
Joint Portfolio:
Executive Member for Finance & Performance
Executive for Housing and Safer Neighbourhoods

12 August 2019

Report of Assistant Director, Customer & Digital Services

Financial Inclusion Interim and Future Funding Strategy

Summary

- 1) This report presents proposals for Financial Inclusion (FI) funding allocations for 2019/20 and the development of a longer term future funding strategy to feed into the 2020/21 annual budget process.

Recommendations

- 2) The Executive Members are asked to:
 - a) approve the recommended Option 1 to extend the 2019/20 allocations to safeguard any successful and appropriate current schemes at risk in the short term; and
 - b) approve the delivery of a longer term strategy for the sustainability of successful Financial Inclusion projects.

Reason: To ensure that councillors, residents, partners and groups are aware of financial inclusion activity and approval/use of associated funding. Also to ensure approved scrutiny actions are implemented.

Background

Financial Inclusion Funding Scheme 2019/20

- 3) This Scheme has now been running for a number of years and in the last two years under the badge of 'Improving Finances Improving Lives' Scheme. The competition for funds is normally launched in or around March each year.
- 4) The competition panel is made up of 3 council officers not associated with the operational funding of any of the bidding organisations. They assess

the bids set against clear criteria agreed by the Financial Inclusion Steering Group (FISG) and usually with a priority criteria e.g. supporting people with Universal Credit claims, digital inclusion or supporting those with mental health challenges. The officers then consult with the Executive portfolio holders on the draft successful bids, and the outcome is confirmed in an officer decision made by the Director of Customer & Support Services which is published.

- 5) The last competition resulted in the 2018/19 awards contained in the table at Annex A. Given that City of York Council (CYC) had a full council election in May 2019 and was in purdah from around March 2019, it was necessary for a decision to be made on the 2019/20 scheme. This was in light of the fact that the inability to hold a competition during purdah could put some very successful projects at risk as they would become unfunded at the end of March 19, and currently underpin some of the council's approach to mitigating financial difficulties for residents including the impact of universal credit.
- 6) As such the joint portfolio holders at the time agreed to extend the funding for any existing schemes where appropriate to the end of September 2019. This has cost £29k from the available 2019/20 budget of £110k (£100k base budget plus 10k was carried forward from the 2018/19 round), leaving a £81k budget for the remainder of 2019/20.
- 7) The recurring base budget is £100k per annum going forward and is completely separate from the Community 4 Growth (one-off) funding and the recurring York Financial Assistance Scheme (YFAS) and Discretionary Housing Payments (DHP) budgets (see Annex B for further details). A £12k increase has been approved as part of the Supplementary Budget at Full Council on 17th July 2019 for 2019/20. This supplementary amount gives a total remaining budget of £93k for the current year (19/20).
- 8) Officers feel that there are two possible options to mitigating any gap in provision of grant funded schemes this year – these options are reviewed in more detail at paragraphs 14-15 below :

Option 1

Extend the current schemes due to end at any point in 2019/20, to 31st March 2020 at an estimated highest cost of £82,343 (Annex A) with any future competition subject to the funding review outlined at Paragraphs 10-12 below.

Option 2

Run a competition for new schemes in August 2019 to start from 1st October 2019 (thought would need to be given as to the length of the schemes). This would assume full use of the £93k in the current year and £100k in any future years.

Then there is a final option which will not mitigate the gap:

Option 3

Do nothing and repurpose the funding for this and future financial years in line with other council plan and budget priorities.

Recommended Option

- 9) To work in conjunction with the proposal to develop a longer term funding strategy (see paragraph 10-12), it is recommended that **Option 1** is approved. The full financial implications are outlined in Annex A to the report. Contacts for all the projects that have responded (responses are awaited from 2 organisations) and indicate that they can continue to deliver clear outcomes if an extension was agreed. This would be subject to a thorough review of deliverability, a written service level agreement and regular monitoring arrangements by the council.

The development of a longer term funding strategy

- 10) Partners such as Citizen Advice York (CAY) and others have indicated concern about successful schemes being funded from short term funding pots when the affects of Universal Credit (UC) and other poverty impacts such as food and fuel poverty, are long term. As reported in a recent Welfare Benefits report considered by Executive on 18th July 2019, the transition of up to approximately 5000 more residents to UC in the period up to around 2022 is likely to require claiming, budgeting and debt support for many years to come.
- 11) It is recommended therefore that as part of the next budget consultation and planning process, that strategies around securing longer term solutions to those schemes that have had a successful track record in delivering real outcomes for residents, are developed and secured in 3 year (or more) Service Level Agreements. The budget approvals would be sought during the coming budget setting process for 2020/21 and the Service Level Agreements approved individually at joint portfolio holder decision sessions.
- 12) Sustainability of financial inclusion projects should also be considered as part of the development of the refreshed Financial Inclusion Policy later this financial year. Both actions will assist in delivering the agreed recommendations from the Financial Inclusion Scrutiny Review (as approved by Executive 18th March 2019).

