

DRAFT

To: City Executive Board

Date: 3 July 2014

Report of: Head of Customer Services

Title of Report: Financial Inclusion Strategy

Summary and Recommendations

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

Key decision? Yes

Executive lead member Councillor Susan Brown, Board Member for Customer Services and Social Inclusion

Policy Framework: None

Recommendations:-

That the City Executive Board:

1. Approves the Financial Inclusion Strategy for a period of three years from April 2014 to April 2017 as set out in Appendix 3 and;
2. Agrees the associated Action Plan, the delivery of which will be coordinated by the Head of Customer Services.

Appendices to report

- Appendix 1: Summary of Responses to the Consultation on the Draft Financial Inclusion Strategy
- Appendix 2: Financial Inclusion Strategy 2014 - 2017 and action plan
- Appendix 3: Risk Assessment
- Appendix 4: 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. They 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. In March, the City Executive Board (CEB) approved a draft Financial Inclusion Strategy for consultation. There were only a small number of respondents, however, some were of very high quality. The Strategy, attached at Appendix 2, has been amended in light of these responses.
4. In late 2013, the City Council commissioned some research into the impact of the Government's Welfare Reform programme on its residents. The Centre of Economic and Social Inclusion (CESI) carried out this research and have recently presented their early findings prior to production of their final report. These identified that people with disabilities, lone parents, and people living in the private rented sector were impacted more heavily by welfare reform than other groups. Their final report will contain a number of recommendations to meet the identified challenges. The majority of these will be addressed through the Action Plan at Appendix 2. However a new action has been added to ensure that any further recommendations are addressed in the implementation of the Financial Inclusion Strategy.

Public Consultation

5. Public consultation on the Financial Inclusion Strategy was carried out for four weeks during April 2014. A range of partners in the Housing and Voluntary sectors were invited to respond to the consultation. The consultation was also available on the Council's website for members of the public to respond to. A summary of the responses is provided at Appendix 1.
6. Following the public consultation two further actions have been added to the Action Plan. These are: 1) to promote Discretionary Housing Payments to private sector tenants, and 2) to look at the viability of setting up a city wide Financial Inclusion Partnership to lead on future development of this Strategy.
7. Respondents to the public consultation were keen for the Strategy to be more ambitious and set more specific targets in many areas. This Strategy does not go as far as these respondents would like as it represents a first step, with the

majority of actions focussed on the Council getting its own house in order first. However, the Strategy will be refreshed annually, with actions and outcomes being updated so that in the future the ambitions articulated by respondents are met.

Climate change / environmental impact

8. 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.

Risk

9. A risk assessment can be found at Appendix 3.

Equalities impact

10. The equalities impact assessment can be found at Appendix 4.

Financial implications

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

Legal implications

12. None

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List of background papers: none

Appendix 1

Summary of Consultation Responses

The following organisations were invited to respond to this consultation:
Advice UK, Age UK, Agnes Smith, Asylum Welcome, Blackbird Leys Neighbourhood Support Scheme, CAB, Connection Floating Support, Connexions, DWP, Oxford Association for the Blind, Oxford Brookes (Student Advice), Oxford Community Work Agency, Oxford Homeless Pathways, Oxfordshire Chinese Community Advice Centre, OCC Childrens Centres, OCC – Youth Support, Oxfordshire Mental Health Matters, Oxfordshire Mind, Pension Service, Rose Hill & Donnington Advice Centre, Stepping Stone, Terrence Higgins Trust, Turpin & Miller, A2 Dominion, Abbeyfield, Advance Housing, Bournemouth Churches HA, Bromford Housing, Catalyst, GreenSquare, Response, Riverside, South Oxfordshire HA, Thames Valley HA, Windmill House

1. Do you think that these themes adequately capture the range of issues that need to be addressed by the Financial Inclusion Strategy?

One respondent agreed with the emphasis on tenancy sustainment

One respondent said it was important to ensure the quality of debt advice, tackle high cost and illegal money lending, working more closely with partners especially Social Housing partners, joint commissioning of advice services, working with the financial services sector, setting up a Financial Inclusion Partnership

2. Have we identified the right outcomes for each of the themes in the Financial Inclusion Strategy, and are there any others which should be included?

One respondent referenced the need to provide advice about the dangers of getting loans from loan sharks.

One respondent identified the following additional outcomes:

Debt - Needs to include supporting free debt advice and monitoring quality. Tackling and providing alternatives to high cost and illegal lending. Joint commissioning of advice.

Income - Supporting access to financial products and services, ie link with MAS. Financial Capability should sit in skills not income.

