequently have a negative impact on household income. This may lead to problems and worries around financial issues.

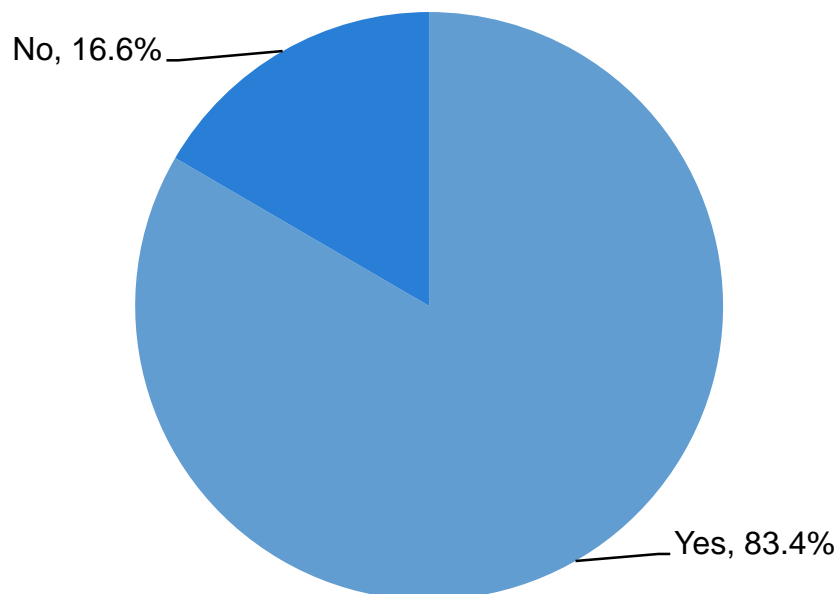
With this in mind, we based our assessment on life events in order to:

- Focus on local people and the issues that are affecting their finances;
- Act as an early engagement for clients and other people looking for help with money matters;
- Identify lifestyle events that are impacting on clients;
- Provide tailored information to those completing the assessment via an online resource kit;
- Offer one to one support appropriate to client’s needs (including ongoing support for vulnerable clients);
- Provide a wealth of local information on the financial wellbeing of households which would help inform our future work and influence local policies.

The Assessment was initially rolled out in North Warwickshire in August 2014 but was then adopted by all Warwickshire CABx. This report covers the first phase of the Assessment which ran from 1st August 2014 to 31st March 2015 and is based on the results from 2,260 completed assessments. It represents a 'snapshot' in time of respondents' financial situations, shows how they manage their money and how their issues are affecting health and family life.

1 – Bureau Recognition

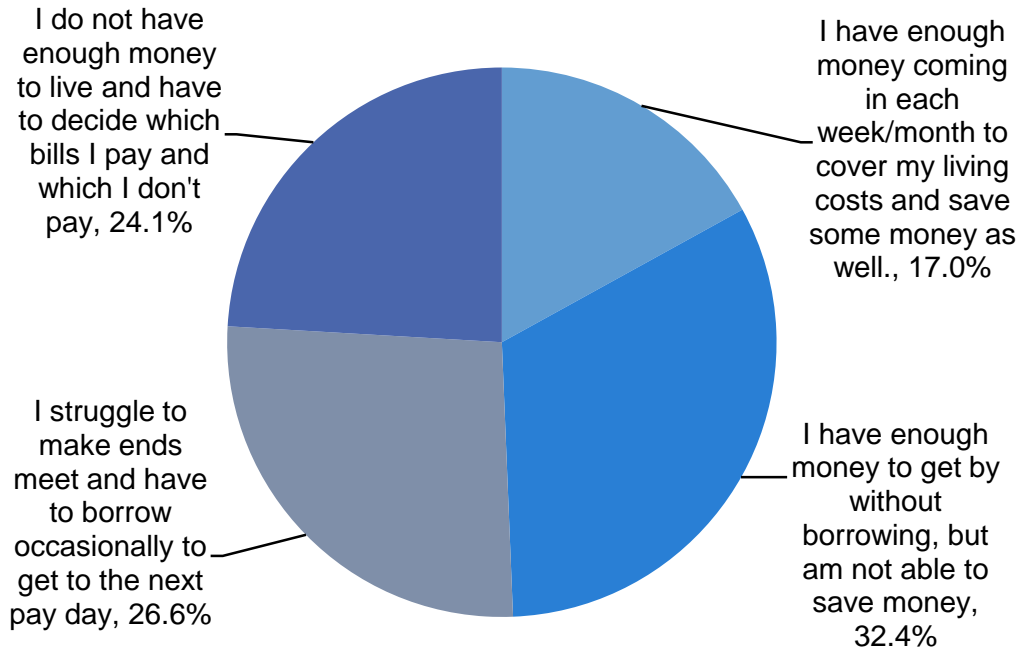
“Did you know that Citizens Advice Bureau offer free, confidential and impartial advice on all money related matters, including saving money?”



Awareness of Money Matters services provided by Citizens Advice Bureaux is high. 78% of respondents were aware that Bureaux offer help with money related matters, and this figure increases to 87% for respondents from North Warwickshire, Nuneaton and Bedworth. CABx in these areas have been involved in Financial Capability programmes for over 10 years and it is likely that this lengthier engagement is the reason for increased awareness. Sustained Financial Inclusion programmes have an impact in local communities and are key to providing the necessary support to people in financial hardship.

2 – Financial Situation

“Which of the following best describes your current financial situation?”



