

BABERGH DISTRICT COUNCIL

From: Head of Housing	Report Number: P33
To: Strategy Committee	Date of meeting: 7 July 2014

FINAL DRAFT FINANCIAL INCLUSION STRATEGY 2014 -2019

1. Purpose of Report

- 1.1 To present the Councils' draft Financial Inclusion Strategy 2014 – 2019.
- 1.2 To explain the Financial Inclusion Strategy and its proposed outcomes.
- 1.3 To provide information on the next steps and explain how the Councils intend to use their resources to achieve the aims and objectives within the Strategy.

2. Recommendations:

- 2.1 That Financial Inclusion Strategy 2014 – 2019 (Appendix (a) attached) be approved.
- 2.2 That the intention to develop a programme of work to deliver the aims and objectives within the Strategy be noted.

The Committee is able to resolve these matters.

3. Financial Implications

- 3.1 Detailed within the report.

4. Risk Management

- 4.1 This report is most closely linked with the following Significant Business Risks:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to act upon the requirements of the Welfare Reform Act 2012 and Funding Reforms could lead to unpreparedness for changes in April 2013 and beyond. Failure to maximise rental income collection to the Housing Revenue Account rents will lead to a reduction in HRA revenue and capital sums available.	Unlikely	Bad	Arrangements under Universal Credit proposals will see housing benefit paid directly to the individual rather than to the Council. The Financial Inclusion Strategy and the work of the Financial Inclusion Project will seek to mitigate the impact of the changes on the Councils rental income streams and HRA budgets.

5. Consultations

- 5.1 The Strategy has been developed in consultation with partners, stakeholders and providers. A workshop event was held in March which was attended by tenants, Members, officers from the Councils and partner organisations. The information and ideas from the workshop have been included in the development of the Strategy.
- 5.2 An initial draft of the Strategy has been circulated and feedback received has been considered in the production of the final draft.
- 5.3 The Members of the Joint Housing Board have recommended approval of the Financial Inclusion Strategy to Members of Strategy Committee.

6. Equality Analysis

- 6.1 An initial Equality Impact Assessment (EIA) was done to assess whether this Strategy might have a negative impact on a particular group or person. The initial screening process did not identify any part of the community or any individual which would be adversely impacted by the implementation of this Strategy.

7. Shared Service / Partnership Implications

- 7.1 A joint Financial Inclusion Strategy will ensure that resources are targeted and aligned to the priorities and outcomes.
- 7.2 The Councils recognise that the Strategy will need to be delivered in partnership with others to ensure we maximise collective skills, energy and resources.

8. Key Information

- 8.1 The introduction of the Government's welfare reform measures and rising living costs in relation to basic needs such as fuel and food mean that people living in Mid Suffolk and Babergh face new and additional financial pressures.
- 8.2 Our communities are predominately rural. Poverty is less visible in rural areas compared to urban areas. People living in rural communities will pay more for the services they need.
- 8.3 The table below illustrates how people on low incomes pay a 'poverty premium' of around £1,289 per year because they pay more for basic financial services and utilities.

	Typical Cost	Costs: low income	Reason for higher cost	Added Cost
Basic house hold item: Cooker	£239	£669	Bought on high interest loan	£430
Loan for £500	£500	£750	Doorstep lender	£250
Cash 3 x £200 cheques	£0	£36	No bank account	£36
Annual utility bill	£881	£1,134	Prepayment meter	£253
Home contents cover	£67	£99	More expensive insurance area	£32
Car Insurance	£310	£598	More expensive insurance area	£288
Total				£1289

- 8.4 The introduction of Universal Credit will mean direct payment of benefit to claimants. The housing element of Universal Credit will not be paid direct to the Council in the way housing benefit is paid now. This will potentially put Housing Revenue Account rental income streams at risk through increased levels of rent arrears.
- 8.5 The Department of Work and Pensions Family Resources Survey published in June 2012 shows that 10% of those with incomes of less than £100 per week do not have access to a bank account which enables direct payments, compared to just 3% of the general population. More than 15% of local authority tenants and 13% of housing association tenants do not have a bank account and therefore would be unable to pay their rent by direct debit.
- 8.6 A survey of Babergh and Mid Suffolk tenant satisfaction was undertaken in March 2014 providing us with the means of benchmarking satisfaction results with other social housing providers. The results told us that:
- 153 of our tenants would like further information about dealing with household expenses
 - 447 tenants would like help with making sure they receive the benefits they are entitled to
 - 208 tenants would like help moving or swapping their home and 68 tenants would like help to downsize to a smaller home
- 8.7 There is no one definition of financial inclusion but within the strategy we have explained Financial Inclusion in the following way:

Where our residents have access to appropriate, desired financial products and services, skills and training, in order to manage their money confidently and effectively and make the most of opportunities to improve their household income.

