

:	Date: 8 th January 2013	Classification: Unrestricted	Report No.	Agenda Item No.
Report of: Louise Russell, Service Head Corporate Strategy and Equality Originating Officers: Daisy Beserve and Shibbir Ahmed, Strategy and Performance Team, Chief Executive's		Title: Draft Financial Inclusion Strategy 2013-16 Wards: All		

1. **SUMMARY**

- 1.1 This report provides a brief overview of the development of the Financial Inclusion Strategy and asks the Overview and Scrutiny Committee to consider and comment on the draft strategy.

2. **RECOMMENDATIONS**

- 2.1 The Overview and Scrutiny Committee are asked to consider and comment on the draft Financial Inclusion Strategy.

3. **BACKGROUND**

- 3.1. Financial inclusion is ensuring that everyone has access to appropriate financial services, enabling them to manage their money, plan for the future, cope with financial pressure and deal effectively with financial distress.
- 3.2. Financial exclusion, the inability to access mainstream financial products and services, exacerbates poverty, undermines health and reduces the amount of income available for food and other essentials. When individuals get into unmanageable debt it can also impact on their ability to sustain their housing and employment. It is therefore a cross-cutting and wide ranging issue which can only be tackled through actively engaging key partners across a range of sectors.
- 3.3. Promoting financial inclusion is not new. There are a range of effective initiatives aimed at promoting financial inclusion in the borough. However, the recession and reductions to welfare support have led to a renewed focus on the issues of debt and financial exclusion in the borough. Consequently, a more co-ordinated and targeted approach to service provision is needed, particularly as demand for financial inclusion services is expected to increase in response to welfare changes.

- 3.4. The Tower Hamlets Financial Inclusion Strategy will provide a shared framework for partnership work on financial inclusion and will support the delivery of the borough's Community Plan, particularly in relation to the priorities of supporting residents through welfare reform and tackling worklessness. The strategy aligns with a number of the objectives of the Council's Welfare Reform Task Group and will form part of the council's developing Anti-Poverty Framework.
- 3.5. A Financial Inclusion Strategy Project Group was established in November 2011 to oversee the development of the strategy and action plan. The project group includes representatives from all council directorates, NHS Tower Hamlets, Tower Hamlets Homes, Jobcentre Plus and leading third sector agencies providing financial inclusion services. Many of these representatives are also members of the Financially Inclusive Tower Hamlets (FITH), a cross-sector partnership formed in 2010 and jointly co-ordinated by Toynbee Hall and the council, with the goal of working towards a financially inclusive borough.
- 3.6. The overall aim of the strategy is to ensure that residents have access to a comprehensive range of appropriate financial services; the knowledge, skills, confidence and motivation required to maximise their own financial well-being; and awareness of how to get help with debt problems and access to free quality debt advice.
- 3.7. In order to achieve this strategic aim, the strategy contains three key themes and a cross-cutting theme, each with its own objectives and actions:
- Theme 1: Financial literacy and capability
 - Theme 2: Access to financial products and services
 - Theme 3: Access to debt and money advice
 - Cross-cutting Theme: Communication and awareness raising.

4. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 4.1 This report describes the development of the Financial Inclusion Strategy. There are no specific financial implications emanating from this report. However, any additional costs that arise from implementing the strategy must be contained within existing revenue budgets. Also, if the Council agrees further action in response to this report's recommendations then officers will be obliged to seek the appropriate financial approval before further financial commitments are made.

5. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 5.1 The Council is required by section 9F of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements that ensure the committee has specified powers. Consistent with this obligation, Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive in connection with the discharge of any functions.
- 5.2 The proposed financial inclusion strategy indicates that it is directly linked to the Council's sustainable community strategy under section 4 of the Local Government Act 2000, which is in turn set out in the Tower Hamlets Community Plan. The financial inclusion strategy describes the ways in which financial inclusion may improve the well-being of people in Tower Hamlets.
- 5.3 Viewed in this way, the promotion of financial inclusion is supportive of a number of the Council's statutory functions. For example, the Council is required by section 10 of the Children Act 2004 to make arrangements with its relevant partners to promote the well-being of children in the borough. A joint strategy on promoting financial inclusion contributes directly to the discharge of this duty, by helping to combat child poverty. Other examples can be given, particularly in relation to the Council's housing, homelessness, education and community care functions.
- 5.4 It may be thought that the promotion of financial inclusion has in some respects a preventative effect relevant to discharge of some of the Council's functions. For example, promoting good financial management may help to avoid rent arrears and, in turn, homelessness. Even if this were viewed, in respect of some functions, as making an indirect contribution to discharge of those functions, this would be supportable by reference to the Council's incidental power. By virtue of section 111 of the Local Government Act 1972, the Council has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. This may involve expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights.
- 5.5 The Council may also rely on its general power of competence to support the strategy. The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. Supporting financial inclusion is certainly something that individuals may do if they choose.

- 5.6 In deciding upon a financial inclusion strategy, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. The need to advance equality of opportunity may itself provide a reason for the Council to pursue the strategy.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 Promoting financial inclusion is key to one of the three principles of One Tower Hamlets, reducing inequality. As set out above, the inability to access mainstream financial product exacerbates poverty and reduces income available for food and other essentials. An equality analysis is attached at Appendix 2 of this report.

6. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 6.1 There are no specific SAGE implications arising from the recommendations in the cover report.

7. RISK MANAGEMENT IMPLICATIONS

- 7.1 There are no specific risk management implications arising from the recommendations in the cover report.

8. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 8.1 There are no specific Crime and Disorder Reduction implications arising from the recommendations in the cover report.

9. EFFICIENCY STATEMENT

- 9.1 There are no specific efficiency implications arising from the recommendations in the cover report.

10. APPENDICES

Appendix 1: Draft Financial Inclusion Strategy

Appendix 2: Equality Analysis

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

Brief description of “background papers”

Name and telephone number of holder and address where open to inspection.

None

n/a