

A Sustainable Livelihoods approach to tackling poverty and financial exclusion

Non-financial assets (such as skills, social networks, access to facilities) have a significant impact on people's ability to achieve greater inclusion and build a sustainable approach to their finances. An action research project by Thrive (an initiative of Church Action on Poverty) used a new approach to regeneration called Sustainable Livelihoods to connect with and empower households that are hard to reach with standard policy and practice approaches. The aim was to enable them to develop effective strategies for increasing both their financial and their non-financial assets.

Fifty households living in multiply deprived wards in Stockton-on-Tees, and 15 volunteer mentors from a wide range of backgrounds, were recruited. The volunteer mentors visited each household to discuss their financial position; refer them on to other agencies or organisations as needed; and agree goals for the household. Most households were referred on, including 36 to the Citizens Advice Bureau's financial capability courses. Participants gained skills such as financial coping strategies and prioritisation of debts.

Thrive also set up self-advocacy groups on issues including financial exclusion and community safety, and organised several events at which project participants who had been affected by the issues were centrally involved. This built self-confidence, networks and a sense of purpose amongst participants.

As a result of their experiences during the project, many of the participating households have spoken with local and national policy and service providers, and some have got involved with the media on issues relating to financial exclusion and poverty.

Key conclusion

The Sustainable Livelihoods approach enabled participants, with the support of volunteer mentors, to identify what assets they possessed, and whether they were adequate for tackling existing and future problems. It enabled them, through social networks, to develop strategies to build their social capital. As a result, their financial future is more secure and sustainable, and they have greater money-management skills.

What's inside

- Social assets
- Financial assets
- Public assets
- Human assets
- Media and policy-makers' involvement

Background

This action research project used a Sustainable Livelihoods approach¹ to help people experiencing poverty and financial exclusion. This approach is built on an understanding of how people's behaviour and strategies are shaped by their access to a range of assets:

- Social – membership of groups, networks, family, friends.
- Financial – income, benefits, cash, savings, pensions, other assets (e.g. jewellery), etc.
- Public – libraries, parks, public transport, other public amenities.
- Human – skills, knowledge, education, ability to work, health.
- Physical – homes, tools, transport, access to information.

Most financial inclusion strategies seek to tackle financial exclusion without dealing with other forms of exclusion or disadvantage. However, these non-financial factors have a significant impact on people's ability to achieve greater inclusion and build their financial assets.

The project was based in Stockton-on-Tees, in multiply deprived wards. Many households in these wards regularly used high-interest doorstep lenders and hire-purchase companies. Over 95 per cent used key or pre-payment schemes for their utilities. Levels of education and employment were low – at the end of the project, only 6 of the 50 households were in any kind of employment, and this was typical of the sample throughout the project's lifetime.

About the study

The project's aims were:

- To promote the use of sustainable financial products, such as basic bank and Post Office accounts, the local credit union's loan products and advice services (where necessary), and equitable energy suppliers.

- To empower participants to develop effective strategies for increasing their financial and other assets, through building their personal (confidence and self-esteem) and social (membership of groups/networks) assets, and through gaining access to broader public assets (counselling, health care, etc.).
- To explore whether the Sustainable Livelihoods approach could be successfully applied in this context. [query - Greg to confirm at proofs]

Thrive recruited 50 households as participants. Fifteen volunteer mentors from a wide range of backgrounds were also recruited, to carry out part of the project. The volunteers visited each household three times; on the first visit they used 'participatory tools' (pictorial research tools that are easy to use and provide rich data) to find out how the household managed their money and any issues they faced. After this initial interview the Thrive volunteer mentors referred households to relevant organisations that could assist them, which helped build the households' community networks. The second and third visits focused on what households could do to improve their situation, and goals were set and agreed.

In addition to this individual work, Thrive set up self-advocacy groups and events in which the households participated.

