

CITY OF PLYMOUTH

Subject: Financial Inclusion Strategy
Committee: Cabinet
Date: 17th March 2009
Cabinet Member: Councillor Brookshaw
CMT Member: Clive Turner
Author: Darin Halifax, Community Cohesion Officer
Contact: Tel: (01752 (30) 5446
e-mail: Darin.Halifax@plymouth.gov.uk
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2009-2012
Part: I

Executive Summary:

This report sets out a draft Financial Inclusion Strategy and Action Plan for 2009-2012 covering five aims on how we will approach Financial Inclusion in the city. This has been developed following multi-agency consultation. Financial Inclusion is the process which ensures a person's in-coming money is maximised, their out-goings are controlled and they can exercise informed choices through access to basic financial services. The report recommends that Plymouth City Council endorse the strategy in order to improve the co-ordination and strategic approach to commissioning and provision of services and initiatives to increase financial inclusion.

Corporate Plan 2008-2011:

The Strategy proposed is directly linked to the poverty reduction element of Corporate Improvement Priority 4 : Narrowing the gap between communities and in particular supports the following strategic objectives used in service planning 2006-9:-

- Improving health and well-being
 - Developing a prosperous economy
 - Promoting inclusive communities.
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Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

None specifically for the purposes of this report. However the Strategy proposed seeks to help maximise value for money from existing budgets and resources associated with Financial Inclusion.

There are no financial implications arising directly from the recommendations within this Cabinet report. Any developments with financial implications arising from the issues raised within the Financial Inclusion Strategy 2009-2012 would be subject of a future Cabinet report

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

The Strategy proposed outlines the positive effect of Financial Inclusion on a variety of aspects of well being including community safety. An Equalities Impact Assessment has been completed on the proposed strategy. This has highlighted positive impacts around the age, disability and race strands. There are also neutral impacts around gender, faith and belief and sexual orientation strands and further work around community engagement and service user diversity monitoring is recommended. The commissioning process will ensure this work is delivered by the contract delivery organisations.

Recommendations & Reasons for recommended action:

In order to improve co-ordination of, and the strategic approach to, Financial Inclusion in Plymouth and respond to the current economic situation, it is recommended that Cabinet: -

Adopts the proposed Financial Inclusion Strategy and Action Plan for 2009-2012.

Alternative options considered and reasons for recommended action:

The alternative would be to continue without a city-wide strategy for Financial Inclusion and not replace the Income Maximisation Strategy, which ends in March 2009. This could mean that service provision could be wrongly prioritised for the city, not taking into account the changing economic and financial circumstances resulting in gaps in service and poor value for money. It could also have an adverse effect on strategies to help people back into work, reduce pensioner and child poverty and reduce problem debt. Uncoordinated services could also have an adverse effect on the local economy and future government funding for the authority (The proposed strategy provides further details on the advantages of well coordinated Financial Inclusion work).

Feedback from multi-agency consultation indicated strong support for such a strategy to improve co-ordination and strategic approach. This will also encourage effective partnership working and commissioning.

Background papers:

- Financial Inclusion Strategy and Action Plan for 2009-2012 (draft)
- Corporate Plan
- Income Maximisation Strategy 2006-2009
- Equalities Impact Assessment

Sign off:

Head of Fin	CoSF SC89 002	Head of Leg	LT 0043	Head of HR	N/A	Head of AM	N/A	Head of IT	N/A	Head of Strat Proc	N/A
Originating SMT Member: Peter Aley (Head of Safer Communities)											

1. Introduction

1.1 This report proposes adoption of Financial Inclusion Strategy 2009-2012 for Plymouth

2.0 Background

2.1 Against a national background of a rapidly worsening economic situation, Plymouth faces major challenges in supporting people to cope with financial pressures.

2.2 With the steep decline in house prices, increasing unemployment and unavailability of affordable credit, problem debt and house repossessions are increasing rapidly. Yet nationally, there is nearly £10 billion of unclaimed welfare benefits and tax credits.

