

Annex A: City of York Council: Financial Inclusion Policy

Section 1: What is Financial Inclusion?

Financial Inclusion is primarily concerned with access to an appropriate level of income and access to the financial tools and products people need to fully participate in modern day society.

It is about ensuring that everyone has access to appropriate financial services, enabling them to maximise their income, manage their money on a day-to-day basis, plan for the future and deal effectively with financial distress, for example:

- Access to affordable and responsible credit
- Access to an appropriate bank account
- Access to face-to-face debt and benefits advice
- Access to savings

Financial Inclusion is intrinsically connected to an individual's qualifications, skills, knowledge and employment status - and their ability to access affordable childcare, healthcare and housing.

It is also vital that individuals are able to access appropriate financial advice, information and support they need at a time when they need it, to enable them to address and overcome some of the challenges presented by the multi faceted issues outlined above.

The Financial Inclusion strategy can be seen as distinct from, but supportive of, the CYC Economic Strategy - with its focus on generating jobs and economic growth. Sustainable job creation is in many ways the key driver of Financial Inclusion, while the specific Financial Inclusion Strategy acts as an enabler to support the drive towards growth.

Section 2: Why do we need to respond?

Whilst two fifths of York's population live in areas that are in the best 20% in England, eight areas of the City are in the most deprived 20%. These 'local super output areas' (LSOAs) are home to around 13,000 people, just under 7% of York's population, but with an unemployment rate of 30%, and are characterised by significant levels of poverty, debt low income and associated financial exclusion.

These areas also contain a high concentration of single parent families and people suffering from physical or mental ill health who are at particular risk of being financially excluded.

York has one of the highest ratios outside London of earnings to average rent, giving the city a particularly acute problem in finding suitable accommodation for those on benefits, even more so in light of recent welfare reform. Legislative changes reducing Housing Benefit (because of Local Housing Allowances and under-occupation rules) and harsher tests for disability benefits have already increased pressure on the financial wellbeing of those currently out-of work or on low incomes. Further provisions of the Welfare Reform Act such as Universal Credit, changes to Independent Living Allowance, reductions in Social Fund payments and the changes to local Council Tax support mean that the future impact on York's residents will be even more severe.

For example, the proposed removal of housing benefit for the under 25s could result in the loss of £4,276,012 in benefits for young people in the City.

These problems are compounded by the 'poverty premium' faced by people on low incomes e.g. higher bank charges (£2.4 million leaves the sub region annually in bank charges) expensive prepayment fuel meters, lack of access to online discounts etc. Calculations reveal that that the poverty premium faced by York's poorest residents amounts to £1,800 per annum.

Further to this there is increasing evidence of stress and workplace absenteeism brought about by financial worries, coupled with a rise in debt and payday loans. This has been revealed in national studies and at a local level by York and District Mind and the Citizens Advice Bureau.

Section 3: Financial Inclusion: Vision and Values

City of York Council's vision of a **Financially Inclusive York** is as follows:

- A city where everyone has access to the services and support they need to make the most of their money, including access to banking, savings, affordable and responsible credit.
- A city where people are able to manage their money day-to-day, to plan for the future, cope with financial pressure, and to deal with financial distress.
- A City where employers pay a living wage to their employees to reduce levels of in-work poverty.
- A city where key stakeholders work together strategically and operationally to ensure that Financial Inclusion services are co-ordinated, holistic and customer focused.
- A city where people do not suffer deprivation, social exclusion, poverty, and ill health caused by financial pressures - thereby reducing the costs incurred by public services.
- A city where disposable income is retained within the local economy.
- A city where legal and illegal doorstep and payday lending is minimised.
- A city where a commitment to financial inclusion is embedded within the relevant strategic plans, procurement programmes and decision making structures of all key stakeholders.
- A city which intervenes early, educating children and young people in money management to prevent the cycle of poverty repeating itself.
- A city which 'breaks the mould' utilising digital connectivity, community bulk buy, fuel co-operatives and travel-to-work loans to address financial inclusion.
- A city which engages with the hardest to reach, through proactive financial inclusion initiatives in pubs, betting shops, doctors' surgeries and communities.

