

# **Swindon Borough Council**

## **Financial Inclusion (FI)**

### **- POLICY STATEMENT -**

## VERSION CONTROL

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# 1. Financial Inclusion (FI): Overview & Current Active Projects

## 1.1 Overview

We want to help our residents to maximise their income and make the most of their money helping them to live free from the harmful effects of poverty. We know that poverty and money worries adversely affect wellbeing and health and can separate people from the community, so we want to do all we can to prevent financial crisis and promote social justice. We desire to make ***“financial inclusion”***; ***“everyone’s business”***.

Our approach to helping people to become “financially included” is based on providing information, advice and support to help people understand and manage their own finances.

We are working to make the information and advice that is needed; accessible, consistent and credible nurturing honest relationships that help people manage in these times of welfare reform and increasingly shrinking council budgets.

This is an ongoing initiative which focuses on the following key objectives intended to limit the effects of poverty by supporting those who experience it:

- Maximise income and respond to welfare reforms
- Support residents to manage their debt
- Increase skills in money management and expenditure
- Help residents to train, gain and remain in employment
- Promote the expansion of affordable credit options and access to bank accounts
- Stop loan sharks and discourage “door to door” lending
- Reduce fuel poverty

This points us towards a set of outcomes that we would like to achieve going forwards:

- Adopt a “Fair Finance Pledge”
- Secure all legitimate benefits for residents
- Reduce residents’ problem debts and ensure they can meet ongoing commitments
- Help people into employment
- Credit unions to loan more money to more residents.
- Move people from prepaid to credit energy deals
- Stop loan sharks

- Limit the number of high street “pay day lenders”, high APR credit based retailers and pawn brokers
- Publish a “where to get computer and internet access, training and support in Swindon” guide. The list to detail free IT access points across the Borough and the organisations offering IT training
- Secure funding from the Big Lottery on behalf of “partners” to support our plans for collaborative working
- Encourage partners to increase the provision of household items to set up home
- Encourage partners to increase the provision of crisis; food, fuel, clothing and travel expenses

## **1.2 Current Active Projects**

### **1.2.1 Swindon Emergency Assistance Fund (SEAF)**

Monitoring of the service has led us to make some enhancements (from beginning of May) to ensure that the limited budget that we have is used in the most appropriate manner:

- Proof of circumstance is now required
- Ratification of need by an appropriate third party for expensive capital items
- Tailored response: E.g. amount of gas/electricity top up provided in line with next “pay day”

Early indications are that we will deliver within budget this financial year while ensuring that those in most need are fully supported.

We are currently about to implement a pilot project with Swindon Citizen Advice Bureau using the SEAF as a referral source in regard to:

- Debt advice
- Maximising benefit entitlement
- Switching energy suppliers

### **1.2.2 Communications**

We have adopted a brand: “Swindon Money Matters”: Used as a “wrapper” in regard to Information for use by residents and frontline staff.

Our website will contain further pages covering:

- Benefits Cap
- Universal Credit

- Managing Debt
- Maximising Benefits Income
- Fuel Poverty
- Credit unions
- Loan Sharks & High Cost Lending

A new Facebook Page: “Swindon Money Matters” will be designed as a vehicle for:

- Articles linking to our website content
- Notification of changes to our website
- Finance tips
- Advertising: Applicable training courses etc.

### **1.2.3 Affordable Credit**

Increase the usage of credit unions and discourage the use of doorstep/pay day lenders and loan sharks

- Discussions with Clivey and Wiltshire Savings and Loans
- Expand and promote collection points
- Set up SBC as first “save as you earn” employer; target GWH as second
- Anti-loan shark campaign
- Launch “Money management courses” for 5-11 and 11-19 year old in schools across the borough

### **1.2.4 Action on Fuel Poverty**

We are looking to deliver a switching service initially to our council residents and eventually to all SBC residents.

- 6,300 council houses have PAYG meters
- PAYG optimisation circa £150/household/year
- PAYG to credit meter could save nearly £500/household/year

## 2. FI: Our Guiding Principles

To make the best use of the Borough's collective resources we must seek to build consensus about how to make a measurable difference to financially excluded residents, by focusing on the following principles:

**2.1 Understand the local demographic:** We know that financial exclusion is closely linked with poverty and deprivation so we wish to promote an honest dialogue that helps people to own their rights and responsibilities.

**2.2 Align budget processes to support the most vulnerable:** Despite reduced public sector funding services need to be maintained to mitigate the worst aspects of poverty. Part of this must include residents receiving expert housing, welfare rights and debt advice.

**2.3 Develop Borough wide consensus and partnership responses:** To facilitate this we have developed the Welfare Advisory Group and we may wish to consider developing a tighter integration via a "Swindon Advice Compact" at a future date and to publish timely reviews of proposals and activities. Through this initiative we seek to reduce duplication and improve the targeting of resources while providing partners the opportunity to share information and plan together.