8.8 The Aim of the Strategy is:

To help increase financial inclusion in our districts by working with stakeholders, partners, individuals and communities. To support our residents to gain the skills and confidence to manage their money effectively and access appropriate services.

We will meet our aim by:

- Developing a needs and evidence based approach to the commissioning of debt and money advice services
- Taking an action focused partnership approach
- Focusing on skills development and activities to help people back to work
- Promoting financial inclusion through advice support and education
- Promoting and developing access to fair financial products
- Enabling local communities to help themselves
- Embedding financial inclusion across delivery of Council services

8.9 During the Councils' organisational review, resources were focused on developing teams which would ensure appropriate support is provided to residents who are affected by welfare benefit reform and dedicated income collection teams to maximise the Councils' income streams.

8.10 Each Council has provided annual funding of £70,000 from Housing Revenue Account revenue resources. The funding pays for 2 fixed term posts within the Financial Inclusion Team - both 2 year term, salary costs are approximately £60,000 per year, leaving an available funding pot of £80,000 each year to support the delivery of initiatives.

- **Financial Inclusion Project Officer**

The Project Officer will lead a project team to oversee the development of a programme of activity which will support delivery of the Financial Inclusion Strategy. The team will work in partnership with other organisations across Suffolk to ensure resources are targeted effectively.

- **Tenancy Support Officer**

The Tenancy Support Officer works directly with tenants to provide advice, support and signposting to assist with managing budgets, maximising income and referral to other organisations where there are specific support needs. Cases are predominantly identified through the rent arrears collection reporting processes but also through customer services contact and the Shared Revenues Partnership.

- 8.11 The F.I Project Team will continue to work collaboratively with colleagues across council services, with partners and other providers across Suffolk. The project team officer will seek to strengthen these working arrangements.
- 8.12 There is also county wide interest in developing an Anti-Poverty Strategy. It has been proposed that a county wide steering group could review the current strategies that all partners have in place to address poverty/financial exclusion and seek to develop a comprehensive strategy focused on tackling the broader impact of poverty/financial exclusion including health and wellbeing.
- 8.13 An action plan will be developed which will set out a programme of work. The Action Plan will clearly identify resources, costs and lead roles. The actions will meet the aims and objectives of the Strategy.
- 8.14 A number of the outcomes within the Strategy will initially be targeted at council tenants as funding is provided from the Housing Revenue Account. However, other outcomes such as advice and support services will naturally provide services to the whole community.
- 8.15 The intention is to seek additional funding which will enable the Strategy to be delivered to the wider communities of Mid Suffolk and Babergh.
- 8.16 The Financial Inclusion Strategy links directly to delivery of Members' Strategic Priorities below:
- *Babergh – ‘Shape, influence and provide the leadership to support and facilitate active, healthy and safe communities’.*

9. Appendices

	Title	Location
(a)	Draft Financial Inclusion Strategy	Attached

Authorship:

Louise Rawsthorne
Corporate Manager – HRA

(01449) 724772
Louise.rawsthorne@midsuffolk.gov.uk

Anne Bennett
Financial Inclusion Project Officer

(01499) 724879
anne.bennett@midsuffolk.gov.uk

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Introduction

This is Babergh and Mid Suffolk District Councils first Financial Inclusion Strategy. The Strategy covers the period 2015 – 2019. There is no one definition of financial inclusion, but we have defined financial inclusion in the following way:

Where our residents have access to appropriate, desired financial products and services, skills and training, in order to manage their money confidently and effectively and make the most of opportunities to improve their household income.

Financial exclusion is less visible in rural areas compared to urban areas. Poor public transport systems and long travel times make physical access to mainstream financial services difficult and more costly for people living in rural communities. Higher service costs in rural areas, due to a widely dispersed client base are also a challenge when delivering face to face outreach services.

Increasing financial inclusion will benefit our wider communities. Decreasing debt and its affects, helping people to gain the skills and confidence to manage household budgets and improve employability skills, will impact positively on our districts economies.

During the last few years, rising costs of living in relation to basic needs such as fuel and food, together with higher housing costs mean that many people in Babergh and Mid Suffolk face new and additional financial pressures.