Section 4: Current Financial Inclusion Landscape

In the preparation of this policy document a comprehensive mapping exercise was undertaken, capturing the current landscape of financial inclusion service provision across CYC and the wider City.

Wider City - Financial Inclusion Profile

During 2011-2012 debt, benefits and other financial advice related services were delivered to over 7,000 residents of York. Of the 4,700 clients advised by York CAB, 45% of all cases related to debt and 22% to benefit concerns. Casework undertaken with the most severe debtors dealt with a combined debt total of almost £8 million.

Future Prospects secured employment for 431 individuals and offered benefits advice to at least 500 more - resulting in £1.8 million in benefits savings, £2.72 million in additional income and a £431,000 increase in council tax revenue. CYCs own CBSS Benefits Team offered advice and outreach to almost 700 residents, resulting in an increase in benefits entitlements of approximately £800,000. Furthermore, CBSS Income Officers dealing with Adult Social Care identified an additional £1.5m in unclaimed benefits last year when visiting customers.

Other key agencies offering financial advice and support include York Carer's Forum, Age UK, Christians Against Poverty, Fabric and Yorkshire Housing Associations each of whom employ benefits advisors. York also has a specialist Welfare Benefits Unit who offer expert benefits advice and training to frontline charities and statutory services. York and North Yorkshire Credit Union also offer a range of financial tools and products and services for all residents, but particularly the more financially excluded.

Other key services / organisations critical to an effective financial inclusion approach include the Pensions Service, JobCentre Plus and Work Programme Providers (supporting the longer-term unemployed), National Careers Service (who support JCP clients), providers supporting 16-18 year old NEET (not in education, employment and training), Children's Centres and the work of public health professionals employed by the Primary Care Trust.

City of York Council - Current Activity

Within City of York Council the ACE directorate has been actively involved in connecting CYC customers into these Citywide support services, particularly through initiatives such as

Catalyst, targeting financial advice at families most in need (in partnership with Future Prospects and the Citizens Advice Bureau).

The directorate also makes financial support services available for all families and children across the City through a network of frontline advisors situated in Schools, Colleges and Children's Centres (effectively co-ordinated through the Family Information Unit).

A similar picture emerges within the CANs Directorate, with a particular emphasis on community outreach and engaging the hardest to reach. Future Prospect's welfare benefits advisors have worked intensively with ex-offenders and people with mental health problems, also partnering with Doctor's surgeries in disadvantaged wards.

The CANs Adult and Community Education team have been fully engaged, working with Aviva to offer bitesize money management courses within Libraries and other community settings, whilst the CANs Housing Landlord team have worked extensively with Citywide partners such as the Credit Union to prepare tailored packages of support for vulnerable tenants, particularly young people at risk of losing their tenancies. The team have also ensured that Council tenants are fully briefed about the impact of forthcoming welfare reforms such as Universal Credit.

Excellent work has also been undertaken by York Youth Council to promote free school meals and uniforms, and CYC's own welfare benefits advisors have conducted door-knocking and outreach in specific estates, supported by the Neighbourhood Management Unit.

The CBSS Directorate plays a particularly important cross cutting role in financial inclusion, operating as the key interface between CYC and the wider public. In addition to employing benefits and income officers who offer free impartial advice to residents across York, the Directorate is also responsible for the Customer Contact Centre and other face-to-face customer points across the City. For this reason CBSS staff are at the forefront of developing and sharing intelligence about CYC's most vulnerable customers and also advising / signposting these individuals appropriately.

Much good practice exists here as it does elsewhere: the Income Team within CBSS liaises closely with the Housing Options team around the potential co-ordination and consolidation of customer debts. Furthermore CBSS have implemented a range of nationally commended corporate policies around income and debt (Income Policy, Corporate Debt Policy, Prepaid for Council Tax, Sundry Debts, Housing Benefit Overpayment).

