

Evidence to support the provision of targeted grants for services to facilitate financial inclusion in Rossendale.

Summary

Financial exclusion refers to the difficulty that many people have in accessing welfare benefits or using mainstream financial services such as bank accounts, savings, loans, insurance and other products. It is both a cause and a symptom of poverty.

Rossendale has pockets of severe deprivation, particularly in Bacup. Unemployment and working age benefit figures are higher in Rossendale than the national average and the average for Lancashire district authorities. Personal insolvency figures show a similar trend. Average earnings in Rossendale are traditionally low.

Welfare reforms including changes to Housing Benefit and Disability Living Allowance will lead to further financial hardship for some residents in Rossendale. The recent LGA report reveals that over half of all welfare reform reductions will fall on households where somebody works and Rossendale is in the 10% of local authorities with the largest average losses per household.

Significant numbers of Rossendale residents are seeking debt and welfare benefits advice.

Rossendale has high levels of mental health problems, and poor mental health and financial problems are often interlinked – each being a cause of the other.

The need for financial inclusion services in Rossendale, therefore, will continue and is likely to increase

Some key points from research data:

- The 2010 Indices of Deprivation show that Rossendale has one Lower Super Output Area (LSOA) in the 2000 lowest ranked areas in England (out of a total of 32,482). This is one of the three LSOAs in Irwell ward in Bacup. For the Borough as a whole, it is ranked as the 90th most deprived out of 326 districts and unitary authorities in England.
- In August 2013 the unemployment count for Rossendale was 2.9% with a total count of 1288. Unemployment is on a downward trend in the Borough as well as regionally and nationally. However, part time employment is on the increase whilst full time employment is on the decrease.

- Average earnings are traditionally low in Rossendale, particularly if measured by place of work. The latest 2010 Rossendale figures for both place of work (£312.10) and place of residence (£336.40) are well below the GB average of £406.70.
- Working age benefit figures for February 2012 reveal a 16.0 claimant rate in Rossendale. This was lower than the NW average (18.2%) but higher than the Lancashire district authorities (16.1%) and the national average (15%).
- Personal insolvency, bankruptcy orders and individual voluntary agreements reveal that rates in Rossendale were above the England and Wales average for all three groups. The figures for personal insolvencies 2009 – 2012 show Rossendale to be above the England and Wales and Lancashire District Authorities average. Rossendale had 27.2 per 10,000 against 24.5 for England and Wales and 27.1 for Lancashire.
- In 2011/12 and 2012/13, Rossendale Citizens Advice Bureau (CAB), the principal provider of debt and welfare benefits advice in Rossendale, saw a total of 5038 clients. The main advice areas were welfare benefits and debt. Debt accounted for 43% of all problems in 2011/12 and 36% in 2012/13. CAB dealt with £3.2m of priority debt (mortgage, rent, council tax, utilities) and over £10m of non priority debt in 2010/12.

The Local Impacts of Welfare Reform

- In April 2013, restrictions were introduced to the amount of Housing Benefit payable to working age claimants who under occupy their social sector homes. In total there are currently 390 claims in Rossendale affected by this change in legislation. The Council has worked closely with Capita and the Housing Associations to ensure the successful implementation of the rent restrictions in Rossendale. Early indications from Greenvale Homes show that 30% of these cases are beginning to accrue rent arrears as tenants struggle to meet the shortfall.
- From April 2013 Personal Independence Payment (PIP) will replace Disability Living Allowance for people aged 16-64. It has been widely publicised by welfare organisations that the new qualifying criteria for PIP will result in many existing recipients of DLA losing their entitlement altogether. The majority of existing claims in Rossendale will be assessed for PIP between October 2015 / October 2017, resulting in a likely reduction in income for many residents.
- The Local Government Association (LGA) report on The Local Impacts of Welfare Reform, published in August 2013, highlights the fact that 59% of all welfare reform reductions will fall on households where somebody works. The LGA estimate that the income of households claiming benefit will be on average lower by £1615 a year (£31 a week) by 2015/16 as a result of welfare reforms. This excludes the impact of Universal Credit.

- The LGA report suggests that the impact of reforms are likely to be most strongly felt in areas with the highest dependence on benefits, including Lancashire. Rossendale is one of the 10% of local authorities with the largest average losses per claimant household, with an average loss of £1771.81, compared to the national average loss of £1615.00.

Mental Health and Financial Problems

- Improving mental health is a high priority for Rossendale, as highlighted in the September 2013 Rossendale Health Profile. The North West has the highest rate of any region for people claiming incapacity benefits for mental illness. Research shows that low income and financial instability as well as debt can lead to mental health issues. 62% of Rossendale CAB clients with multiple and complex debt problems said debt led to anxiety, depression and stress. Mental health problems and financial instability are often interlinked and having a mental illness can lead to further problems and debt.