

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 31 July 2013	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 017/134
<b>Report of:</b> Corporate Director Development and Renewal, Aman Dalvi  <b>Originating officer(s)</b> Andy Scott, Interim Service Head, Economic Development Maura Farrelly , Community Resources Coordinator		<b>Title:</b> Financial Inclusion Strategy 2013 - 2017  <b>Wards Affected:</b> All	

<b>Lead Member</b>	Councillor Alibor Choudhury, Cabinet Member for Resources
<b>Community Plan Theme</b>	<ul style="list-style-type: none"> <li>• A Prosperous Community</li> <li>• A Healthy and Supportive Community</li> <li>• One Tower Hamlets</li> </ul>
<b>Strategic Priority</b>	<ul style="list-style-type: none"> <li>• Manage the impact of welfare reform on local residents</li> <li>• Support more people into work</li> <li>• Enable people to live independently</li> <li>• Reduce inequalities</li> </ul>

## 1. **SUMMARY**

- 1.1 The Tower Hamlets Financial Inclusion Strategy sets out a partnership approach to promoting financial inclusion by ensuring that everyone has access to appropriate services, enabling them to manage their money, plan for the future, cope with financial pressure and deal effectively with financial distress.
- 1.2 It 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.

## 2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Agree the Financial Inclusion Strategy and Action Plan 2013 – 17 set out in Appendix 1.

### **3. REASONS FOR THE DECISIONS**

- 3.1 The changes to welfare support introduced in the Welfare Reform Act 2012 including the proposed introduction of universal credit, alongside the protracted economic downturn, has considerable implications for low income households in the borough. It is therefore necessary to review financial inclusion and money management support services in the borough and identify how best local partners can respond to supporting residents through these challenging times.
- 3.2 Developing the strategy has provided an opportunity for the Council and its partners to assess levels and drivers of financial exclusion in the borough and develop a framework for improving financial capability and improving access to financial and money management support services.

### **4. ALTERNATIVE OPTIONS**

- 4.1 The Mayor in Cabinet may choose not to agree the strategy. This course of action is not recommended as the need for a more co-ordinated and targeted partnership approach to tackling financial exclusion has been identified, particularly as demand for financial inclusion support services is increasing in response to the challenges of the current economic climate and welfare reform changes.
- 4.2 The Mayor in Cabinet may choose to amend the strategy prior to approval. Should he wish to do so, any amendments should reflect local needs. The resource and equality implications of any changes will also need to be considered.

### **5. BACKGROUND**

- 5.1 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.
- 5.2 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.

5.3 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 reform changes and in particular the changes to benefit payment methods ,proposed with introduction of universal credit.

## **6. BODY OF REPORT**

- 6.1 The development of the strategy and action plan has been overseen by a multi-agency project group of statutory and voluntary services. 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.
- 6.2 The strategy and action plan are informed by an evidence base report produced by the project group, which is summarised in the strategy. The report contains data and information from a number of national, regional and local sources, as well detailed analysis and discussion with a wide range of partners and stakeholders on gaps in provision and priority areas to be addressed.
- 6.3. An equality analysis of the draft strategy has also been completed and has fed into the consultation draft. The equality analysis has shown that, based on available data, no target group will be adversely impacted by the strategy. However further information is needed to assess the impact on some equality characteristics such as gender reassignment, sexual orientation and marriage and civil partnerships.
- 6.4 Following the workshops, further discussions have been had with partner agencies and council services to refine the objectives and actions of the statement. This includes presentations and further feedback: from social care, mental health, employment and enterprise and safer communities' services.

## **Structure and Content**

- 6.5 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.
- 6.6 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; and
  - Cross-cutting Theme: Communication and awareness raising.

## **Public Consultation Process**

- 6.7 The consultation process was extensive and included a range of methods. Consultation was undertaken via an accessible online survey to capture the views of residents, service users and practitioners. The survey was publicised through notices on the Council's website, East End Life newspaper, Members' Bulletin, the website of partner agencies including the CVS website, and through email circulation to front line practitioners and partnership agencies. In addition a number of focus groups and consultation meetings with key stakeholder agencies and service users were held.
- 6.8 Statutory partner agencies consulted on the strategy include: Barts Health NHS Trust, East London Foundation Trust, Tower Hamlets Clinical Commissioning Group, Job Centre Plus and schools. A number of voluntary sector organisations, local businesses and equality groups were also consulted, including local advice agencies, disability advocacy groups, Older Peoples Reference Group, Rainbow Hamlets and the Interfaith Forum.
- 6.9 A total of 69 people took part in the consultation survey. In addition, written responses were received from organisations and discussions were also held at a number of partnership meetings. These include: the Children and Families Partnership Board, Young People Preparing for Adulthood Subgroup, Link Age Plus Partnership Board, Tower Hamlets Housing Forum and Third Sector Advisory Board.