Across Warwickshire almost 51% struggle to make ends meet or simply do not have enough money to live. In North Warwickshire this figure rises to 58%. In Warwick District and Stratford on Avon, where housing costs are high, around 20% of respondents said that they have enough coming in but 36.5% are unable to save.

The most commonly selected answer across all age categories and areas of residence is 'I have enough money to get by without borrowing, but am not able to save money.'

The figures are fairly consistent across respondents of working age, with on average slightly over half (52%) having sufficient income. The age group most affected is the under 34s, with only 47% managing to cover the cost of living - quite a contrast to those aged 64 and above, of whom over 78% have enough money to get by.

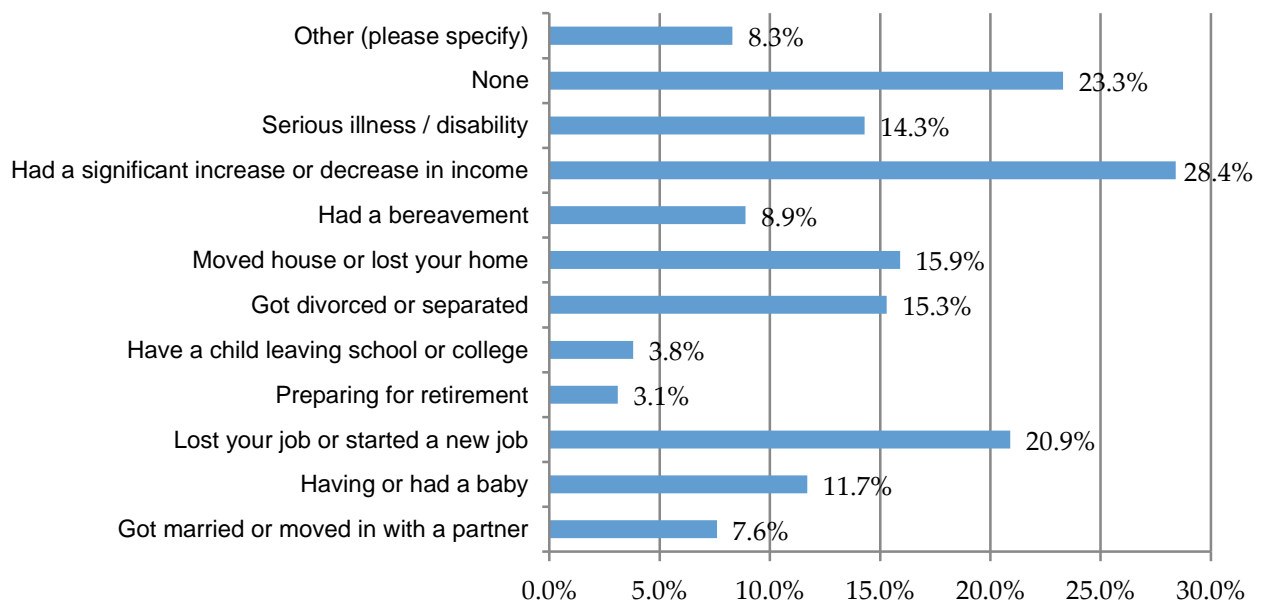
Overall, the vast majority (84%) are not in a position to save money for emergencies, and in particular respondents from North Warwickshire (almost 88%), leaving them vulnerable to unexpected costs and the risk of running out of money. Almost a quarter of people (24%) are unable to cover the cost of living, leaving them with

difficult decisions to make about which bills to pay. The frequency and consequences of these issues are explored below.

This clearly demonstrates the need to continue to provide information and practical solutions to clients so that they are encouraged to save something towards a 'rainy day' fund.

3 – Life Events

“Have you recently gone through or, are you expecting to go through, any of the following life events?”



We identified that a number of clients had experienced life events that led to a substantial impact on their finances. This 'hook' question together with the subsequent questions prompts people to reflect on the link between finances and life patterns. Targeted factsheets addressing each of the life events individually can be accessed from our Money Matters Resource Kit, each of which provides localised information and guidance.

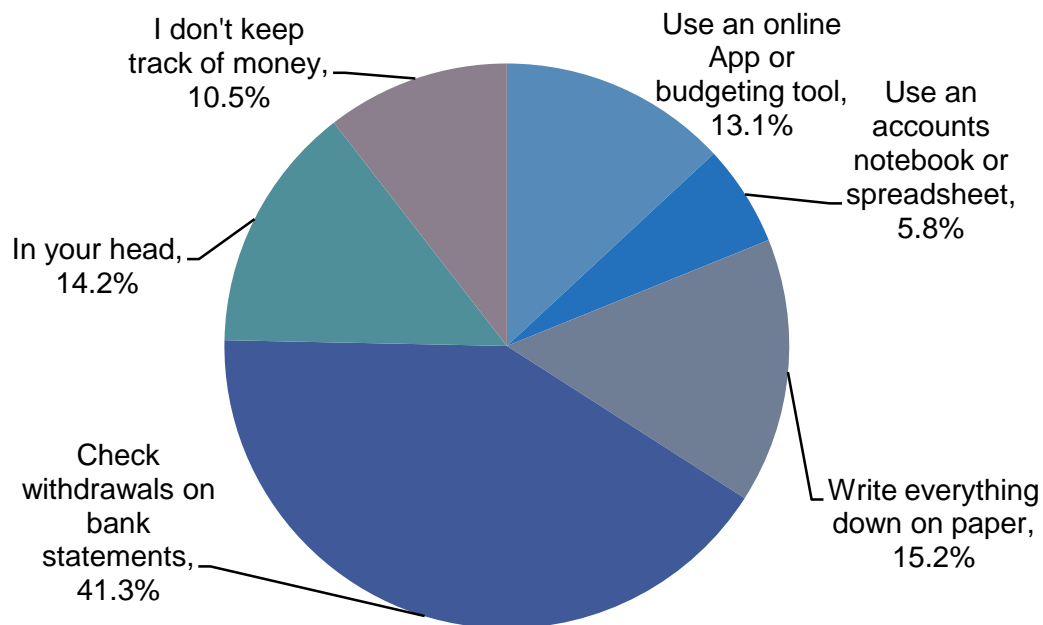
Over three quarters of all those surveyed (77%) have experienced one or more of these life events. Most commonly, respondents had experienced a significant change in income (28%), and 21% had 'lost a job or started a new job'. In North Warwickshire, however, the second most common life event (21%) is 'serious illness/disability'.

