

**Report of the Cabinet Member for Corporate Services**

**City of York Council Financial Inclusion Policy and Action Plan**

**Summary**

1. Cabinet is asked to approve the City of York Council **Financial Inclusion Policy** and associated **Action Plan** (attached as Annex A). This policy supports the CYC Economic Strategy as an enabler for growth. At its heart is a clear and joined up service offer to York's residents.

- Intervening early before specialist debt and benefits advice is needed.
- Implementing innovative approaches to save residents money e.g. community bulk buy of fuel, food etc.
- Engaging with the hardest to reach in settings familiar to them e.g. financial advice in pubs, surgeries and community settings.

This policy also delivers the following recommendations from the Final Report of the Fairness Commission:

- Creating a simple and shared system to get help and advice to the people, including access to central information hubs, outreach centres and promotional activity.
- Making far greater use of early intervention and preventative measures to promote inclusion.
- Targeting investments and services to reduce inequalities and improve life chances in the most disadvantaged areas.

2. Cabinet is also asked to approve the draw-down of Economic Infrastructure Funding of £300k over 3 financial years to deliver against the outcomes in the Financial Inclusion Action Plan.

3. Cabinet is asked to agree the proposed governance of CYC's overarching approach to addressing Financial Inclusion (attached as Annex B).

## **Background**

4. The country presently finds itself in the grip of the most severe economic recession since the 1930s. In York the drive to reduce the financial deficit has led to severe pressure on public sector jobs and services, slow growth and increasing unemployment for women and young people, entrenched high concentrations of unemployment in key wards, mounting debt levels and pressure upon family finances.
5. 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, changes to local Council Tax support mean that the future impacts will be even more severe. The proposed removal of housing benefit for the under 25s could result in a reduction of £4,276,012 in benefits for young people in the City.
6. In York this has manifested itself through a recorded rise in stress levels. York Mind have reported an increase in clients who have experienced stress due to being reassessed or being found no longer eligible for benefits. . York CAB also report that debt levels are rapidly on the increase, particularly within our more marginalised neighbourhoods, and payday (rather than doorstep) lending is becoming increasingly common. Since 2007 the payday loan market has quadrupled in the UK. Nationally more than 1 million people are now resorting to payday loans every year, borrowing a total of £2 billion, or £153 each month, to cover basic household bills. The continued cutting of benefits, as outlined in paragraph 5 will create an even more lucrative market for payday lenders offering emergency loans.
7. There has been a growing recognition that the council needs to lead a whole-city response that will contribute to alleviating the

impacts of service reductions, support people to find their own financial solutions and include a socially responsible CYC approach to people in debt to the council. This is reflected in the council Debt Policy which sets out a clear policy objective and framework to deliver this.

8. In the first instance CYC has established a two-tier cross directorate Financial Inclusion Network, comprised of senior managers and key officers responsible for delivering on the financial inclusion agenda and managing the council's approach to income collection through its Debt and Income Collection Policies (Annex B).
9. An initial task of the network has been to undertake a comprehensive mapping exercise of current financial inclusion services across the Council (Annex C). The mapping exercise reveals a good range of financial advice and support services across all CYC directorates. However, it remains the case that some of these services operate in relative isolation from each other and there is some duplication of provision.
10. The CYC financial inclusion network has also researched good practice models elsewhere (e.g. the Leeds City Council approach to financial inclusion) and identified a number of key features to be included in the York model going forward. These include a strong partnership working template, a focus on the most marginalised communities, the embedding of financial inclusion across council directorates and that services adopt and comply with the corporate Debt and Income policies for the collection and prioritisation of debt.

## **Financial Inclusion Policy and Action Plan**

11. The other key task of the CYC Financial Inclusion Network has been the preparation of a draft **Financial Inclusion Policy and Action Plan**. (Annex A).
12. Both the Financial inclusion Policy Action Plan identify key Citywide financial services, tools and products that should be made available for all residents, accompanied by specialist debt and benefits advice and a targeted, outreach approach within marginalised neighbourhoods.

13. The Financial Inclusion Policy and Action Plan also identifies the need to train and up-skill frontline CYC staff, particularly Customer Centre staff, in order to signpost all residents and CYC customers to the most appropriate sources of financial advice and support to meet their particular needs.
14. The success of the Financial Inclusion Policy and Action Plan is heavily dependent on the active involvement and buy-in of partner agencies across the wider City and will change and evolve as time progresses.

