

Housing Cabinet Member Meeting

Agenda Item 98

Brighton & Hove City Council

Subject:	Promoting Financial Inclusion amongst Council housing residents		
Date of Meeting:	19th March 2012 (HMCC) 18th April 2012 (CMM)		
Report of:	Head of Housing & Social Inclusion		
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Key Decision:	No		
Wards Affected:	All		

FOR GENERAL RELEASE

SUMMARY AND POLICY CONTEXT:

- 1.1 This report outlines proposals for investment in services to promote financial inclusion amongst council housing residents. The report builds upon the successful financial inclusion work undertaken by the Housing & Social Inclusion delivery unit and outlines proposals for delivering a step change in the availability of services which promote financial inclusion amongst council housing residents.
- 1.2 Tackling inequality is a key priority for the city council as outlined in the Corporate Plan. One of the strategic commitments is a strong focus on tackling financial exclusion. It is also a key aspect of the city's Sustainable Community Strategy with its own chapter; 'Providing Quality Advice and Information Services' setting out a range of actions that the Advice Partnership has been tasked with delivering which contribute to promoting financial inclusion.
- 1.3 The Commissioning framework for the Housing Revenue Account (HRA) aims to reduce management unit costs to enable re-investment in services to tackle inequality (support) and improvements to homes and neighbourhoods (investment). The HRA 2012/13 budget report outlined how identified savings would be reinvested in areas to tackle inequality and promote financial inclusion.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member for Housing approves the commissioning of new services, as outlined in this report, to promote financial inclusion amongst council housing residents using the Community Banking Partnership model.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The current working definition of Financial Inclusion, as developed by the Council and others through the city's Advice partnership, is *'having enough resources to meet basic need adequately and to be able to make choices*

over a prolonged period to maintain physical and mental wellbeing and participate in community life'. In practice, financial exclusion is generally indicated by:

- no bank account
- low household income
- debt, including rent arrears
- no access to money advice
- no savings
- no access to affordable credit
- no insurance
- fuel poverty
- limited financial awareness
- lack of confidence, aspiration, mobility

3.2 Those without bank accounts to pay bills pay more for goods and services. Low income cash payers are commonly on prepayment meters, which are normally the most expensive form of payment. Moneylenders and pawnbrokers are alternative sources of finance for cash payers but interest rates are significantly higher.

3.3 Key to eliminating financial exclusion is a financial inclusion strategy which has at its heart a focus on supporting residents who face financial difficulties. As the largest social landlord in the city, the Housing & Social Inclusion delivery unit is in a prime position to identify those council housing residents who are financially excluded and provide access to the necessary advice and support to help them towards financial inclusion. Through the Housing Management Financial Inclusion Action Plan 2009-2012, good progress has been made towards promoting financial inclusion for our residents through a number of services and initiatives. These include:

- Working with local specialist advice providers to refer tenants for money and debt advice
- Introduction of eBenefits, an on-line claims system which prevents rent arrears by reducing the time it takes to process claims to two days.
- Piloting the Housing Pre-action Advice Scheme in 2009/10, a project managed in partnership with Brighton County Court and BHT (Brighton Housing Trust) which aims to avoid possession action and prevent evictions and homelessness.
- Carrying out a Financial Health Check for all new tenants, covering advice and information on bank accounts, welfare benefits, affordable credit and savings; low-cost insurance; low-cost furniture; and energy efficiency.

3.4 There is now a need for a step change in the delivery of services which support residents who are in financial difficulty. The introduction of self-financing for the Housing Revenue Account from April 2012 makes it more important to ensure that income collection is maintained at the current high level. At the same time, the sharp downturn in the economy, unprecedented rises in household energy bills, rising unemployment and increasing debt levels are contributing to an increase in financial exclusion and fuel poverty, and impacting upon tenants' ability to pay rents and service charges.

- 3.5 This pressure upon tenants with low incomes is likely to be further exacerbated by the reforms proposed through the government's Welfare Reform Bill. The Bill aims to simplify and cap some welfare benefits. The following proposed reforms will have a particular impact upon council housing tenants:
- In April 2012 reduction in benefit called non-dependant deductions for other adults (normally adult children) who live in claimants households will be increased above inflation for the second year. These deductions can be up to £73 per week.
 - From April 2013, it's proposed that under-occupying social housing tenants of working age will be affected by a reduction in their housing benefit entitlement of up to 14 per cent if they have one spare room and up to 25 per cent for two spare rooms.
 - From April 2014, the proposed introduction of Universal Credit will result in benefit payments for housing costs being paid directly to tenants.
 - Changes to benefit eligibility and entitlement such as time limited claims for non-contributory ESA/JSA claims, benefit capping at a household level, mandatory engagement in work programmes/skills conditionality

A working group is currently investigating the impact of the proposed welfare reforms to ensure that any financial inclusion interventions are initially targeted at those who are most affected by the proposed changes.