In total 2,892 life events were selected, by 1,607 respondents. This is an average of approximately 1.8 life events per person, evidence that these events rarely occur singularly.

The information provided by this question is instrumental in allowing us to target resources and allows us to develop materials for specific issues.

4 – Keeping Track of Money

“How do you keep track of your money?”



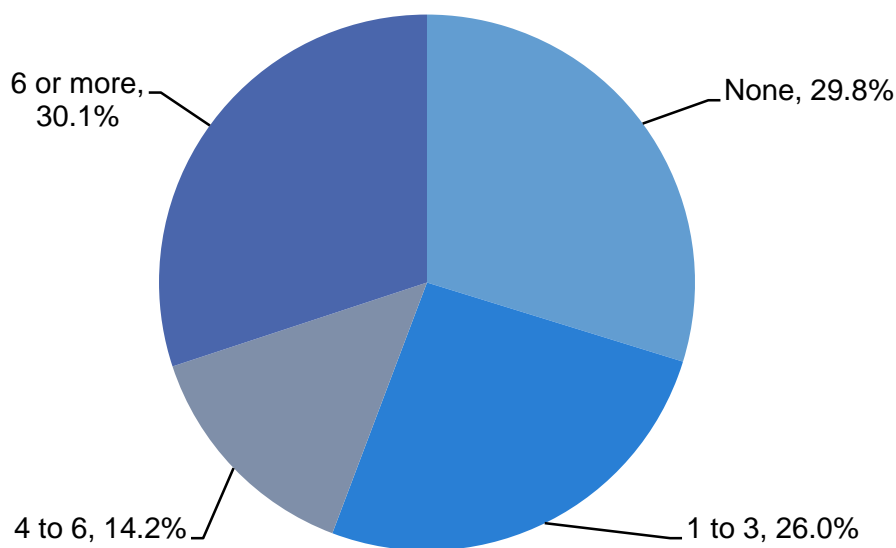
The results show that almost 90% of respondents keep track of money in some way. This rises to 93% amongst respondents over retirement age. However only 34% can be described as keeping track in a formal way (Budgeting tool, Spreadsheet or writing everything down), leaving 55% who keep track either in their head or by checking withdrawals on statements.

There's a probable connection between respondents not keeping track of their finances (or doing so in their heads), and respondents indicating that they have insufficient money coming in. An over reliance on mini statements from an ATM can leave the person with a distorted view of their 'real time' finances and by default lead to further spending on their account over and above their budget. There may be a lack of understanding as to how a debit payment is made for goods and services and

the process the banks and other financial institutions use. Our experience with clients corroborates this. Through our financial capability work we can provide information and education to help explain these ‘hidden’ problems.

5 – Income Shortfalls

“In the last 12 months, how often have you run out of money before the end of the week/month?”



In total, 70% of respondents ran out of money at least once per month during the last year. This increases to 76% in North Warwickshire. 30% indicated that they ran out of money six or more times, a figure which also rises in North Warwickshire, to 34%.

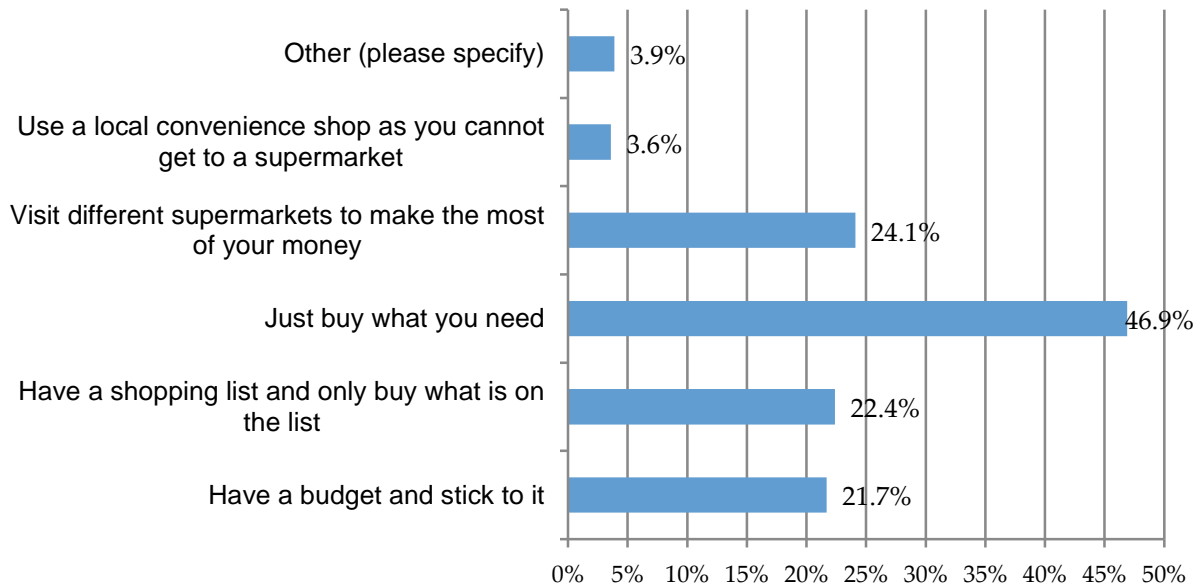
The age group with the highest levels of income shortfall is the under 24s, of whom 40% have run out of money at least six times in the last year. By contrast, just 14% of those at retirement age have run out of money more than six times, with 71% not running out of money at all. This suggests that there is additional scope for financial capability work with younger clients who are often just beginning to develop their financial skills after attaining financial independence, sometimes in challenging financial circumstances.

