

BFC Community Case Studies: Summary of findings

About Building Financial Capability (BFC)

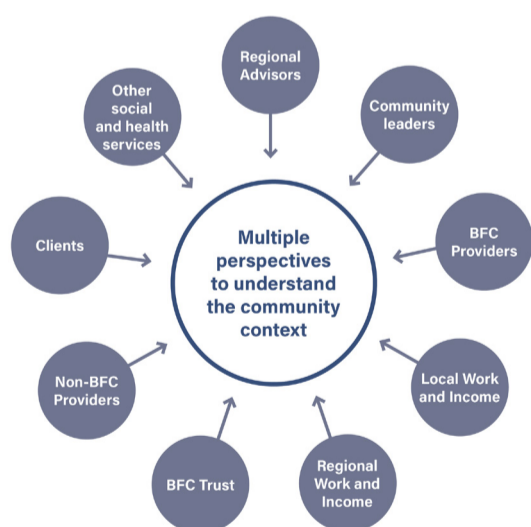
Building Financial Capability (BFC) was designed to replace traditional budgeting advice and was initially rolled out in November 2016. BFC products aim to build the financial capability and resilience of people, families and whānau experiencing financial hardship. For more information about BFC please visit the MSD website.

About this evaluation

MSD has contracted Malatest International to evaluate BFC. In-depth community case studies are part of the BFC evaluation. The community case studies complement national data and evaluations of specific BFC products and initiatives.

The delivery of BFC products and the outcomes achieved are influenced by the community profile and structure, influences such as aggressive high-interest lenders on people living in hardship, and locality factors that make it easy or difficult to access BFC providers.

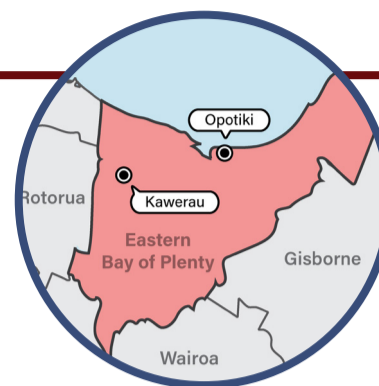
The community case studies examine how the different BFC initiatives and the environment or locality context work together 'on the ground'. This report draws on interviews with 95 people (BFC provider staff, clients and community stakeholders) across three communities.



The communities

- **Eastern Bay of Plenty**, focused on Kawerau and Ōpōtiki (excluding Whakatāne)
- **Porirua**, which is part of the greater Wellington area (excluding Paremata and Whitby)
- **Central Otago**, which focused on Alexandra and the small surrounding towns of Cromwell, Clyde, and Ranfurly (excluding Queenstown and Wanaka).

Eastern Bay of Plenty



Kawerau

Kawerau is located in the centre of the Bay of Plenty and is surrounded by Whakatāne District.

A lack of available housing for local people was identified as a key challenge.

Mobile retail trucks and moneylenders were identified by those we interviewed as problems in both Kawerau and Ōpōtiki.

9,222

Population

32%

NZ European

64%

Māori

1%

Pacific Peoples

100%

Economically deprived*

8,919

Population

28%

NZ European

66%

Māori

2%

Pacific Peoples

88%

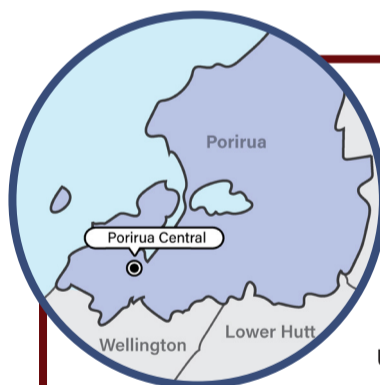
Economically deprived

Ōpōtiki

Ōpōtiki is close to the coast and is bounded on one side by the eastern half of the Bay of Plenty embayment, with the Raukumara mountain range on the other side.

** Economically deprived are area meshblocks with a deprivation score of 3 to 5.*

“Don’t get me started on those trucks... they make it look easy for our vulnerable families.”



Porirua

Porirua was the largest of our community case studies, an urban area with a population of 35,625 people.

Porirua was the most ethnically diverse of the three case studies.

Those interviewed mentioned that issues like housing, poverty, employment, addiction, family violence, intergenerational experiences, gang presence, and poor health outcomes were all challenges in Porirua.

35,625

Population

29%

NZ European

29%

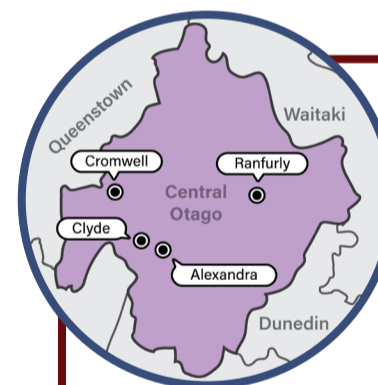
Māori

31%

Pacific Peoples

53%

Economically deprived



Central Otago

Central Otago is a geographically large region with its population spread across a number of communities including Alexandra, Clyde, Cromwell, Ranfurly.

Interviewees said that lack of housing was a problem across the region, with very high rents and no rental housing readily available.

The cold winter climate in Central Otago led to high energy bills for heating, insulation, and power.

15,675

Population

84%

NZ European

9%

Māori

1%

Pacific Peoples

31%

Economically deprived

What we learned from our time in the communities

The way that BFC providers were procured changed community dynamics

All communities had budget advice or financial services prior to BFC. Past and present relationships influenced the delivery of BFC products in local communities.