4. A PROPOSED INTEGRATED FINANCIAL INCLUSION DELIVERY MODEL

- 4.1 This report proposes the commissioning of a joined-up solution for financial inclusion, involving the co-delivery of 'one-stop' services for financially excluded Council housing residents.
- 4.2 The aim is to provide financially excluded households with a seamless service offer through a 'Community Banking Partnership'¹ model, which will integrate the 'ABCDEs' of Financial Inclusion:

Advice	specifically specialist advice casework to assist tenants to deal with problems related to debt, money and fuel poverty
Banking	access to basic banking, bill and debt repayment services
Credit	access to affordable loans
Deposits	access to savings facilities and incentives to save
Education	Improving financial capability and budgeting skills, increased awareness of the dangers of loan sharks and illegal money lending, payday loans and loans with extortionate interest rates

- 4.3 The commissioning process will aim to bring together a range of local partners and services through a local partnership structure to provide low income households with a range of services through a holistic approach. Preliminary discussions with representatives from the city's Advice Partnership indicate a willingness to utilise their Big Lottery Funded strategy project to support the development of such a partnership structure.

¹ http://neweconomics.org/sites/neweconomics.org/files/Community_Banking_Partnership.pdf

4.4 Through this approach, it is proposed that the following specific services would be commissioned as separate elements which will co-ordinate together in a Community Banking Partnership model:

(a) Advice: *Specialist debt and money advice*

It is proposed that a specialist debt and money advice service is commissioned. Funding of £80,000 would provide 480 in depth specialist casework interventions during the year of the project and, depending on the delivery model, a range of other lower level interventions.

The commissioning of this element of the service will help mitigate the impact on tenants of the legal aid reforms and support tenants to develop personal strategies to mitigate the impact of welfare reform. Service provider(s) will be required to evidence tangible impacts related to tenancy sustainment and sustained rent account income.

We intend to commission this element of the work so that it is aligned with the Council's corporate commitment to work with the Advice Sector to reconfigure services into a sustainable 'hub and spoke' model of provision.

(b) Banking

It is proposed that funding of £20,000 for the development to improve access to affordable community finance products (such as basic bank accounts, savings and affordable loans). This may include enabling customer access points (such as housing offices and libraries) to become community finance information points, delivered by trained staff in partnership with a community finance provider.

(c) Credit and Deposits (Savings): *Affordable loans project*

It is proposed that £35,000 is allocated to work that will increase access to affordable credit and incentivise saving amongst tenants. It envisaged this will include funding to support the provision of low cost loans to tenants in particular circumstances.

(c) Education: *Financial Capability project*

It is proposed that a sustainable financial capability training model is developed which builds individual and community capacity through the development of trainers, mentors, and advocates. The approach will aim to maximise the use of free learning resources that are available from specialist organisations. The aim will be to raise awareness of frontline staff and residents through the delivery of targeted engagement initiatives, which will integrate with advice, information, and support services (the ABCD elements).

The financial capability element will build upon the Learning Cities Project, which has Interreg funding to provide an outreach resource (2x Learning and Participation Workers) to work alongside Housing staff and the Bridge Community Education Centre and Portslade Adult Learning to engage, support and promote progression into learning. The partnership with these two organisations and the other community hubs across the city such as the Whitehawk Inn, Friends Centre, and Hangleton and Knoll Project will provide a

seamless route into the other strands of the Financial Inclusion Project. The Learning Cities funding also provides a Basic skills tutor one day per week at the Housing Centre. It is proposed that funding of £10,000 is allocated for the financial capability offer to cover one to one support and group training initiatives.

- 4.5 The commissioning of a coordinated package of support would, in addition, offer real opportunities for intelligence gathering in relation to loan shark activity on the estates. We therefore envisage close working with the Trading Standards investigative team from the outset.
- 4.6 It is anticipated that the new services will be commissioned during the first quarter of 2012/13, subject to Cabinet Member approval, with the aim of establishing the new services during the summer of 2012

5. PROPOSED BENEFITS AND OUTCOMES:

- 5.1 Delivery of the integrated financial inclusion model will have the following impact for residents:
- easier access to bank accounts
 - access to specialist debt advice when they need it in the format that suits their needs
 - improved knowledge/understanding of available financial products/services
 - improved access to affordable credit and reduced reliance on doorstep or payday lenders
 - ability to maintain their tenancy by prioritising rent payments
 - increased confidence to access to use of financial products and services, including increased take up of the Council's low cost home insurance scheme
 - improved health and well being
- 5.2 Delivery of the integrated financial inclusion model will have the following benefits to the council:
- reduced rent arrears levels and sustained income collection for the Housing Revenue Account
 - reduced income collection costs
 - increased use of more efficient collection methods
 - reduced number of court actions/evictions due to rent arrears and the resulting cost of homelessness to the local authority

6. INTERGRATING WITH A BROADER STRATEGIC APPROACH TO FINANCIAL INCLUSION

- 6.1 The proposals in this report compliment with the broader strategic approach to Financial Inclusion that is currently being developed by the council in partnership with The Advice Partnership (a sub-group of the Brighton and Hove Strategic Partnership). This work includes building a strategic and long term cross sector partners approach to finding solutions to financial inclusion that recognises, but goes beyond 'fixing problems now' and looks towards a sustainable and coherent approach to deep and systemic issues facing the city.