This report continues to highlight the fact that many clients do not have enough money coming in to finance their basic needs. Therefore we are continuing to work with people to try and maximise their income by various methods including

unclaimed benefits, reducing energy costs, identifying energy saving measures with funding provided (loft and cavity wall insulation etc.) and devising a sustainable budget to work from. This work can be challenging as it can involve trying to change spending behaviours which have been long held. We therefore work on a step by step approach; focusing on developing the skills of our clients so that they are ‘money savvy’ and can make informed choices for themselves. Later questions look at into the specific areas where clients’ skills might be developed.

6 – Food Shopping and Budgeting

“When you go food shopping, do you:”



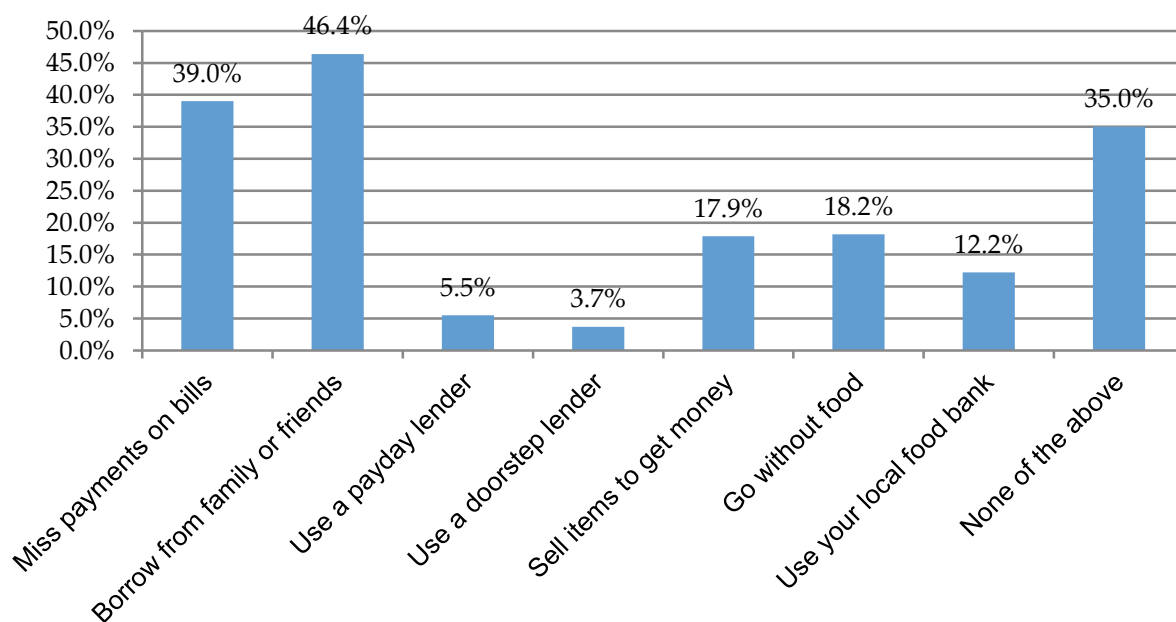
It is interesting to note that nearly 50% of people state that they only buy what they need. As part of our extensive financial capability work with groups, the interpretation of ‘what people need’ is quite wide and this could possibly be contribute to people feeling they do not have enough money to manage. The concept of budgeting for shopping and avoiding ‘wants’ and the tricks of the supermarkets to encourage us to buy goods can be a difficult one to get across.

Almost 22% of respondents stick to their budget when going food shopping and 24% stick to their shopping lists. This indicates that in contrast to the above many households are conscious of their food spending and the need to limit this.

The number of people in Warwickshire having to use a local convenience shop, as they're unable to visit a supermarket, is slightly higher in North Warwickshire (4.6%) than overall responses (3.6%). This could have a significant impact on their budgets. The fact that North Warwickshire comprises a number of small villages and small Market Towns with limited and often expensive transportation would probably account for the use of convenience stores based in a particular village location. There were over 80 'other' responses, many of which were comments similar to 'Cannot afford to go shopping' 'Use foodbank' 'family buy food for me' and many saying 'buy reduced items'.

7 – Making Ends Meet

“Have you had to do any of the following in the last 6 months, to make ends meet?”