Next Steps

Despite the excellent existing good practice already being undertaken within CYC there is significant room for improvement, particularly around the cross directorate sharing of

customer information and data. This led to the recent creation of the CYC Financial Inclusion Network, a priority of which will be to establish financial information sharing and governance protocols across the council, and to embed financial inclusion as a priority across all directorate action plans.

Another priority will be to work with partners across the wider City to achieve key outcomes as identified in the Financial Inclusion Vision in Section 2.

The network has also prepared a CYC Financial Inclusion Action Plan (Section 6) for the forthcoming 12 months, comprised of a combination of proactive and reactive measures working alongside Citywide partners.

Section 5: City of York Council's Response

Against the backdrop outlined above an Action Plan has been developed with a particular focus on the next 12 months (outlined in Section 6). Actions will be delivered to meet the following strategic outcomes.

Action 1 Financial Tools, Products and Services

Across the country dynamic local authorities are using their corporate buying power to purchase cheaper food, white goods, transport and energy deals for their citizens. Coupled with access to financial tools and products such as Paypal, Jam Jar Savings Accounts and Pre Paid Credit Cards this can realise a significant budgetary saving for many families and individuals.

Key Outcome: Reduce levels of financial and social exclusion by relieving the pressure on family budgets, helping disadvantaged individuals to access cost effective financial products and tools.

Action 2 Debt, Benefits and Money Management Advice

CYC needs to play a role in effectively co-ordinating the plethora of debt and benefits advice services across the City, as well as raising the level of general financial literacy / awareness across York.

Key Outcome: Develop sustainable solutions to improve the financial capacity and capability of individuals and communities within the City, reduce levels of debt and raise awareness of benefit entitlement.

Action 3 Customer Awareness and Contact

CYC must work with partners towards a comprehensive customer profiling system, tracking specific customer needs around financial inclusion, identifying when client groups will require intervention / support and how they are likely to access it.

Key Outcome: Develop a clear, co-ordinated offer for CYC customers, via visible access points across the City. Develop sympathetic, well co-ordinated debt recovery and customer charging policies.

Action 4 Supporting the Most Vulnerable and Marginalised

Despite our best efforts there will be particularly vulnerable and marginalised individuals and families who are unlikely to access any form of support without a fundamental change in mindset towards officialdom. Taking a step beyond the standard community outreach venues will require innovative approaches - offering financial support in pubs, homes, betting shops, doctor's surgeries and working with trusted intermediaries such as local residents to deliver that support.

Key Outcome: Create financial support packages which effectively target vulnerable and marginalised families, individuals and communities in settings that are comfortable and familiar to them.

Section 6: Financial Inclusion Action Plan

Actions 0-3 Months	Next Steps	Delivery Partners
<p>Financial Inclusion Manager / Specialist Debt and Benefits Advisor</p> <p>Secure funding for a CYC Financial Inclusion Co-ordinator and Specialist Debt and Benefits Advisor.</p> <p>Secure flexible funding for a range of targeted financial inclusion interventions.</p> <p>Secure funding to support the provision of affordable credit and basic bank accounts for York residents..</p>	<p>Submit bid to the CYC Economic Infrastructure Fund - circa £300,000 over three years.</p>	<p>CYC lead, but working closely with other partners - CAB, Welfare Benefits Unit, Pensions Service, Credit Union etc.</p>
<p>CYC: Financial Inclusion Governance</p> <p>Need to agree governance for all the financial Inclusion activity, within CYC and City wide.</p>	<p>Need to establish a two-tier structure of financial inclusion activity within CYC, a high level strategic steering group will oversee the financial inclusion strategy, supported by a</p>	<p>City of York Council</p>