**2.4 Target support to protect the most vulnerable and to prevent crisis:** Particularly preventing homelessness and ensuring that families, disabled and elderly people secure their full benefit entitlements.

**2.5 Provide universal information and advice to prevent people becoming vulnerable:** To provide a range of information and self-help materials for the public, council departments and agencies providing support.

**2.6 Monitor and review the above with partners to create continuous improvement:** The council and its partners have limited resources so we have to show how effective our interventions are.

**2.7 Understand the balance between the individual and structural causes of financial exclusion:** At times national policy can make it difficult for individuals to respond in their local context e.g. the "under-occupancy changes" highlighted the problems people faced in securing smaller accommodation or employment to offset the reductions in housing benefit.

To help partners to work together we propose a financial inclusion action plan which translates the above objectives, targets and principles into actions and consolidates our partnership approach by creating a common focus. Progress towards actions needs to be monitored and reported on a timely basis to provide accountability and demonstrate the difference we are making.

### 3. What Financial Inclusion Means and Why We Need To Promote It

Financial inclusion is about people feeling in control of their finances and being less vulnerable to exploitation. Most of us experience financial exclusion to some degree e.g. when we face hidden charges or struggle to understand complex tariffs. Fortunately many of us can cope with the costs of financial exclusion caused by complex, confusing and competitive processes. However the adverse impact increases with poverty for the obvious reason that the less you have the more it matters when you have to pay more.

We can help people to become more financially included by providing free and impartial advice and information about financial services and products, to support them to manage their money, plan for the future and avoid financial crisis. These services will help residents to overcome and address many of the challenges that financial exclusion creates.

Financial inclusion is closely linked to “financial capability”: This is a term used to describe the understanding, skills and knowledge which allow residents to make more confident and informed decisions about their money.

People who are at risk of financial exclusion are also more likely to experience poverty and social exclusion. Many people living with poverty cope amazingly well and can be experts at managing limited finances. However, when people are living on tight budgets it doesn't take much for financial exclusion to have an adverse impact on individuals, families and the wider community by increasing disadvantage and placing people at risk of homelessness.

Being financially excluded can make it more difficult for people to plan for the future and cope with crises like long-term sickness, unemployment or family breakdown. It can also mean that people pay more for everyday essential items such as utility costs and credit. The Joseph Rowntree Foundation has estimated that the ‘poverty premium’ paid by poor people for such essential items can be as much as 10p in every pound<sup>1</sup>.

Financial worries can also affect mental health and wellbeing. In 2013 the national debt charity; StepChange was contacted by an average of 5,000 people per month experiencing problems of debt coupled with anxiety and/or depression<sup>2</sup>. The stress which can be caused through money worries has also been cited as a major cause of relationship breakdown.

The impacts of financial exclusion are worsened by poverty and although Swindon is relatively prosperous there are parts of Swindon that are relatively poor, with 6% of residents living in the 10% most deprived areas in the country<sup>3</sup>. A further 15.2% of people in Swindon live in areas amongst the 20% most deprived nationally.

Benefit changes introduced under the welfare reforms has had an impact on some residents' finances. We estimate that the impact of welfare reforms to date (with the impact of more to follow) has cost Swindon as much as £4 million per year. The Government aims for its welfare reforms to

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<sup>1</sup> <http://www.jrf.org.uk/blog/2013/06/poor-paying-more-utilities-financial>

<sup>2</sup> <http://www.theguardian.com/money/2013/may/15/charity-debt-mental-health-stepchange>

<sup>3</sup> 2015 Index of Multiple Deprivation



reduce “welfare dependency” and to ensure that “work will always pay”. This is predicated on there being sufficient jobs and that the people affected by the reforms will be able to access these jobs. In January 2016 the UK unemployment rate was 5.1%, and in Swindon it is lower. It is difficult to say whether there is or is not a surplus of work in Swindon and in any case some long-term unemployed people need more support to become work ready. This may mean that some people will feel alienated when they cannot find a way to secure sufficient income to live on through work whilst benefit entitlements are being cut. Some examples of the impact of welfare reforms in Swindon:

- The implementation of the “under-occupancy changes for social sector claimants” resulting in a reduction in Housing Benefits.
- Local Council Tax Support reduced entitlement for working age claimants
- The Benefits Cap of £26,000 per annum (and due to reduce to £20,000)
- Changes to Tax Credits within the context of universal credit will affect a significant proportion of the tax credit claimants in Swindon over the next two years
- A number of jobseekers in Swindon are sanctioned each month

## 4. Swindon's Approach to Financial Inclusion

Our approach to financial inclusion must focus on coordinating activity to make the best use of all of our collective resources. We can do this through our Welfare Advisory Group which represents a number of partners but this group needs to continue to grow and become better consolidated (A Swindon Compact?). This way of working should help us to develop a simplified and consistent offer for residents. We know that financially excluded people are vulnerable to seductive marketing, so we want to use our networks to assure residents that they can be trusted to counter this.

