

**Customer & Corporate Services Scrutiny
Management Committee**

10 September 2018

Report of the Assistant Director – Legal & Governance

Financial Inclusion Scoping Report

Summary

1. This report provides the Committee with information on the progress made in delivering Financial Inclusion activity across the city to help Members decide whether this is a topic worthy of a scrutiny review.
2. It also highlights specific areas the Committee might want to investigate should Members decide to undertake a scrutiny review.

Review proposal

3. At a meeting of CSMC in June 2018 Cllr Neil Barnes proposed a scrutiny review into Financial Inclusion. This followed a decision session by the Executive Member for Adult Social Care and Health which considered Welfare Benefits Update and Financial Inclusion Outturn Report 2017/18.
4. The Executive Member resolved that the impact of Universal Credit (UC) to date, and the welfare support provided by the council to residents in 2017/18, be noted and that the council continue to work proactively with third sector partners on the wide range of support, early intervention and advice through the activity of the Financial Inclusion Steering Group.
5. Four strands within the Welfare Benefits Update and Financial Inclusion Outturn Report 2017/18 were identified as having the potential for further scrutiny:
 - i. The growing impact of Universal Credit is starting to be felt (and reported by Citizens Advice York). Are processes ready and resilient enough?
 - ii. The low take up of council tax discretionary reduction scheme is a concern. How is this being advertised / signposted to potential customers?

- iii. There is an increased demand on discretionary housing payments.
- iv. The various activities initiatives aimed at addressing the cause of financial inclusion being funded by Financial Inclusion Steering Group. How are these awarded and how are we measuring the benefits?

General Background

Financial Inclusion

- 6. The council provides a broad range of support to welfare benefit customers through the York Financial Assistance Scheme (YFAS), Council Tax Support (CTS) and Discretionary Housing Payments (DHP). In addition the council provides digital support and personal budgetary advice in respect of Universal Credit (UC) claimants.
- 7. The council also has welfare benefit advisors at West Offices who provide support to all residents, in their homes, at York District Hospital and in the Budgeting Cafes at Sanderson Court & Foxwood Community centre. Welfare Benefit customers in receipt of CTS benefit from a lighter touch recovery process that does not include the use of Enforcement Agents (bailiffs) and minimum court costs to apply for liability orders.
- 8. All customers including welfare benefit customers have the opportunity to arrange their own payment arrangements digitally without having to talk to council officers.

Background to the specific areas of the review

Impact of Universal Credit

- 9. The initial rollout of 'live' UC services in York occurred in February 2015. This had little additional impact on the demand for welfare support provision as the initial 'live' service only affected single people.
- 10. The rollout of the UC 'Full Service' in York started in September 2017 affecting all working age customers with some exemptions (e.g. customers in 'exempt' accommodation, families with more than 3 children). Pension age residents are not affected by UC. At this time only new welfare benefit claimants and some existing Housing Benefit (HB) customers with certain prescribed change of circumstances are claiming Full Service UC.

11. The gradual transition of customers to UC along with buoyant employment levels in York has meant that any detrimental impact on residents has been slow in materialising in respect of our welfare benefit support. However, CAY and other agencies are reporting an increase in queries relating to UC.

Third Sector Partners

12. Citizens Advice York and other agencies are seeing an increase in queries relating to UC. From their experience there are many residents who need help navigating the system, for instance:
 - knowing who should claim UC, some people are incorrectly being told they should claim UC instead of other benefits such as contributory benefits e.g. job seekers (contribution based) or employment support allowance (contribution based);
 - knowing when to claim, if people claim UC before receiving their final pay from a previous employer this is taken as income during their assessment period and deducted from their UC payment;
 - knowing what's included in UC and what isn't, making sure people include their housing costs in their UC claim and making a separate application to the council for Council Tax Support;
 - knowing how much they should receive and when; there have been a number of errors where additional elements have not been included in UC awards.
13. Currently agencies are seeing people who are very worried about changes in their circumstances and the impacts of UC on them and their families. The food bank statistics also show a 49.4% increase in demand from those customers moving to UC from April 2017 to March 2018.