Over the period of the assessment a shocking 18% of respondents (406 people) have gone without food to make ends meet but just two-thirds of this number have used a local Food Bank. This suggests either a lack of awareness of the food bank services, or an unwillingness to visit.

In North Warwickshire 23% of respondents have gone without food, and 22% said they had used a local food bank, both numbers higher than the overall average.

The percentage of under 35s going without food is slightly higher than the overall average, at 21%, and the amount using food banks also increased, to 15%.

Respondents of retirement age were significantly less likely to run out of food (2%) or use a food bank (1%), although more recent assessments are showing increased use of Food Banks in the 50 plus age group. The impact of poor nutrition on families, especially children, is likely to be a cost for society for many years to come.

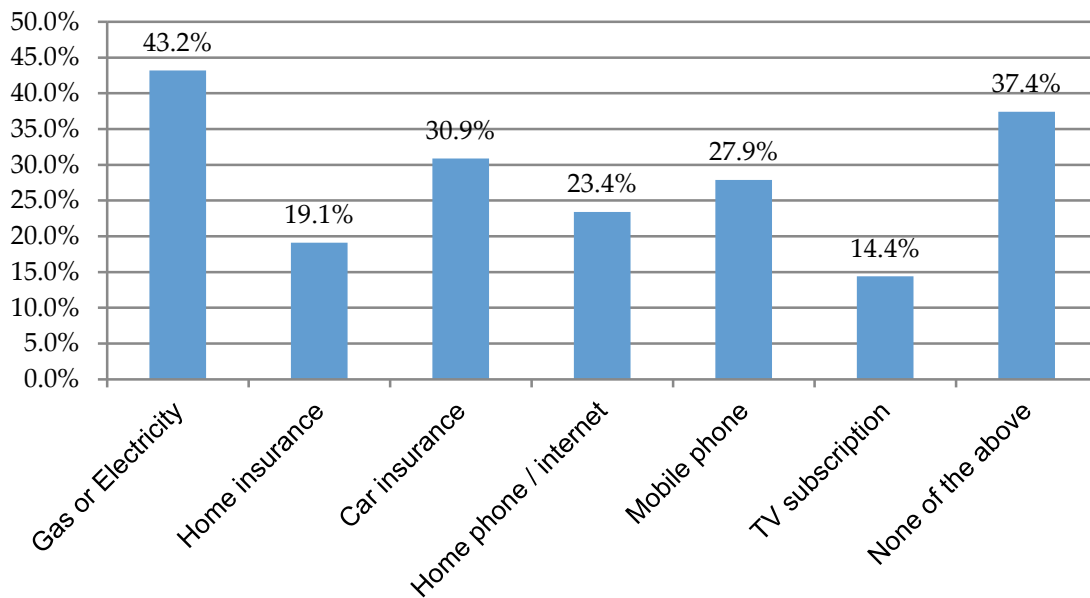
Relatively low numbers of people are electing to borrow from payday or doorstep lenders (just under 6% and 4%) – even combined, these options were selected less than any of the others. This contradicts the perceptions of the use of such lenders in the media and shows that borrowers were quick to identify that this type of loan was not a good choice for those with low incomes, even for the financially imprudent.

By contrast, 46% of respondents borrow money from family. This rises to 54% in North Warwickshire. Overall more respondents from North Warwickshire have had to take these steps to make ends meet, with only 27% of such respondents selecting 'none of the above', less than the overall 35%.

Worryingly, across the county, 36% of respondents have indicated they miss payments on bills. Our experience shows this is often the 'Peter and Paul' effect with people missing one bill so that they can pay another. This is not sustainable and in the long term results in more debt through interest, charges and sometimes court and bailiff actions.

8 – Financial Capability

“In the last 18 months have you checked to see if you can save money on any of the following services you pay for?”



The majority of respondents (63%) have attempted to save money at some point by shopping around for their services, in particular gas and electricity, which were reviewed by a total of 43%. This could be as a result of campaigns run by CABx such as Energy Best Deal and Big Energy Saving Week.

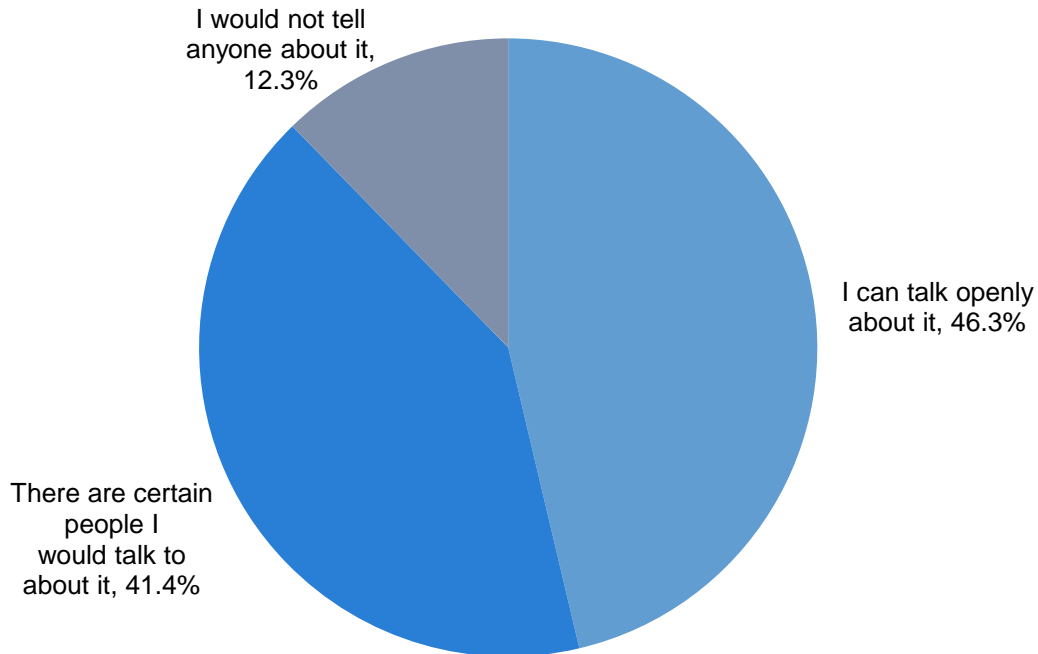
There are slight variations in figures around the county about how many people check for savings on services. In North Warwickshire the figures are around 2% higher than the Warwickshire average.