Consultation

- 13) The revised Financial Inclusion Policy and the Budget Strategy will be both subject to public consultation during 2019/20.

Options and Analysis

14) Option 1

Extend the current schemes due to end at any point in 2019/20, to 31st March 2020 at an estimated cost of £82,343 (Annex A) with any future competition subject to the funding review.

This would remove any in year uncertainty for the schemes and allow a full review of the use of FI funding during the next annual budget process. This would seek to address the long term sustainability challenge of some projects such as the CAY debt support work which have become critical services for residents and where demand continues to increase given the protracted rollout of UC.

15) Option 2

Run a new Competition in August 2019 to run for an agreed length of time from 1st October 2019.

This gives the opportunity to reopen the field to the possibility of new ideas and providers coming forward and a longer term period e.g. 18 months or more would give some longevity to successful schemes. It would continue to allow resources and services to be directed to specific areas/client groups most in need. A shorter period of less than one year is unlikely to be viable for many organisations and could favour existing projects which are already established.

This option would not address the long term funding issues raised by the aforementioned scrutiny review or its agreed actions.

16) Option 3

Do nothing and repurpose the funding this and future financial years.

This will allow a repurposing of the current available £93k 2019/20 funding and the future annual £100k funding to other council priority areas. However, unless this is repurposed to support key schemes with proven successful outcomes this could result in a significant reduction in support for both residents experiencing difficulties but also partners who rely on the advice and support some of the funded schemes give them.

Council Plan

- 17) Outcomes achieved by the activities covered in this report help to deliver the following emerging outcomes in the draft Council Plan:
- Good Health and Wellbeing
 - Well-paid jobs and an inclusive economy
 - A Better Start for Children and Young People.

Implications

- 18)
- Financial:** The proposals contained in this report will be funded from existing and supplementary Financial Inclusion budgets. The future strategy will inform the future budget decisions in the planned budget setting processes for 2020- 25.
 - Human Resources (HR):** None for CYC but will impact on staffing resources and capacity for those organisations receiving Financial Inclusion funding.
 - Equalities:** Financial inclusion funding is directed at front line delivery of support to diverse groups across the city but specifically targets York's Equality Strategy (2016-20) around Economic Security.
 - Legal:** The content of this report contributes to meeting requirements set down on the Equalities Act 2010 as described above.
 - Crime and Disorder:** None
 - Information Technology (ICT):** None
 - Property:** None
 - Other:** No known implications

Risk Management

- 19) The controls and evidence in this report mitigate/minimise risks associated with the impacts of poverty on the communities of York. The Council has seen the pressure on welfare budgets and York Financial Assistance Scheme rise, and a significant increase in the use of Foodbanks since the introduction of welfare benefits changes. These are likely to increase during full transition to UC in future years.

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Report Approved**Date** 31/7/19**Specialist Implications Officer(s)**

Financial: Ian Floyd, Director of Customer & Corporate Services

Wards Affected: *List wards or tick box to indicate all***All**

Annex A: Current 'Improving Finances Improving Lives' Financial Inclusion Projects and Financial Projections

Annex B: Source of Financial Inclusion Funding

Background Papers:

Financial Inclusion Scrutiny Review – March 2019:

- Customer & Corporate Services Scrutiny Management Committee
<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=144&MId=10489&Ver=4>
- Executive:
<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=11469&Ver=4>

Recorded decisions on Awards under the 'Improving Finances, Improving Lives' grant scheme:

- 2018/19 Awards:
<http://modgov.york.gov.uk/ieDecisionDetails.aspx?ID=5217>
- Extension of 2018/19 Awards:
<http://modgov.york.gov.uk/ieDecisionDetails.aspx?ID=5434>

Annual Financial Inclusion and Welfare Benefits Activities Report 2018/19:

- <http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=11107&Ver=4>

List of abbreviations used in this report:

FISG	Financial Inclusion Steering Group
CYC	City of York Council
YFAS	York Financial Assistance Scheme
DHP	Discretionary Housing Payments
UC	Universal Credit
FI	Financial Inclusion
CAY	Citizens Advice York