The key objectives of the group should be to:

- Develop a Borough wide consensus about how we can best use our collective resources
- Reduce the duplication and improve the targeting of resources
- Provide partners the opportunity to share information and plan together.
- Develop joint campaigns
- Promote an honest dialogue that helps people to meet their rights and responsibilities
- Improve our understanding of financial inclusion and of the difference we are making
- Tackle key issues in a coordinated way across the Borough.

The group has the capacity to bring together the Borough's specialist advice agencies to coordinate work to maximise incomes and reduce problem debt. Improved coordination helps us to reduce people's fear and uncertainty and to maximise our resources to maintain the foundations for stability. The group can facilitate partners to respond to poverty and inequality by supporting them to be part of identifying and preventing the risks their clients face due to financial exclusion. The group's overall approach to financial inclusion can be built on integrating three tiers of Support:

Primary prevention activities encourage partners to make financial inclusion 'everyone's business'. This involves supporting non-specialist staff to routinely talk to residents about financial inclusion issues and know how to refer to appropriate agencies for advice.

Secondary prevention activities are our direct specialist information, advice and accommodation services. These are specialist services that can be accessed by staff and residents when additional support is needed.

Crisis services are available to residents when community and preventative support fails to prevent crisis. Crisis services provide acute support for people facing destitution.

## 5. Our Financial Inclusion Priorities for 2016/18

To help us achieve the five objectives stated in the introduction they are expanded upon in our action plan alongside performance monitoring.

**5.1 Objective 1: Maximise income and respond to welfare reform:** By maximising benefit entitlement, tackling the barriers to take up (including digital inclusion) and contributing towards mitigating the impact of any adverse aspects of the welfare reform programme.

Priorities for 2016/18:

- Support and encourage residents to claim their full benefit entitlement
- Raise awareness of welfare reform changes
- Prepare for universal credit by enhancing the “local support services framework”
- Support residents to get online by increasing access to free or low cost PCs and opportunities to access free or low cost training

Performance will be measured by:

- Number of clients seen and benefits gained by “The Partnership”
- IT, welfare reform and benefit training sessions held
- Increase in the number of access points to hardware for free / low cost internet access

**5.2 Objective 2: Support residents to manage their debt:** By promoting free and impartial debt advice to prevent money worries from reaching crisis point and to increase homelessness prevention.

Priorities for 2016/18:

- Increase the prevention of homelessness through debt advice
- Promote free debt advice services
- Provide training to non-specialist staff on completing a household budget
- Provide debt and budgeting advice to Work Programme clients
- Develop a financial capability programme to support care leavers (young people & long-term mental/physical health patients)
- Provide feedback to support the Swindon Borough Council Debt Management and Fair Debt policies

Performance will be measured by:

- Number of clients seen by “The Partnership”
- Value of debts resolved by “The Partnership”
- % of care leavers provided with financial capability support.

**5.3 Objective 3: Help residents to train, gain and remain in employment:** By developing holistic packages of support.

Priorities for 2016/18:

- Build better links between Work Programme providers and:
  - Other agencies able to add to the education & training mix
  - Potential Employers
- Provide face to face employment support within the most deprived wards in the Borough
- Support young care leavers to enter into training, apprenticeships and employment.

Performance will be measured by:

- Number of people supported into employment
- Number of jobs people are supported into
- Number of young care leavers supported into training, apprenticeships and employment

**5.4 Objective 4: Promote the expansion of affordable credit options:** As alternatives to expensive payday loans or illegal money lending.

Priorities for 2016/18:

- Increase credit union membership by promoting the benefits of regular saving and encourage businesses in Swindon to adopt payroll deduction schemes
- Discourage people from turning to loan sharks
- Develop a strategy to dispose of loan shark activity and limit the emergence of high street pay day lenders/pawn brokers/high APR credit based retailers

Performance will be measured by:

- Credit union membership.
- Credit union increase in savings.
- Credit union loans granted.

## **5.5 Objective 5: Increase skills in money management, reduce fuel poverty, increase financial resilience and promote access to bank accounts.**

Priorities for 2016/18:

- Promote the idea of securing the best energy deal; providing support and guidance for those wishing to find out more
- Identify people on prepayment meters and provide support for replacing with credit meters
- Promote budgeting, money saving ideas and “eat well for less” courses in target wards and provide online support guidance/materials
- Ensure the availability of “good”, easy access, simple bank accounts alongside in bank education reference the value of credit unions

Performance will be measured by:

- Referrals received in regard to “energy services”
- Number of people for whom we reduce their energy costs
- Number of people attending courses
- Number of “good” bank account providers & uptake of accounts