Overall 37% of respondents have not tried to make savings on any of the services listed. This figure rises to 58% for the under 24s and is lowest for those at retirement age at 29%.

These figures show that there is plenty of scope for households to identify potential savings of household's bills. We can support clients with switching providers, find the best deals on the on-line marketplace and make the most of local schemes to help reduce their expenditure on, for example, water rates. Putting money back into people's pockets has a significant impact on their wellbeing and helps to mitigate the impact of reductions in welfare.

9 – Talking About Money

“How do you feel about talking about your money situation?”



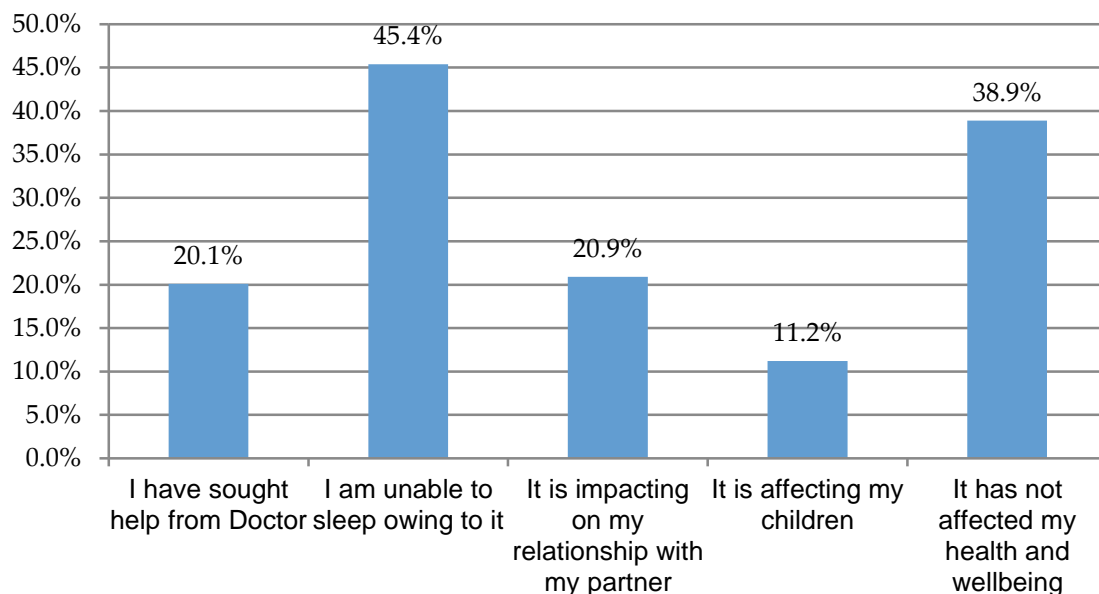
People generally feel comfortable talking about their financial situation, with 46% saying they can talk openly and a further 41% saying they can talk to certain people about it.

Only 12% stated they would not tell anyone about it.

The youngest age category, the under 24s, indicated the highest level of openness, and the 50-64s the lowest, with 60% and 43% respectively saying they were happy to discuss their finances, and 3% and 14% unwilling to do so. This unexpected openness demonstrates why such high numbers of people are prepared to engage with our Money Matters teams, either by simply seeking information about their issues or by requesting face to face help.

10 – Health and Wellbeing

“Has your financial situation affected your health and wellbeing? If so, please indicate any of the below that describe your situation.”



The majority of respondents (61%) said that their financial situation has impacted on their health and wellbeing in some way.

Most commonly (45%), respondents' sleep is negatively impacted.

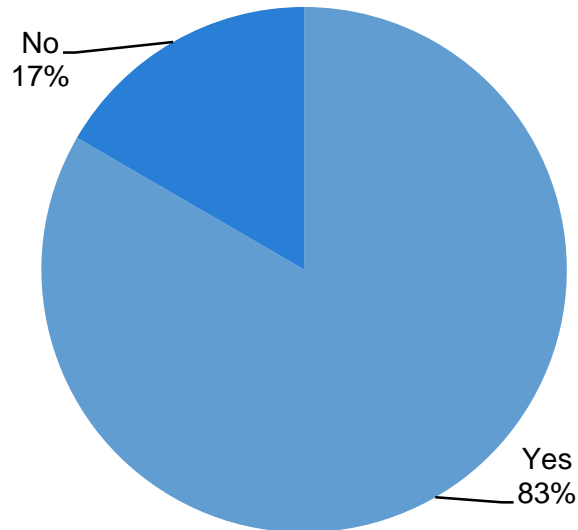
Respondents of retirement age are much less likely to feel (or admit that they feel) that their financial situation affected their health, with 61% of this age group claiming to be unaffected.

