

To: City Executive Board

Date: 12th March 2014 **Item No:**

Report of: Head of Customer Services

Title of Report: DRAFT FINANCIAL INCLUSION STRATEGY FOR CONSULTATION

Summary and Recommendations

Purpose of report: To present a Draft Financial Inclusion Strategy together with an Action Plan for delivery.

Key decision? Yes

Executive lead member Councillor Susan Brown

Policy Framework:

Recommendations (s):-

Members of City Executive Board are asked to:-

1. Approve the Draft Financial Inclusion Strategy as attached at Appendix 1. for consultation.

Appendices to report

Appendix 1: Draft Financial Inclusion Strategy
Appendix 2: Risk Assessment
Appendix 3: Equalities Impact Assessment

Background

1. The current public funding climate and cuts in welfare are putting increasing pressure on those with the lowest incomes. Rising costs of living in relation to basic needs such as home energy and food together with increased housing costs are exacerbating the problems of vulnerable residents and also pushing others currently at the 'tipping point' into potential difficulties. This means there is an increased danger of people falling into debt, getting into rent arrears, failing to adequately heat their homes or feed themselves and their family properly.

2. The issues which the Financial Inclusion Strategy aims to tackle are outlined in the Strategy document at Appendix 1. These include an annual reduction of £34.5 million in welfare benefits paid to Oxford residents, 42 excess winter deaths (linked to home fuel poverty) in 2012, 11% of the city's residents classed as indebted and a lack of skills preventing a significant number of residents entering the job market.
3. These issues cannot be tackled by the Council alone. The Council will need to work with its partners across the City to deliver solutions. It is therefore proposed that the Strategy is submitted for public consultation so that those partners can contribute to its development.
4. Consultation will be conducted during March and April 2014. The Strategy will be provided to stakeholders in the Voluntary and Housing sectors, as well as being made available to customers in the Contact Centres and online. The results will be the subject of a further report which will be presented to the CEB meeting of July 2nd.

Financial Inclusion

5. Financial inclusion is defined as the ability of an individual, household, or group to access appropriate financial services or products. Without this ability, people are often referred to as financially excluded. People that are financially excluded are often those in poverty or experiencing disadvantage and as a result might:
 - Not be able to access affordable credit
 - Not want, or have difficulty obtaining a bank account
 - Be financially at risk through not having home insurance
 - Struggle to budget and manage money or plan for the unexpected
 - Struggle to pay home fuel bills and/or live in poor quality housing with associated health impacts
 - Not know how to make the most of their money
6. As the impact of financial exclusion falls more heavily on low income households, this strategy seeks to ensure sufficient support is provided to such households to increase their income. This will be achieved by supporting people to access employment, and in overcoming barriers to work.
7. Sound financial inclusion work can help obtain better outcomes for individuals and their communities, and allow the Council to become more cost efficient. The benefits of financial inclusion can be defined as follows:

For Customers:

- Access to lower cost household bills
- Lower transactions costs
- More able to withstand financial shocks
- Better physical and mental health outcomes
- Able to play a full part in society

For Communities:

- More settled and stable communities
- Fewer family break-ups
- More money spent in local economy

For the Council:

- Improved cash flow
- Reduction in rent arrears
- Fewer evictions
- Fewer homeless presentations
- Less tenant turnover
- Reduction in costs of Council Tax and Rent collection
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Why is a strategy required?

8. Significant work is already undertaken to combat the challenges outlined above, both by the City Council and other organisations across the city. However reducing resources means that duplication of effort is not sustainable.
9. The challenges of financial inclusion have been divided into four top level themes. These are income, debt, housing and skills. For each theme, short and long term outcomes have been assigned. An action plan for the strategy has been developed along the same themes, with short and long term outcomes. The action plan is appended to the Strategy at appendix 1.

Climate change / environmental impact

10. There are no negative climate change or environmental impact issues related to this report. A number of the activities proposed in the Financial Inclusion Action Plan will lead to reduced carbon footprints for affected properties. Alleviating fuel poverty locally by improving the energy efficiency of poor homes reduces energy bills for occupants, improves health and contributes to the Council's carbon reduction target for the whole city of 40% by 2020. The council has a duty under the Home Energy Conservation Act to report on plans to help householders lower their fuel bills. It was the intention to produce a separate Fuel Poverty Strategy, however the issues of household income, energy prices and the thermal efficiency of dwellings, are so inextricably linked with financial inclusion, that bringing these issues together in a single strategy represents a more cohesive approach.

Equalities impact

11. The aim of the Financial Inclusion Strategy is to ensure that fewer people in the city are financially excluded. As such we would expect to see a positive impact on certain vulnerable groups, and also groups with protected characteristics.
12. Reductions in benefits impact disproportionately on single parents, people with disabilities, and working age people over 45. Older people and people in the private rented sector are disproportionately impacted by fuel poverty.

Actions proposed in this strategy will therefore reduce the inequalities created for these groups.

Financial implications

13. This report does not propose any new expenditure. Instead it seeks to align a number of different initiatives to produce greater outcomes.

Legal implications

14. None

Name and contact details of author:-

Name: Paul Wilding

Job title: Revenue & Benefits Programme Manager

Service Area / Department: Customer Services

Tel: 01865 252461 **e-mail:** pwilding@oxford.gov.uk

List of background papers: none

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