- 6.2 Targeting of resources through the new 'intelligent commissioning' process is necessary for the long term viability of social welfare advice and a new 'financial inclusion' commission has been prioritised within the council's new commissioning calendar for 2012-13.
- 6.3 The 15 March 2012 'Financial Inclusion' Cabinet report outlines the various corporate initiatives that are underway in relation to promoting financial inclusion, as part of the citywide financial inclusion commission.

7. CONSULTATION

- 7.1 Financial inclusion was a key theme of the council housing City Assembly in November 2011. A presentation was delivered to tenants on the services of East Sussex Credit Union and workshops were held on money matters.
- 7.2 Discussions with residents during consultation on the HRA Budget 2012/13 proposals at Area Panels and Housing Management Consultative Committee during January and February 2012 highlighted the need for targeted support for residents who may be experiencing financial difficulty as a result welfare reform, increases in energy costs and rent increases.
- 7.3 A presentation on the proposed delivery model was delivered on 09th March to residents of the Housing Income Management Monitoring Group. Residents will be involved in the design and delivery and monitoring of the service as part of an ongoing process to monitor commissioning, implementation, and review of the first year of the project.
- 7.4 The Advice Partnership facilitated a series Financial Inclusion themed consultative working groups, workshops and events throughout 2011 involving over 30 local agencies and services and over 300 local residents. The Advice Partnership Co-ordinator has been closely involved in preliminary discussions related to the development of these proposals from the outset and has agreed to facilitate further wider consultation as appropriate.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 The HRA Budget 2012/13 approved at Cabinet on 9 February 2012 included the creation of an earmarked reserve of £0.400 million to fund commissioning priorities in tackling financial exclusion and inequality, promoting access to services and improving support for vulnerable families and adults on low incomes. This report provides spending plans for £0.145 million of the reserve which will be included in the 2012/13 Targeted Budget Management Report to Cabinet requesting approval for the release of this sum.
- 8.2 These projects currently require one off funding, however if any funding is required on an ongoing basis these pressures will need to be built into the HRA Budget Strategy for 2013/14.

Finance Officer Consulted: Sue Chapman

Date: 01/03.12

Legal Implications:

- 8.3 The council as local housing authority has wide powers to manage properties within the HRA, and to do anything which is calculated to facilitate, or is conducive to or incidental to the discharge of its functions. The proposals in the report will assist the council to reduce rent arrears levels and improve income collection. They are therefore within the council's powers. Procurement of the advice services must comply with all relevant procurement legislation, including the council's own Contract Standing Orders.

Legal Officer Consulted: Liz Woodley

Date: 01/03/12

Equalities Implications:

- 8.4 The equalities impact assessment budget screening documents for the Housing Revenue Account identified the impact of rising fuels costs and rents upon council housing residents on low income. The development of services which promote financial inclusion amongst council housing residents aims to mitigate these impacts. A full equalities impact assessment of the new service will be developed as part of the service development process.

Sustainability Implications:

- 8.5 Advice on fuel poverty will link to wider work taking place within housing to improve the energy efficiency and sustainability of the housing stock

Crime & Disorder Implications:

- 8.6 None in relation to this report

Risk & Opportunity Management Implications:

- 8.7 A risk register in relation to this project will be maintained by the project board as part of the project management arrangements.

Corporate / Citywide Implications:

- 8.8 The Corporate Plan (2011/15) sets out 3 key priorities, one of which is to 'tackle inequality and work to create a fairer city', with a focus on tackling financial inclusion. This is also one of the priorities set out in the City's Sustainable Community Strategy through which the Advice Partnership (one of the family of partnerships of the Local Strategic Partnership) has been tasked with delivering on a range of actions to promote financial inclusion.

The proposals in this report compliment the broader strategic approach to Financial Inclusion that is currently being developed by the council in partnership with The Advice Partnership (a sub-group of the Brighton and Hove Strategic Partnership). This work includes building a strategic and long term cross sector partners approach to finding solutions to financial inclusion that recognises, but goes beyond 'fixing problems now' and looks towards a sustainable and coherent approach to deep and systemic issues facing the city.

9. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 9.1 The proposal is based on a mixed delivery model with some in-house and some externally funded services. A new financial inclusion co-ordinator within Housing & Social Inclusion will co-ordinate activities and report outcomes to residents, the Housing & Social Inclusion management team, and The Advice Partnership.

10. REASONS FOR REPORT RECOMMENDATIONS

- 10.1 To seek Housing Management Consultative Committee's endorsement for the development of new services which promote financial inclusion amongst council housing residents through the commissioning of an integrated financial inclusion delivery model.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

Financial Inclusion, Report to Cabinet. 15 March 2012