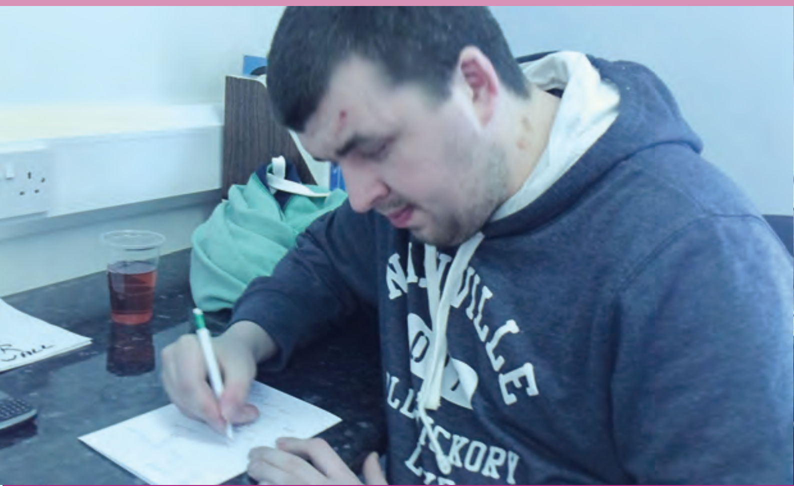
Durham University
School of Applied Social Sciences

Money mentoring

Working with low-income households experiencing problematic debt
Practice briefing



What is money mentoring?
Money mentoring supports individuals and families to understand and manage their finances. It goes beyond advice-giving, enabling mentees to understand the causes of their financial problems and identify goals they want to achieve.

In this briefing we focus on community-based mentoring, with trained volunteers acting as mentors for low-income households experiencing problematic debt. This approach draws on the *Debt on Teesside* project (see resources at the end of this document), focusing on enabling mentees to build supportive social networks and get involved in campaigns for fair finance.

Why do it?
Unmanageable debt is increasing in households on tight budgets. They may need loans to cover unexpected spending (e.g. household repairs, a family crisis) or just to get by with food and heating. High-cost credit (e.g. doorstep lending, home credit or payday loans) is readily available, but can lead to a spiral of debt and despair.

Many organisations provide one-off advice and help people out of a crisis, only to find they return again later with similar problems. Community-based money mentoring aims to offer holistic support building people's confidence to tackle their debt problems without creating dependency. It provides long-term support to enable people to get control of their finances and move from high-cost credit to lower-cost alternatives.

Which organisations might offer it?
Money mentoring schemes can be set up by local community organisations including community centres, youth projects or churches. Money mentoring can also be introduced as an additional service by advice agencies, housing providers, credit unions or community development finance institutions.

How to set up a money mentoring scheme?
We have produced a *Community Mentoring Toolkit* (see resources section) that describes in detail how to develop mentoring schemes with socially excluded households - including recruiting, training and supporting mentors; establishing referral routes; and recruiting mentees. Money mentoring is a specialised type of community mentoring with a focus on finances, though it is important to remember that money matters cannot be separated from other aspects of people's lives (health, work, family). Money mentoring requires commitment and investment of time on the part of both mentors and mentees. People in severe debt often have many other problems in their lives that impact on their ability to commit to tackling their finances, and use of high-cost credit may be entrenched.

Developing a money mentoring scheme requires careful planning and resources, including training and ongoing support for mentors. A partnership approach can be helpful, with different organisations pooling resources and ensuring easy referrals to health, social care, welfare advice, low-cost credit and other sources of support. Developing a money mentoring scheme requires careful planning and resources, including training and ongoing support for mentors.

What do money mentors do?

A mentoring role with a household involves several stages, more details of which can be found on the *Debt on Teesside* website:

1. **Develop the mentor-mentee relationship:** agree the terms of the relationship; get to know each other; complete an initial income and expenditure exercise; develop short/medium/long-term goals; address motivation and barriers to change.

2. **Carry out regular mentoring sessions:** agree frequency of meetings (e.g. monthly meetings over a year, with telephone contact in-between), which might include:

   Sessions 1- 3: How mentee is dealing with presented financial situation, including impact of debt on health and well-being; how/if mentee keeps track of finances, budgets and manages money; developing action plans, including steps to achieve goals; building confidence.

   Sessions 4-8: Reflect and continually review progress to date; revisit income and expenditure; start planning ahead, including maximising income in the future and preparing to finance special events.

   Sessions 9+: Introduce mentee to initiatives and social support networks in their community.

3. End the relationship: Ensure mentee has established community and support service links to address future needs.

A case example

J was a lone parent with three children, aged 5, 9 and 13 years. She was on Employment Support Allowance, having been unemployed for six years. Her weekly income from benefits was £258 and she had debts of several thousand pounds. She joined the *Debt on Teesside* mentoring scheme after one of the project workers and a local volunteer called at her house.

At the initial mentoring sessions her mentor worked with her to assess her finances. The total household debt was over £3,000. J owed £325 through a catalogue for children's clothes, had rent arrears of £135, six doorstep loans and a social fund budgeting loan, for which £28.40 per week repayment was taken from her benefits. She had received letters from debt collection agencies, so stopped opening her post. She also avoided doorstep lenders, who called for repayments. J was not accessing any support, did not keep a record of spending and was struggling to get by.

J had six mentoring sessions, with phone-calls in between. At the early mentoring sessions it was established that her priorities were to pay for rent, food, gas and electricity. She also said: 'the kids are my life'. She hoped to get debt free because the debts were 'hanging round my neck'. Opening her letters and facing her spiralling debt problems was the first step towards change. J commented that this was not as bad as she thought: 'having someone with me when I faced my problems was a lifesaver'. Over time J visited the Citizens Advice Bureau and agreed affordable repayments to creditors. Although she still has some difficulty managing on a low income, she says she feels 'more in control', manages a lot better and can now sleep at night.

From money mentoring to campaigning

The root cause of problems for people on low incomes is poverty. So it is important not to assume that better money management or financial capability is the only answer. This is why the Debt on Teesside approach also involves campaigning for better regulation of high-cost credit, more flexible low-cost credit options and encouraging people to join with others in working for financial and social justice. For example, community participants from Teesside were involved in working for codes of practice for rent-to-own companies and campaigns to regulate payday lenders.

Resources

Debt on Teesside: community mentoring toolkit, additional resources for money mentoring, policy briefing, reports of research project, short campaigning film, www.durham.ac.uk/beacon/socialjustice/researchprojects/debt_on_teesside/

Thrive: community-based organisation working with low-income households, www.thrive-teesside.org.uk/

Money a+e: offers money advice, training on money know-how and money mentoring, www.moneyaande.co.uk/

National Skills Academy: provides training for money mentors, www.nsafs.co.uk/financial-education/lloyds-money-for-life-programme/money-mentors/

Illinois Money Mentor Scheme: a well-developed USA-based scheme, http://web.extension.illinois.edu/cfiv/moneymentors/

This briefing was compiled by Tracey Herrington (Thrive), Sarah Banks and Richard Wistow (Centre for Social Justice and Community Action, Durham University). It was funded by the Durham University Research Seedcorn Fund and the Northern Rock Foundation.

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