

Overview and Scrutiny Board - 6 March 2012

Review of Financial Inclusion Strategy

Purpose of the Report

- 1 To make Board Members aware of plans to review Middlesbrough Partnership's Financial Inclusion Strategy.

Background Information

- 2 In November 2009, Middlesbrough Partnership formed its Financial Inclusion Group (FIG). The Group brings together partners from the private, public, community and voluntary sectors to co-ordinate the Partnership's response in promoting and improving financial inclusion across the town.
- 3 The enthusiasm, commitment and willingness from all partners involved in this work to-date has been both significant and sustained.

Financial Inclusion Strategy for Middlesbrough

- 4 In early 2011 the group jointly developed the town's Financial Inclusion Strategy. This document was developed via partnership working following an Action Planning session held in November 2010 during which key priorities were discussed.
- 5 The Strategy provides details on the national and local picture in terms of financial inclusion, the effect that this can have on both individuals and families and the work undertaken in partnership to address this issue to-date. The implications of the Comprehensive Spending Review and Welfare Reform changes were also considered as part of this.
- 7 The Strategy focused on four specific priorities:
 - Building the capacity of all Middlesbrough Credit Unions and strengthening Pioneer
 - Improving Joint Working between Financial Inclusion partners
 - Establishment of a multi-agency Financial Capability Task and Finish Group
 - Development and delivery of a financial inclusion themed training plan for partner organisations
- 8 Clearly defined Task and Finish Groups and Lead Officers have been progressing these key priorities and have carried out many successful pieces of work. This has included:
 - Provision of support to Credit Unions and production of a draft development plan
 - Holding successful multi-agency financial Advice Days in community settings
 - Exploring cross-working and data sharing opportunities
 - Benefit Take-Up Payslip campaigns
 - Communication of financial support services via various mechanisms: booklets, cards, coasters, council tax flyers etc
 - Partnership bid to Big Lottery's Improving Financial Confidence Fund
 - Providing financial inclusion training to more than 220 staff from partner organisations

Reviewing the Strategy and Moving Forward

- 9 In light of emerging new agendas and changes to government policy the group agreed to revisit the priorities within the Strategy. A Development Session to progress this was held on 8 February 2012. This session was used to:
 - Look at progress made against the objectives in the Financial Inclusion Strategy.
 - Review the Strategy and priorities within it, in light of emerging new agendas
 - Agree a way forward for progressing Financial Inclusion in Middlesbrough.

Key Emerging Issues Associated to Financial Inclusion

- 10 Partners attending the development session discussed key emerging financial inclusion related issues, trends in advice services and the impact of welfare reforms. This included:

Demand for Advice /Support

- 11 The economic downturn has had a financial impact on households. Thus, in 2010/11 Middlesbrough CAB dealt with more new debt problems than ever before. 1078 members of public sought advice on debts totalling £12,215,073. Of these debts £2,127,450 were for priority debts (rent or mortgage arrears, utility arrears, council tax).
- 12 The high demand for debt advice has continued into 2011-12; by the end of January 2012 1049 people had asked for assistance with £10,436,104 of debt, £1,613,750 of which is priority.
- 13 Information from partner organisations indicates an increase in the theft of household groceries from various locations throughout the town. Many of those participating in these crimes are first time offenders, indicating the crimes maybe based on personal need rather than financial gain. Information around sources of support available in emergency situations (eg food banks) is currently being compiled by the Financial Inclusion Group and will be shared with partners and actively promoted throughout the town.

Impact of the Welfare Reforms

- 14 There are to be significant changes to the welfare benefits system through the Welfare Reform Bill. These are changes that will have a disproportionate impact on the residents of Middlesbrough due to its economic deprivation.
- 15 Key changes will include:
 - The introduction of Universal Credit, replacing with a single payment all existing means-tested benefits.
 - Large numbers of residents facing cuts in their Housing Benefit, both private and social housing tenants.
 - The abolition of Disability Living Allowance and its replacement by Personal Independence Payments.
 - Changes to carers payments, leading to reduced income for many disabled people and carers.
 - Wholesale migration of Incapacity Benefit claimants onto Employment Support Allowance.
- 16 It is anticipated that the scale of the changes will lead to an increase in the need for advice services, as well as pressure on other public services.
- 17 Changes have been made to housing benefit regulations since April 2011 which have had an impact on the amount of benefit paid by the benefit service. As the changes are being introduced on a phased basis, not all customers have yet seen the full effect of the changes introduced. The benefit service has estimated that once all changes have been implemented, expenditure for customers who live in privately rented accommodation (excluding social housing such as Erimus) will reduce by £4 million per year. In addition to this, amendments are also being introduced for tenants who live in social housing from April 2013 to restrict rent levels if their property is under occupied. An evaluation is currently being undertaken by the benefit service to establish the full impact of these changes although national statistics have indicated that approx 32% of tenants will be affected by this change.
- 18 A further significant change for both the Council and residents is that council tax benefit is being abolished from April 2013 and replaced by a local council tax support scheme. The scheme can be tailored to each Authority, although expenditure has to be 10% less than current expenditure. For Middlesbrough, this would equate to just over £2 million less benefit being paid out than at present. Pensioners cannot be disadvantaged under the new scheme and central government have given details of other groups (such as the disabled) who they would also expect to receive some protection from any potential cuts. Once exact details have been confirmed by central government, the options to make these savings will be submitted for the Council's consideration.