The BFC procurement and tender process changed local community dynamics and disrupted some existing relationships and networks.

Changes to the BFC-funded providers meant that relationships and local networks had to be rebuilt.

Relationships between Work and Income and BFC providers were key to effective delivery. Trust in the BFC provider and confidence in the quality of support for the client were more important than what providers were funded.

The communities thought that BFC was working

Overall, all those we interviewed thought that BFC products were working well in their community. Community stakeholders thought that building clients' financial capability and resilience was a more effective approach than budget advice alone. BFC had enabled providers to implement and/or strengthen a holistic, client-centred approach to support their clients to set goals and take control of their financial situations.

Time needed to adopt BFC practices and embed them in local communities varied

The communities worked at different speeds to fully understand the goals of BFC and embed them in their local systems.

The implementation of BFC products represented a change for some budget advisory services. We found the communities were at different stages in 'bedding down' BFC. More time was needed to further develop and implement BFC products for effective delivery and outcomes for individuals, families and whānau.

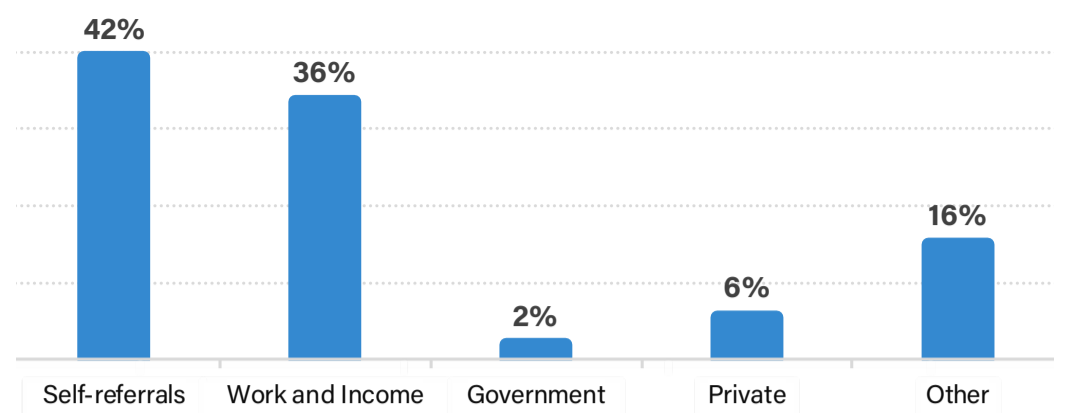
The different provider approaches to implementing BFC highlighted the need for ongoing training and support within the sector.

Local networks and relationships influenced referral patterns

Although BFC products target people who are in paid employment in addition to those in receipt of a benefit, Work and Income was a key point of connection between the target client groups and BFC providers.¹

The relationship between Work and Income and the BFC providers differed between the

Referral sources across all three communities



Referral sources

communities. Effective local relationships and networks influenced how quickly people could access the products that they needed.

When there was trust and regular communication:

- Roles were clear
- Referral patterns benefited the clients
- There was a shared view about the goals of BFC services.

Strategies that improved trust and relationship building included the co-location of BFC providers at Work and Income offices and joint training of provider and Work and Income staff.

Access to kaupapa Māori providers is essential

Providers recognised the need and value of Māori clients having access to Māori providers. Access varied. Some providers responded to shortages by developing in-house capability and local collaborations.

To clients, it was about a connection with the person, not the product they were receiving

There were many success stories about positive changes in people's lives. This was largely due to the trusting relationships formed between clients and their financial mentors. Clients appreciated the warm and supportive environment that providers strived to create.

Providers delivered on what their clients needed

There was no universal approach to delivering BFC. BFC providers focused on delivering the type of support that clients needed, even if that meant supporting clients beyond the products they were funded to deliver. Clients described many instances where they had received help far beyond what they expected from the provider.

Lack of opportunities was a barrier to client financial resilience

Community stakeholders and BFC providers stressed that high costs of living in the communities coupled with low incomes meant it was very difficult for BFC clients to change their situations.

In Central Otago and the Eastern Bay of Plenty, housing affordability was decreasing because

of urban drift from neighbouring larger cities and tourist destinations.

Strengthening BFC products and providers now and for the future

Sector leadership

FinCap was established to provide leadership within the sector. BFC providers and frontline staff were not always aware of the differences between FinCap and the New Zealand Federation of Family Budgeting Services. Improving awareness of FinCap and their role within the sector would help create a singular vision for BFC.

The BFC workforce

Providers sought to employ people with both social work and financial management skills. Providers were aware of the need to have staff with the 'right cultural mix' to fit with local people in the community. However, remuneration and housing were frequently raised issues in attracting and retaining staff.

Workforce development and continuous improvement

BFC providers identified the need for sector leadership in providing training opportunities in multiple forms. Service providers also requested forums where they could share information with each other.

Communication

Communication at all levels of the system (national, regional, local) was important. While communication between the BFC team at MSD was effective at the regional level, information did not always filter down to frontline staff.

Monitoring systems and tools

Developing comprehensive monitoring tools and systems is important for achieving continuous improvement.

Funding models

The session model of funding was appreciated but providers thought the amount was insufficient. The funding model also did not address the impact of 'no show' clients and travel time.

¹ When BFC provider data are available we will be able to report the proportions of referrals from different sources. Early provider data suggests that two-thirds of BFC clients are Work and Income beneficiaries.