- 6.10 A workshop session was also held with partner organisations as part of the development of the action plan. Over 30 practitioners from a range of services including: housing, health, social care, community advocacy and advice services, attended and contributed to the identification of the key targets and activities identified in the action plan.

### **Consultation Outcomes**

- 6.11 The vast majority of respondents, roughly 80 per cent, agreed with the objectives and actions of the strategy. Of the remaining respondents, most felt indifferent (neither agree nor disagree). Most of the areas highlighted by respondents as being crucial to achieving the aims of the strategy had already been included in the action plan.
- 6.12 There were some amendments to the strategy as a result of the consultation. These include specific references to the different barriers those with physical, sensory or cognitive impairment have in accessing and using payment services. There have also been some minor changes to the narrative to emphasise points raised during the consultation. For example, the impact of welfare reform has been made more explicit and the proposals for the introduction of money management in the school curriculum have been reflected. The importance of supporting people most vulnerable to financial exclusion, including vulnerable adults, has also been strengthened.
- 6.13. Some activities in the action plan have also been expanded to reflect the feedback received, particularly those in relation to supporting frontline practitioners to identify early warning signs and refer their clients to appropriate financial inclusion services. Likewise, joint working with community and faith organisations to promote financial inclusion has been made clearer.
- 6.14. The draft equality analysis was also part of the consultation process. The majority of respondents agreed that the equality analysis had sufficiently assessed the impact of the strategy on the protected characteristics, based on the available data. The equality analysis is included as appendix 3.
- 6.15 The strategy and action plan were also considered and endorsed by the Partnership Executive Group on 25<sup>th</sup> June 2013.

### **Action Plan and Monitoring**

- 6.16 The action plan includes key activities and milestones for achieving the objectives of the strategy, and identifies lead officers from the Council and

voluntary sector partner agencies to take the work forward. In addition to the existing targets in the action plan, the Financial Inclusive Tower Hamlets Network will also consider other suitable targets for the action plan.

- 6.17 It is envisaged that the resources needed to deliver the strategy and action plan will be available from existing staff resources and the FITH Big Lottery funded initiatives.
- 6.18 The strategy and action plan, once adopted, will be monitored on a quarterly basis by the Steering Group of the Financially Inclusive Tower Hamlets Network (FITH) which has representatives from all the key stakeholders including housing, health and employment providers, as well as representation from the Council.
- 6.19 A six monthly monitoring report of the strategy will also be presented to Development and Renewal DMT for consideration. There will also be a midterm review report of the strategy in 2014.

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 7.1 This report asks Members to agree the Financial Inclusion Strategy following the completion of the public consultation process.
- 7.2 There are no specific financial implications arising directly from the report, however the strategy will guide the future method of delivery of advice and support on financial issues offered to residents by the Council and partner organisations, and any additional costs that arise from these initiatives must either identify specific resources to finance delivery or be contained within existing revenue budgets.
- 7.2 The costs of producing the strategy and undertaking the consultation process have been met from within existing resources.

## **8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 8.1 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.

- 8.2 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.
- 8.3. The promotion of financial inclusion may have 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. This may be viewed, in respect of some of the Council's functions, as making an indirect contribution to discharge of those functions. If so, 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.
- 8.4. 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.
- 8.5. 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. An equality analysis has been prepared, which is provided with the report. The need to advance equality of opportunity may itself provide a reason for the Council to pursue the strategy.

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 An equality analysis of the statement has been completed, see appendix 3. This has shown that, based on available data, no target group will be adversely impacted by the strategy.

## **10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 10.1 None identified.

## **11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 The Financial Inclusion Strategy will help mitigate against some of the risks posed by welfare reform changes by supporting access to relevant money management support services for residents.

## **12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 The statement contains objectives for supporting domestic violence victims, ex-offenders and substance misusers and other residents who are vulnerable to financial exclusion, to enable them to live as independently as possible.

## **13. EFFICIENCY STATEMENT**

- 13.1 The implementation of the statement, including changes to services, will be achieved with existing resources.

## **14. APPENDICES**

- Appendix 1: Draft Financial Inclusion Strategy
- Appendix 2: Draft Action Plan
- Appendix 3 Equality Analysis

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### **Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

Brief description of “background papers”  
None