Housing - The strategy talks about working with Council tenants and PRS but what about the social housing sector? For new tenancies especially ready to move courses with other housing partners, RSLVF verification for HB's, better information sharing with housing partners, work with those on the housing waiting list for tenancy preparation.

3. Will the proposed actions meet the outcomes outlined in Section 4 above?

One respondent advised of the need to raise awareness of DHP's, using nil income letters to obtain Hb and to try and avoid rent arrears so as to reduce the risk of homelessness.

One respondent thought not because there are no targets, and it looks like each action is being delivered in isolation. There needs to be more promotion of partnerships

4. Are there additional actions which need to be undertaken? If so, please explain which outcomes the proposed action would meet, and which partners the Council should work with to deliver it.

One respondent said that people needed to support to make use of digital services for applying for benefits and managing financial affairs.

One respondent suggested setting up a citywide Financial Inclusion group.

5. Are the identified delivery partners the right ones, or are there others that should also be included?

One respondent referred to Aspire, Emmaus and Food banks as potential partners. They also said a booklet would be helpful which explained the ways to get statutory support and also support available in the voluntary sector.

One respondent suggested working with national Teams like Money Advice Service, Illegal Money Lending Teams, the Financial services sector. Also locally Social Housing Providers, NHS, Public Health, Private Rented Sector.

Other comments:

One respondent felt that the survey was not presented clearly which made it difficult to respond.

One respondent just agreed with all the statements.

One respondent left the following comments:

Oxford CAB welcomes:

- the development of the financial inclusion strategy and the commitment it expresses to ensuring that policy, procedure and culture across the Council work together to maximise financial inclusion for residents.
- The review of debt recovery policies and of bailiff use
- the commitment to use tendering for the Council's own banking arrangements as an opportunity to find a local supplier of appropriate basic banking facilities.
- the recognition that key payments for fuel can disadvantage Council tenants looking for the best deals.
- The support for the Credit Union – with the caveat that unless access is made very easy it is still not an attractive option for low income savers
- the potential for the advice sector to contribute to the ESF project.

Para 3.1 - possible additions to the definitions/analysis

It might be helpful to include in the definition of the process of financial inclusion, aspects of income maximisation and confidence in managing finances as well as the points about accessing financial services and products. The bullet points at 3.1 are indicators of financial exclusion. The process of financial inclusion has been described as ‘the process which ensures a person’s incoming money is maximised, their out-goings are controlled and they can exercise informed choices through access to basic financial services.’ The definition then ties in more closely to the actions in the plan. This wider definition could also be referenced at paragraph 4.

Additions elsewhere

1. The document talks about tenant ready preparation for council tenants but this is equally important for private rented sector tenants, especially if direct payments are to be rolled out to tenants in the private rented sector whose landlords may not renew tenancies if payment arrangements change.

2. There are references in the analysis to both the need to change Council culture and to ‘join up providers’ and this could be reflected in more specific actions in the plan. It’s not clear what the Council would like to do in order to address this or what the current deficiencies are considered to be. Para 6.1 states ‘In most cases where there are multiple providers delivery is not joined up.’ If this is a reference to the links between advice providers in the advice sector it would be helpful to know more about the shortfalls the Council has identified. Our view would be that the advice sector actually works closely together: it is the links with some of the major sources of advice queries eg JCP that could be improved.

3. Any work on standard Income and Expenditure forms would benefit from input from a qualified debt adviser to ensure that whatever is developed is consistent with the Common Financial Statement accepted by creditors.

4. There are a lot of concrete actions against the housing objectives – perhaps because of the more tangible outputs available. Could this be balanced by including under the other themes some of the policy actions available? For example including an action to continue to make the case for revision of the BMRA would highlight the major impact on financial inclusion of the gap between LHA levels and average rents. Future decisions on the Council Tax Reduction Scheme would also potentially have a huge impact – either increasing or decreasing financial inclusion, and so might be worth a mention.

Useful clarifications – some relate to advice sector review

2.3 Housing – There are references to the number of families and to the number of households seeking social housing. The first mention is of an increase in families seeking social housing from 4,500 to 6,000 and then a second reference to 4,600 households on the Council’s waiting list. Should this second figure also be 6,000? Page 9 second row – Oxford CAB has provided financial capability sessions to a wide range of groups for at least the last five years. These sessions include information on how to open a bank account, the differences between various types of accounts, and how to access affordable credit and safe savings schemes. It would be helpful to acknowledge this rather than suggesting that there is currently nothing available to support this outcome.

Para 8.4 – it would be useful to know a bit more about the issues referred to here as under discussion with the advice sector. Dialogue is under way on information requirements but I'd be interested to know what the thinking is around referrals, data sharing, training and governance arrangements.

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