The Welfare Reform Act 2012 which introduced a range of changes to the welfare benefits system will affect people to varying degrees.

With this in mind the Councils organisational review has focused resources on developing teams to deliver effective benefits and advice services, ensure appropriate support is provided to residents who are affected by welfare benefit reform and create dedicated

income collection teams to maximise the Councils' income.

The Councils' recognise that the Strategy will need to be delivered in partnership with others to ensure we maximise collective skills, energy and resources. The Strategy has a focus on delivery rather than policy. It takes account of the local picture through the needs and evidence data available to us at this time.

Funding to support delivery of the Strategy is currently provided from Housing Revenue Account resources. Therefore a number of the outcomes will initially be targeted at Babergh and Mid Suffolk Council tenants. Other outcomes will naturally provide services to the whole community. The intention is to deliver financial inclusion services to the whole Babergh and Mid Suffolk community. To achieve this, the Councils will seek to secure additional financial support.

Mid Suffolk and Babergh – Facts and Figures

It has been estimated that people on low incomes pay a poverty premium of around £1,280 a year in accessing basic financial services and utilities. The table below shows how the Poverty Premium affects low income households

	Typical Cost	Costs: low income	Reason for higher cost	Added Cost
Basic house hold item: Cooker	£239	£669	Bought on high interest loan	£430
Loan for £500	£500	£750	Doorstep lender	£250
Cash 3 x £200 cheques	£0	£36	No bank account	£36
Annual utility bill	£881	£1,134	Prepayment meter	£253
Home contents cover	£67	£99	More expensive area	£32
Car Insurance	£310	£598	More expensive area	£288

Babergh and Mid Suffolk reflect the national trend for rural fuel poverty. Large areas in the districts are off the mains gas grid and are dependent on oil and other forms of energy, in addition a high number of properties have solid walls, original window casements or hard to treat cavities (Listed Buildings).

Fuel Poverty	Babergh	Mid Suffolk
	4,021 10.7%	3,879 9.7%

This table shows the number of residents in Suffolk claiming benefits.

Benefits, tax credits, job seekers	Babergh	Mid Suffolk	Suffolk County
JSA Claimants	833	711	9,244
Income Support Claimants	760	680	7,990
Tax Credit Claimants	4,800	5,200	46,900

STAR Survey (Survey of Tenants and Residents)

A survey of tenant Satisfaction was undertaken in March 2014 providing Councils with the essential means of benchmarking satisfaction results with other social housing providers.

The results provide evidence that tenants wish to receive help with managing budgets, moving home, general benefits and back to work advice:

- 128 of our general needs tenants and 25 sheltered tenants would like further information on dealing with household expenses.
- 361 of our general needs tenants and 86 sheltered tenants would like to make sure they receive the benefits they are entitled to.

- 46 of our general needs tenants and 6 sheltered tenants would like help finding work.
- 177 of our general needs tenants and 31 sheltered tenants would like help in moving or swapping their home
- 63 of our general needs tenants and 5 sheltered tenants would like to downsize to a smaller property.

The results also provided information about our tenants' internet access:

- Under half of Babergh's tenants have access to the internet (45%)
- Under half of Mid Suffolk's tenants have access to the internet (43%)

Access to bank accounts

The Department of Work and Pensions Family Resources Survey published in June 2012 shows that 10% of those with incomes of less than £100 per week do not have access to a bank account which enables direct payments, compared to just 3% of the general population.

More than 15% of local authority tenants and 13% of housing association tenants do not have a bank account and therefore would be unable to pay their rent by direct debit.

Development of the Financial Inclusion Strategy

During discussions, at a workshop event and in consultation with partners, providers and key stakeholders we identified a number of important issues which helped develop the Strategy.

The Aim of the Strategy

To help increase financial inclusion in our districts by working with stakeholders, partners, individuals and communities. To support our residents to gain the skills and confidence to manage their money

effectively and access appropriate services.

Our aim links to priorities in the Councils' joint strategic plan 2014 -2019:

Babergh – *'Shape, influence and provide the leadership to support and facilitate active, healthy and safe communities'*.

Mid Suffolk – *'Encourage and support individuals and communities to be self-sufficient, strong, healthy and safe'*.

How we will meet our Aim

- Develop a needs and evidence based approach to the commissioning of debt and money advice services.
- An action focused partnership approach.
- A focus on skills development and activities to help people back to work.
- Promoting financial inclusion through advice support and education.
- Promoting and developing access to fair financial products
- Enabling local communities to help themselves
- Embedding financial inclusion across delivery of all Council services

Outcomes

1. Improve skills, knowledge and confidence in relation to money management.

We will achieve this by:

- Working with our communities and our partners to agree a delivery plan to increase skills and capability of our residents, enabling them to live well.
- Understand existing skills and capacity in our communities.
- Explore and recruit to a volunteer scheme to assist with training in our communities.