Scams and Rogue Traders

- 19 There is a need to increase public confidence via publicity and alert consumers to the deceptive nature of some trade practices in areas such as home improvements, home security, mobility aids, mobile fish sellers etc. As the economic climate changes and many more consumers experience a fall in income or rising costs of basic household necessities it is important that consumers hold on to their savings. This is particularly true for older consumers who may be more likely to fall victim to rogue traders. Where there is a physical presence on the doorstep the consumer can be assisted and supported to ensure they are not denied their legal rights or have the confidence to turn traders away when they call.
- 20 While the doorstep selling scams are unwelcome, Trading Standards have also recorded a marked rise in scams arising from outside of the UK aimed at British consumers. The advances in communications technology allow call centres to operate from anywhere in the world, and emails can originate from any country with addresses that do not give an indication of their origin. Although Trading Standards work with international enforcement colleagues whenever possible, the lack of cooperation from some countries means that the best way to offer protection to consumers in Middlesbrough is to publicise the scams at the earliest opportunity. Recent examples reported to Middlesbrough Trading Standards include computer virus repair scams, fake loans, bogus lotteries, false claims about inheritances and non – existent cheques for council tax refunds.
- 21 The Financial Inclusion Group are looking at the development of partnership bids to various funding providers to deliver work to address many of these issues.

Review of Financial Inclusion Priorities

- 22 Based on the key emerging financial inclusion related issues highlighted at the Development Session, the Financial Inclusion Group jointly agreed the new priorities listed below.

Joint Working	
1	Delivery of a series of Advice Days within community settings
2	Development of a holistic joined-up model of advice provision in community buildings. To include providing coordinated multi-agency advice sessions that include generalist and specialist services to meet client needs. This will incorporate identifying opportunities for data sharing and establishing a referrals process.
3	Understanding / analysing the impact of Welfare Reforms and considering practical implications for the Council, partners and communities. Development of an awareness raising process.
4	Development of a training programme to meet the needs of partner organisations and communities. To include Welfare Reforms, Financial Inclusion related issues and establishing the Nellbookers Electronic Referral Process as a way of working between advice partners.
5	Tackle Illegal Money Lending via increased intelligence from financial inclusion partners.
6	To understand sub-prime lending (pay day loans etc) borrowing levels, with a view to initiating publicity and potentially legal action.

Financial Capability	
1	To work with young people at key stages within their education (primary, secondary, college and university) to integrate financial capability work.
2	Work with older people at key points within their lives when they become more vulnerable to integrate financial capability and awareness around scams/rogue traders.
3	Raise awareness of issues around fuel poverty and ways to address this, targeting all demographics across the town. Ensure links with the Affordable Warmth Strategy.
4	Develop a targeted approach to financial capability communications, where possible making use of any free opportunities that may be available.
5	Target financial capability work with residents around the changes arising from welfare reforms, managing on a budget, bill paying, coping with 'feast and famine' via changing to monthly benefits, prioritising bills, avoiding charges on bank accounts.
6	Explore the link between financial capability and the work of credit unions and how this can be progressed.

Supporting, Developing and Building the Capacity of Credit Unions	
1	Continue meetings with representatives of all Credit Unions and supporting partners
2	Build the capacity of Credit Unions to widen development – funding, volunteers
3	Focus on developing young people’s interventions with credit unions and improve young people’s education around finances
4	Establish town centre premises for Pioneer Credit Union

Issues for consideration

23 The Financial Inclusion Group are keen to ensure the revised priorities are representative of needs identified by partners. Comments from the Overview and Scrutiny Board are welcomed as part of this.

Recommendation

24 It is recommended that the Overview and Scrutiny Board:
a) Note the contents of the report and provide feedback.

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