	<p>broader cross directorate working group.</p> <p>Also need to consider the governance relationship with partners agencies, an approach adopted by other authorities. Leeds City Council chairs a Citywide group, in partnership with banks, credit unions, pensions service, housing associations, voluntary sector, jobcentre plus, children’s centres, GP surgeries etc. etc</p>	<p>City of York Council / City partners</p>
<p>CYC - Identification of Vulnerable Customers</p> <p>Customers still have demands from different parts of the council, be it Council Tax, Rent Arrears or Benefit Overpayment. Need to explore a different way of delivering this service that has the customer at the focus and still ensures that the authority maximises income.</p>	<p>Promote and support greater awareness of the Corporate Debt Policy across CYC</p> <p>Initiate work around CYC Customer Charging and Debt Recovery protocols and broader customer profiling - income levels, ability to pay, potential benefits entitlements, identification of vulnerable customers etc. Investigate use of pre-committal surgeries for key debtors.</p> <p>Maximise use of internal CYC benefits advice capacity.</p>	<p>City of York Council / City partners</p>

	<p>Trial data sharing protocols with voluntary sector groups to enable a basic level of information to be shared across organisations.</p> <p>Provision of financial inclusion training for frontline advice staff (CYC and Citywide), and more formalised communication routes / access to the Income Team for liaison around vulnerable customers.</p>	
Actions 3-6 Months	Next Steps	Delivery Partners
<p>Launch of a high profile Financial Inclusion awareness raising programme, enabling CYC and City providers to network and better co-ordinate service provision together e.g. align debt and benefits advice, also look to better co-ordinate Citywide advice and activity around welfare reform, money management courses etc.</p>	<p>Test the co-ordination of services through the roll-out and development of the neighbourhood pilots in the Lindsey and Carr Estates, specifically designed to reach the most marginalised individuals - complementing other neighbourhood initiatives / approaches being trialled in the Hull Road, Tang Hall areas (CAB Family Fortunes Pilot etc).</p>	<p>CYC / City wide partners.</p>

Actions 6-12 Months	Next Steps	Delivery Partners
<p>Work towards the development of City Access Points to direct those in need of assistance with financial issues towards multiple sources of support e.g. Linking together training programmes at Future Prospects (run in partnership with JobCentrePlus), advice on childcare options from the Children’s Centres, advice on debt management / benefit take up from the CAB and CYC Benefits Team and access to the financial tools / products offered by the Credit Union.</p> <p>Initiate better access to Financial Tools and Products.</p>	<p>CYC to commission a series of in-house and community / voluntary sector led interventions and services through the EIF e.g.</p> <p>Extend presence of advisors in GP Surgeries</p> <p>Smarter money management sessions</p> <p>Establish community Buying Groups – Food / Household Goods, Fuel Co-operatives</p> <p>Extend access to basic bank accounts</p> <p>Monitor and measure outcomes and explore sustainability options</p>	<p>CYC / City wide partners</p>

Section 7 Conclusion

It is evident that much good work is emerging across the City and it is clear that City of York Council needs to take a strong lead around the alignment and co-ordination of service provision, presenting a coherent offer to residents, both now and in the future. An effective Financial Inclusion strategy can realise many benefits for resident - the Leeds approach has evidenced that for every pound invested in Financial Inclusion initiatives £8.40 is generated for the regional economy. Some of the specific benefits that may be realised by CYC as the result of a successful financial inclusion policy and action plan are as follows:

- Improved cash flow
- A reduction in the number of people presenting as homeless
- A reduction in the level of rent and mortgage arrears
- A reduction in the costs of rent and Council Tax collection, including court costs, and an increase in the use of the most efficient collection methods, e.g. direct debit and other automated payments;
- A reduction in the number of evictions, repossessions, bailiff visits and court actions as a result of rent or Council Tax arrears
- A reduction in the number of failed tenancy rates, abandoned properties and housing void costs
- A reduction in broader social costs caused by financial pressures e.g. anti-social behaviour, noise nuisance, vandalism.
- A joined up approach to income management to ensure increased debt recovery and limiting the negative outcomes for customers.