2. Increased access to good quality financial advice and services, including: basic banking facilities, access to affordable credit including our local

Credit Unions, use of direct debits and automated payments.

We will achieve this by:

- Work with partners to provide good quality financial advice which meets need and widen access to bank accounts and affordable credit.
- Promote financial inclusion services through wide ranging media.
- Work with Parish Councils and other partners in rural areas to provide improved access to the internet.

3. Organisations providing advice and support are well trained, approachable and use plain English and that residents who use their services are treated with dignity.

We will achieve this by:

- Explore and work towards greater co-ordination of services across Suffolk, including sharing customer insight and intelligence across organisations.
- Raising the skills and expertise of frontline staff.
- Review of our existing communications to ensure they are appropriate and informative.

4. The relevant people are confident, willing and trained to recognise and respond to the need for financial advice and support in a timely way.

We will achieve this by:

- Undertaking a Financial Inclusion needs assessment and use the results to inform service delivery.
- Work with partners to design and deliver a training programme and signposting toolkit for use by those who may come into contact with residents who are facing financial inclusion.

5. Reduce fuel poverty

We will achieve this by:

- Develop a programme of works to install renewable/sustainable energy heating systems to improve fuel efficiency of council housing.
- Work with partners to offer advice and support to residents in fuel debt to avoid disconnections.

6. Ensure our residents maximise opportunities for employment and maximise income through benefits.

We will achieve this by:

- Working with the Councils Employment Enabling Officer and partner organisations to continue the development and delivery of a skills and training programme to assist residents back to work.
- Continue to provide support to council tenants through provision of specialist tenancy support officer roles and work with partners to provide regular benefits advice through a variety of methods.
- Raise awareness of welfare reforms through publicity and training. Prepare residents and staff for the roll out of Universal Credit.

7. Increase access to free money advice and debt advice services.

We will achieve this by:

- Work with partners to promote existing service provision and identify gaps.
- Increase local access to Credit Unions.
- Work with partners to undertake regular publicity campaigns around debt awareness.

8. Reduce the number of failed council tenancies as a result of financial exclusion.

We will achieve this by:

- Developing an affordability assessment tool to assist potential new tenants with bidding for the most suitable home on Gateway to Homechoice and provide pre-tenancy information relating to rent payments & housing benefit.
- Provide new tenants with training and advice to assist with sustaining tenancies.
- Work with partners to ensure resources are targeted to those households where greater risk of debt escalating.
- Review rent collection policies to maximise income collection and minimise debt.

9. Organisational resources are maximised and utilised effectively.

We will achieve this by:

- Explore funding opportunities to enable wider delivery of the project to support our communities.
- Work in partnership with other agencies to deliver a joined up approach to financial inclusion service delivery.

Action Plan and Project Team

An action plan will be developed. The action plan will detail a programme of activity which contributes to the Strategies aims and objectives. The Action Plan will include: costs, resources, and anticipated outcomes.

A Financial Inclusion Project team, led by the Financial Inclusion Project Officer, will develop, review and monitor the Action Plan.

The Project team will be responsible for delivery of the project. The team will meet regularly to drive delivery, monitor performance and update the Action Plan in response to changes in need or opportunity.

Updates, including performance information will be reported to Members through existing performance reporting methods.

Equalities Impact Assessment (EIA)

As part of our duties and commitments to delivering equalities throughout everything that we do, an initial Equality Impact Assessment (EIA) was done to assess whether this Strategy might have a negative impact on a particular group or person. The initial screening process did not identify any part of the community or any individual which would be adversely impacted by the implementation of this Strategy.

Key contacts

This Strategy has been produced in partnership. We strive to be open and inclusive and welcome all contribution and feedback to this work. Therefore, if you have any questions or would like more information about this Strategy please contact the:

Financial Inclusion Project Officer at
anne.bennett@midsuffolk.gov.uk 01449-724879

Corporate Manager Housing Revenue Account at
louise.rawsthorne@midsuffolk.gov.uk 01449-724772/01473-826604.

Business Improvement Team at
Karen.coll@midsuffolk.gov.uk 01449-724566/01473-826649 or
jill.pearmain@midsuffolk.gov.uk 01449-724573/01473-826649

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