Council Tax Support

14. The 'council tax discretionary reduction scheme' (managed and funded under the York Financial Assistance Scheme (YFAS) umbrella) can provide financial help to any council tax payer who find themselves in difficulty with paying their council tax, subject to scheme criteria.
15. Reductions are made on hardship grounds with each application considered on its own individual merits and based on their net council tax liability after any discounts, exemptions, reductions for disabilities or CTS have been applied. The council have worked hard along with CAY to promote this support making it as accessible as possible. The awards for

the last three years show that the value is continuing to fall despite this work:

- 2015/16 - £26,745
- 2016/17 - £23,957
- 2017/18 - £18,557

Discretionary Housing Payments (DHP)

16. Tenants on Housing Benefit (HB) or receiving the housing element of UC can claim DHP from the council if the amount they get is less than their rent and they are struggling to pay their landlord the difference. It is largely intended to be a short term award.
17. The council receives a direct grant from the Department for Works and Pensions (DWP) to fund DHP payments and this can be increased from local resources up to a maximum of 2.5 times the DWP grant. In 2017/18 the council made 543 awards totalling £206,798 which was within the DWP grant of £256,596. This was an increased spend compared to 2016/17 where a total of £180,842 was awarded to 512 residents.

Financial Inclusion Steering Group

18. York's Financial Inclusion Steering Group (FISG) comprising Council directorate representatives, Citizens' Advice York (CAY), Advice York (AY), South Yorkshire Credit Union (SYCU) and the Executive Member for Adult Social Care and Health, was set up in January 2013 with the aim of addressing the root cause of financial inequality. The group's purpose is:

'To ensure that local people have the knowledge of and access to appropriate services, allowing them to make more informed choices to achieve and maintain financial stability'
19. The FISG is responsible for overseeing the delivery of financial inclusion work including the allocation of funds to projects delivered by partners that meet the group's objectives (see paragraph 8). It has an agreed and ongoing base budget of £100k per year from 2017/18. In February 2017 Council agreed an additional £50k per year for 2017/18 & 2018/19 to be allocated to projects and a further £25k per year to fund specific debt advice related support work across the same two year period.
20. The group aims to:

- Ensure that residents have the knowledge to manage their finances effectively
 - Better coordination of advice services across the city
 - Advice givers and those 'sign posting' better understand the welfare benefits system
 - Explore opportunities to reduce general living expenses.
21. To target resources effectively to those who most need support, bids are invited from partners for projects that promote financial inclusion. These are subject to panel selection at which bidders make a presentation on their proposals. Rigorous selection is made against a range of criteria.

Consultation

22. There was no consultation involved in the preparation of this report.

Proposed remit

23. Aim:

To understand the impact of Universal Credit on the citizens of York and the activities being run to promote Financial Inclusion.

24. Objectives:

- i. To ensure processes are ready and resilient enough to deal with the growing impact of Universal Credit;
- ii. To examine the low take up of the Council Tax Discretionary Reduction Scheme and how this is being signposted to potential customers;
- iii. To determine the drivers behind the increased demand on Discretionary Housing Payments and what? Look at whether Financial Inclusion activities and resources can mitigate any causes? ;
- iv. To understand how the various initiatives aimed at addressing the cause of financial inclusion funded by the Financial Inclusion Steering Group are awarded and measured.

Options

25. Members can agree to undertake a scrutiny review into Financial inclusion and appoint a Task Group to undertake a scrutiny review on the Committee's behalf, or not.

Analysis

26. There is no further analysis other than the information in this report and the background papers.

Council Plan

27. This report is linked to 'a prosperous city for all' priority in the Council Plan.

Implications

28. There are no implications arising from the recommendations in this report.

Risk Management

29. There are no risks attached by the recommendations in this report.

Recommendations

30. Members are asked to
 - i. Agree to undertake a scrutiny review into Financial Inclusion and appoint a Task Group to undertake this scrutiny review on the Committee's behalf or;
 - ii. Agree not to undertake a scrutiny review into Financial Inclusion but request regular update reports on Financial Inclusion be received by the full Committee

Reason: To comply with scrutiny protocols and procedures.

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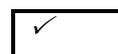
Report Approved



Date 9/08/2018

Wards Affected:

All



For further information please contact the author of the report

Background Papers:

Decision Session – Executive Member for Adult Social Care and Health Welfare Benefit Update and Financial Inclusion Out-turn Report 2017/18
<http://modgov.york.gov.uk/ieListDocuments.aspx?CIId=740&MIId=10806&Ver=4>

National Audit Office Report – Rolling out Universal Credit
<https://www.nao.org.uk/report/rolling-out-universal-credit/>

Abbreviations

AY – Advice York
CAY – York Citizen’s Advice York
CFS – Community Furniture Store
CTS – Council Tax Support
CYC – City of York Council
DHP – Discretionary Housing Payment
DWP – Department for Works and Pensions
GP – General Practitioner
FISG – Financial Inclusion Steering Group
HRA – Housing Revenue Account
SYCU – South Yorkshire Credit Union
TLP Trusted Landlord Portal
UC – Universal Credit
YFAS – York Financial Assistance Scheme