2.3 In the last 12 months, Plymouth has experienced a 75% increase in mortgage and 57% increase in rent possession orders. The third sector expects to deal with over £100m of debt in Plymouth this year, and - based on national figures – we could have £48.5 million in unclaimed welfare benefits and tax credits.

2.4 People with problem debt and low incomes are likely to experience poorer quality of life and less opportunity. Often hard earned wages go on high interest credit repayments which means less of those wages are recycled within the city. Many don't feel the full benefit of a return to work as they are missing out on their entitlement to tax credits and welfare benefits. Their life story acts as a disincentive to others thinking of making the same journey and means Plymouth's overall income and expenditure is not as high as it could be.

2.5 The government recommends that those experiencing money problems seek expert advice. Its back to work agenda is likely to see an increase in enquiries from lone parents, sick and disabled people. However, tightening budgets mean many agencies are withdrawing these services. For instance, Job Centreplus has withdrawn its' traditional role as first port of call for benefits advice; instead signposting callers to leaflets or the third sector.

2.6 Plymouth has a good track record of working in partnership on financial inclusion issues. Our award-winning multi-agency Income Maximisation Strategy 2006-2009, delivered over £13m in previously unclaimed benefits and tax credits and we have a successful track record of commissioning advice services from the third sector. Nationally too, some progress has been made. Pension poverty has fallen by 50% over the last 6 years and over half a million children lifted out of poverty over the last five years. But we now face new challenges.

2.7 These challenges will inequitably see an increased demand for local advice and support services of the kind provided by the third sector. In Plymouth, compared to the same time last year, debt enquiries are up 26% and welfare benefits enquiries up 50% in the Third sector.

2.8 We have been working on a number of short term actions to assist people to cope with the current economic downturn, e.g. our multi-agency approach to mortgage and rent rescue. However, in order to make sustainable changes to people's lives, we need

a strategic approach to financial inclusion in Plymouth to co-ordinate existing services and develop new ones according to need.

2.9 Ensuring advice and support is provided in the best possible way and delivering financial inclusion through multi-agency work, are key components of a new Financial Inclusion Strategy proposed for Plymouth during 2009 –20 12. Financial Inclusion is the process which ensures a person's in-coming money is maximised, their out-goings are controlled and they can exercise informed choices through access to basic financial services.

3.0 Consultation

3.1 In January 2009, Plymouth City Council (PCC) initiated a consultation process to evaluate the success of the Income Maximisation Strategy 2006-2009 and incorporate the lessons into the Financial Inclusion Strategy for 2009-2012.

3.2 PCC consulted with members of the Income Maximisation Strategy (2006-9) steering group, LSP, Councillors, Plymouth Welfare Rights Forum and Plymouth Money Advice Forum about the priorities and content of the new Financial Inclusion Strategy.

4.0 Strategy

4.1 Following this initial period of consultation, PCC has produced a draft Financial Inclusion strategy and action plan.

4.2 The Strategy's key aims, which will be reflected in advice and support services commissioned, are to: -

- Maximise take up of welfare benefits and tax credits with an emphasis on in-work benefits
- Reduce problem debt
- Provide accessible and high quality Financial Inclusion services
- Reduce fuel poverty
- Maximise opportunities for delivering Financial Inclusion through partnership working

4.3 Ultimately, the aim is to promote financial inclusion in Plymouth to maximise opportunities and improve quality of life during difficult times.

5.0 Equality

5.1 An Equality Impact Assessment has been completed for the proposed strategy¹.

6.0 Conclusion

¹ Age, (young/old) Disability, Gender (Male, Female), Race, Religion and Belief, Sexual Orientation (Lesbian, Gay, Bi-sexual, Trans-gender)

6.1 This report therefore seeks adoption of the proposed Financial Inclusion Strategy and action plan 2009-2012 (attached) as a way of helping to improve co-ordination and strategic approach to financial inclusion in Plymouth.