### **Additional Funding Requirements**

15. City of York Council's vision is to lead and drive forward a high-level Citywide commitment to reduce financial exclusion in York over forthcoming years. To position CYC at the forefront of financial inclusion activity in the City and to progress the actions identified in the Financial Inclusion Policy, a 3-year package of Economic Infrastructure Funding has been identified by the Creating Jobs and Growing the Economy Panel (£300,000 over three years). These costs include:
  - A part-time Financial Inclusion Project Manager role to co-ordinate and drive forward a City-wide financial inclusion work programme.
  - A specialist debt and benefits advice worker to perform a link role with York CAB, the York Welfare Benefits Unit, Future Prospects and others
  - Bolstering existing benefits advice and advocacy services in the City.
  - Funding to support the availability of affordable borrowing and access to basic bank accounts for all residents of York.
  - Additional, 'flexible funding' to support a range of additional Financial Inclusion pilots and interventions which emerge from discussions at the CYC Financial Inclusion Network, and discussions with City wide partners.

## Consultation

16. In the preparation of the **Financial Inclusion Policy and Action Plan** extensive consultation has been undertaken with key partners across the City. This includes input from the Fairness Commission Findings and Recommendations and the Citizens Advice Bureau (on behalf of the wider voluntary sector). Both parties have indicated that the CYC approach outlined above (i.e. a combination of better access, co-ordination and financial inclusion outreach) is an appropriate way to proceed.

## Implications.

17. **Financial:** It is proposed to utilise Economic Infrastructure Funding of approximately £300,000 over three years to deliver against the priorities outlined in the Financial Inclusion Policy and Action Plan.
18. **Equalities:** The proposed new financial inclusion arrangements will enable the targeting of support towards activities which contribute towards all the equality outcomes set out in the draft Council Plan.
19. **Legal:** The Council's general power of competence under section 1 of the Localism Act 2011 allows the Council to implement the actions proposed in the draft plan.

There are no **Human Resources, Crime and Disorder, Information Technology, Property**, or other implications arising from this report

## Council Plan

20. The Financial Inclusion Policy and Action Plan are in line with key outcomes identified within the Protecting Vulnerable People section of the Council Plan. It is essential that the areas of work identified in the Action Plan are embedded into Directorate's Service Plans, and that overall progress towards outcomes is managed through the ongoing tracking of the Council Plan.

## Risk Management

21. The initiatives supported by Economic Infrastructure Funding will be overseen and consistently monitored by the CYC Financial Inclusion Network.

## Recommendations

22. Cabinet are asked to approve CYC's proposed overarching approach to Financial Inclusion, in particular the draft Action Plan for the next 12 months including proposed arrangements for Economic Infrastructure Funding.
23. Cabinet are asked to approve the draw-down of £300,000 identified from the Economic Infrastructure Fund to facilitate the above approach.

**Reason:** CYC's policy approach to financial inclusion is intended to increase the scope and build the capacity of CYC and other partners to deliver a more co-ordinated approach to financial inclusion across the City, bringing about the following outcomes:

- The creation of a Citywide financial safety net, with good information and advice available for all residents.
- The identification of a programme of proactive outreach campaigns in areas of specific need.
- The embedding of financial inclusion within all council strategies and all directorates / service plans.

<b>Author:</b>	<b>Cabinet Member and Chief Officer responsible for the report:</b>		
Adam Gray / Jane Collingwood Strategy and Development Officers Strategy and Partnerships OCEX 551053 / 553407	Councillor Julie Gunnell Cabinet Member for Corporate Services Ian Floyd Director for Customer & Business Support Services		
	<b>Report Approved</b>	✓	<b>Date</b> 26 October 2012
<b>Specialist Implications Officer(s)</b> N/A			

<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>	<b>All</b>	<input checked="" type="checkbox"/>
<b>For further information please contact the author of the report</b>		

## Annexes

Annex A - City of York Council Financial Inclusion Policy and associated Action Plan

Annex B - Debt and Income Collection Policies

Annex C - Mapping exercise of current financial inclusion services across the Council.