The health of the under 24s was also less likely to be affected, with 51% saying they were not. By contrast, clients aged 25 - 65 were much more likely to say that their financial situation had affected their health than other age groups.

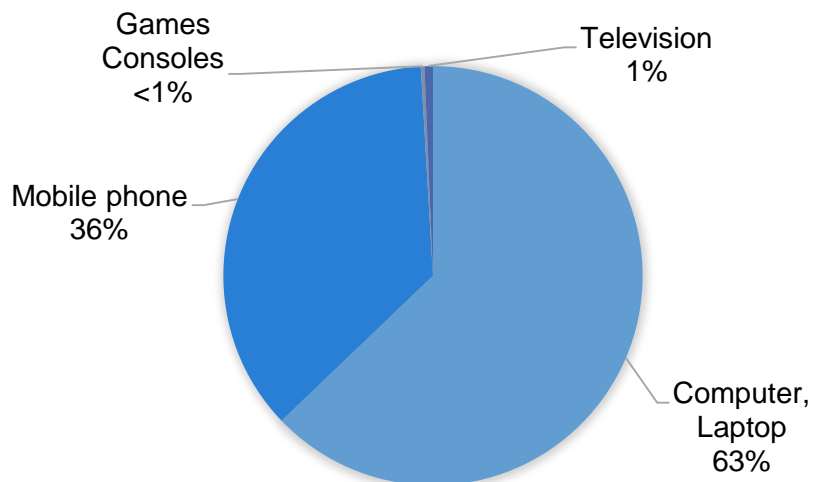
The percentages of people who have visited their GP owing to their financial situation is higher than was anticipated at 20%, but reflects national media coverage which shows that 14% of GP appointments time is taken up by non-health issues. The impact of poor financial wellbeing is reflected further by the high figures showing the impact on relationships (20%) and the effect on children (11%). This shows areas for potential further work and partnerships with CCGs and Early Years projects to work to support such families.

11 – Accessing Help

“Do you have access to the internet?”



The majority of respondents (83%) do have access to the internet. However, the fact that 17% stated that they do not shows that we must be mindful of the fact that certain channels of advice and methods of accessing advice services are not available to all. This is especially important with vulnerable clients who are otherwise unable to access advice – or, as demonstrated by question 1, may be unaware of what we offer – might find themselves with nowhere to turn.

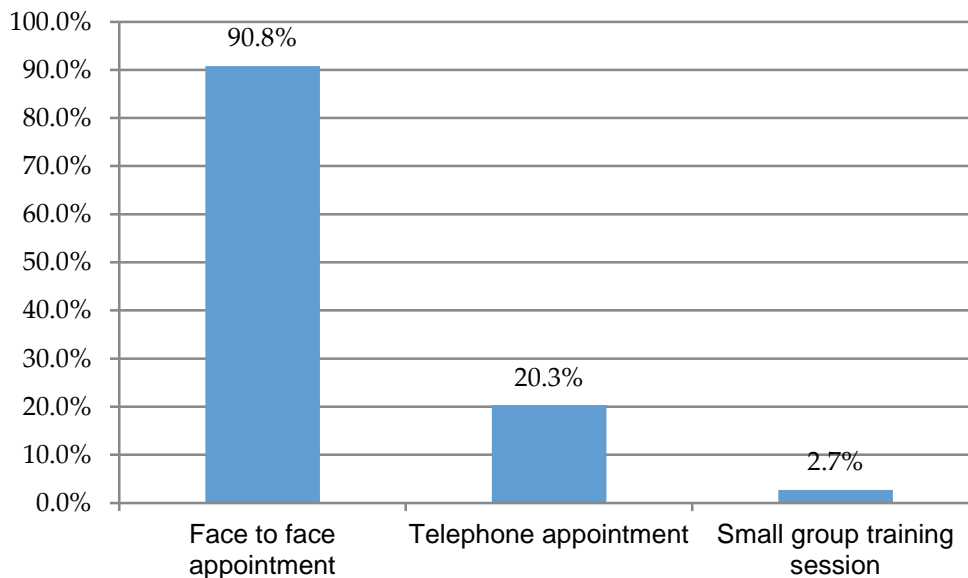


The means by which respondents accessed the internet also varied – only 63% accessed the internet through a PC, tablet or laptop, while 36% only had access through a mobile phone and others used a games console or television. We must

also be aware that some of those respondents who answered ‘yes’ may have done so meaning that they only have access by going to the library or a relative’s house.

The Financial Wellbeing Assessment is an important tool for taking proactive steps to engage such clients. For this reason, other local organisations such as Children’s Centres and Food Banks are now offering the assessment, allowing us to engage clients who are in need of advice but might otherwise not have come across our financial capability services or been able to access them.