Social assets

Social networking and self-advocacy

The project facilitated social networking amongst some of the female householders by developing the Women of Thornaby (WOT) group. The WOT group consists of women who would not normally choose to participate in conventional groups. During the project Thrive set up financial capability training for the group and provided individual mentoring and debt counselling for them.

¹ The Sustainable Livelihoods approach takes as its starting point not deprivation but assets: the strengths and capabilities of people living in poverty, and the strategies they use to get by. It takes learning from the experience in the developing world and applies it in an innovative and relevant way to this country. See <http://www.eldis.org/go/livelihoods/>.

'Amy' had been on anti-depressants before she fell pregnant with her latest child. She says that going to the WOT group has been good as it means she's "getting out talking to people. Good to just talk to someone." She "enjoyed the tips on money-saving" and said, "It's picked me up a little bit and everyone's dead friendly". 'Amy' is already attending the CAB sessions with the WOT group.

Community networks

Of the 50 households involved in the research, 37 were referred to a range of services, and there were also referrals to support groups, the police and other agencies for specific needs. All of this increases the community networks of those households.

"I learnt that there are people out there who can help with debt matters and other matters in life."

Community action and civic engagement

During the project Thrive supported households' involvement in civic events and actions related to community safety and employment issues. Project participants who had been affected by the issues identified in the participatory research ran the agenda items in the meeting and gave first-hand testimony to local people and decision-makers. This experience broadened householders' networks, empowered those involved and gave them a voice in their community.

"Big meeting – it's the first one – I've never been to anything like that before... interesting. It was good listening to other people's stories. You don't know what other people are actually going through."

Financial assets

Thirty-six households were referred to the Citizens Advice Bureau (CAB) and attended their financial capability courses. Participants gained skills such as coping strategies and prioritisation of debts.

Public assets

Most households were aware of, and used, available public assets (transport, libraries, public information) regularly. The take-up of financial inclusion services was poor, however, though the project was successful in increasing membership of the credit union and access to advice services. It also identified a high-interest hire-purchase company that was working in the area, and successfully challenged their practices, resulting in a strong working relationship and improved service options for its customers.

Human assets

Through supportive mentoring around debt and financial capability, the project has had a positive impact on individuals' health and well-being:

"Just after that talk with Tom...it seemed like a whole lot of money to me. The financial stress is getting on top of me but after that talk with Tom, I kinda realised how silly, for lack of a better word, I was worrying about £900 when there are people who owe £100,000."

Media and policy-makers' involvement

The project's ability to involve and encourage households that are not normally reached by standard policy has attracted the attention of both policy-makers and the media. Many of the participating households have spoken with local and national policy and service providers, and some have got involved with the media on issues relating to financial exclusion and poverty. Following their experience, these participants took part in designing media guidelines for Church Action on Poverty.²

² See: <http://www.church-poverty.org.uk/about/capmediaguidelines/view?searchterm=media>.

Conclusions

- The key innovative contribution of this approach is that it enabled the households, with the support of volunteer mentors, to identify assets in relation to existing and future problems and obstacles, and to develop strategies to build social capital. Their financial future is now more secure and sustainable, and they have greater money-management skills.
- The project's innovative approach to researching financial exclusion has helped uncover and develop a range of strategies and assets amongst the households. Through setting up and supporting groups, meetings and gatherings it has also enabled some participants to build confidence, esteem and coping strategies. It is hoped that this will help them to plan for a sustainable financial future and cope with any stresses and shocks.
- However, there are some lessons for future work of this kind. Establishing contact with target householders took longer than anticipated, and maintaining contact with some of the most unpredictable householders proved challenging within the one-year time period of this project. Also, the level of skill and dedicated time required of volunteers was underestimated in the original proposal, and by the end of the project there were only three active volunteers (four others remained in a 'support' role).

Further information

This summary is available in print and as a pdf from Friends Provident Foundation (foundation.enquiries@friendsprovident.co.uk and www.friendsprovidentfoundation.org). For further information on this project contact Greg Brown at mail@thrive-stockton.org.uk.

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