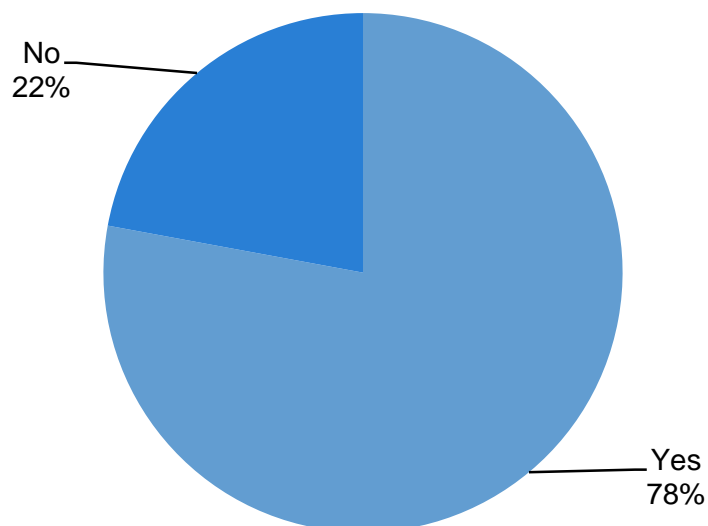
“Citizens Advice Bureau in Warwickshire offer financial support in the following ways. Please indicate the areas that you may be interested in?”



The preferred way of accessing support is face to face, selected by 90% of respondents.

12 – Engagement

“Would you like to save money on your household bills and spending?”



Over three quarters of respondents (78%) would like to save money on bills, showing a potentially high demand for budgeting assistance and help finding ways to save money. Question 8 showed that only 63% of respondents have tried to save money already, meaning that not all of these respondents will have checked for savings and may need assistance in order to do so.

Our Money Matters Teams can provide information, advice and support to help clients, including the longer term support necessary for vulnerable clients.

We also train frontline workers in Financial Inclusion and awareness of our offer to widen the impact of the service, particularly in priority areas such as Food Banks and Children’s Centres.

Conclusions

The Financial Wellbeing Assessment has provided an alternative means through which people can access support. This has helped Citizens Advice Bureaux throughout Warwickshire to support many clients who otherwise would not necessarily have received Financial Capability information and advice.

The results have helped CABx tailor their responses to clients by identifying the life events that are affecting their financial situation as well as the areas where savings might be made or financial skills developed. The resource kit which has been produced to complement the assessment has meant that people can simply access targeted local information, to help them make informed decisions and choices and to help themselves.

The assessment has highlighted some powerful statistics which have challenged perceptions of the Financial Wellbeing of people in Warwickshire.

Some of the key points are:

1. More than half of those surveyed do not feel that they have enough money coming in to cover the cost of living.
2. 70% of respondents have run out of money by the end of the month, with over 30% running out 6 times or more in the last year.
3. To make ends meet 39% of people miss payments on bills, 46% borrow from family and friends and 18% indicate they go without food.
4. More than 60% of those surveyed stated that their financial situation had affected their health and wellbeing, with 20% seeking help from their GP.
5. 83% of respondents knew that CAB offers free, impartial, independent and confidential advice, and 90% indicated they would prefer face to face appointments as opposed to telephone appointments or group sessions.

In many cases these financial issues are caused by a life event, most commonly a significant change in income or job. With many, there is scope for assistance with budgeting and saving on bills. In both cases, Financial Capability work can be a lifeline, particularly for clients who are vulnerable and would struggle to cope with a financial crisis amidst cuts to services that support them.

The results demonstrate that the key to increasing financial wellbeing is to improve financial capability and encourage savings. The size of an individual's 'savings buffer' (a sum set aside for unforeseen circumstances) could have a major impact on a person's wellbeing.

Having this relevant, local and up to date information has helped secure an extension to the project through funding from our Warwickshire Welfare Support Scheme project. This has been widened to include debt clients as well as financial awareness education and brought in new partners (Warwickshire Welfare Rights Advice Service and Coventry and Warwickshire Co-operative Development Agency) to help families develop their financial resilience. The research is underpinning many of our new bids for funding.

Our work with individuals and groups at local level is essential as shown by the results of our local assessment and national figures showing that the cost of low levels of financial capability to UK plc is £3.4 billion per year. The effects of this are already being seen, as findings by a recent Centre for Social Justice report have highlighted:

- Household debt has increased by more than £34 billion in less than three years
- Unsecured debt on credit cards, overdrafts and payday loans rose by £10 billion to more than £170 billion. This is the highest level in four years
- 15 million people are borrowing in order to cover their bills – our research shows that in many cases this borrowing is from family and friends
- 8.8 million people have become over-indebted due to their growing household debt.

The report stated that ‘low-income households face the biggest challenges from Britain’s mounting personal debt, as they often have little choice but to take on high-cost short-term credit.’ This is corroborated by the results of our assessment, particularly through the consideration of the steps clients take to make ends meet.

Next steps

The next phase of our research project will encompass a redesigned Financial Wellbeing Assessment with questions designed to build on the results already gained and elicit more specific data on how people feel about their financial situation. This will provide more detailed information about participant’s patterns of behaviour and current trends of spending, and the impact of increasing prices and welfare reform. In turn this will help Warwickshire Citizens Advice Bureaux to target their responses to clients, as well as gather evidence to campaign and challenge. We will be following up clients to evaluate the impact of our project. There is potential to look at particular groups in more detail – such as older people and also to explore particular areas including the impact of financial issues on children and on health.

In addition to the above, our on-line Resource Kit has been expanded and updated, making the format more reader friendly and straightforward. The kit can be accessed

online by the public on our website, www.nwcab.org.uk, and interest in downloading it has increased demonstrably over the course of the project.

We have also devised an online Home Energy Assessment, on similar lines, demonstrating the flexibility of the assessment tool – it can be used to gather information across any subject and provides a hook to raise client engagement in advice areas that might otherwise go undeveloped.