



Author/Lead Officer of Report: *Cat Arnold, Policy & Improvement Officer*

Tel: 34529

Report of: *John Mothersole*
Report to: *Cabinet*
Date of Decision: *15 February 2017*
Subject: *Financial Inclusion Strategy*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Communities Services & Libraries</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>1217</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

To present for approval a new Financial Inclusion strategy and Action Plan for Sheffield, setting out how the Council and its partners intend to tackle financial exclusion and over-indebtedness in the City.

Recommendations:

1. That Cabinet approves the document 'A Financially Inclusive City' attached to this report as a statement of the Council's strategic approach to financial inclusion.
2. That Cabinet approves the accompanying Financial Inclusion Action Plan.
3. That Cabinet delegates authority to the Director of Policy, Performance and Communications to make amendments to the Action Plan consistent with the principles set out in 'A Financially Inclusive City' if necessary on the basis of further development and consultation with stakeholders.
4. That Cabinet requests that the Chief Executive provides a report to the Cabinet Member for Community Services and Libraries on the effectiveness of the Council's discretionary hardship funds in providing support to those experiencing financial crisis
5. That Cabinet notes that the implementation of any of the proposed actions may be subject to further decision making in accordance with the Leader's Scheme of Delegation.

Background Papers:

Appendix 1: A Financially inclusive City

Appendix 2: Financial Inclusion Action Plan

Appendix 3: Equality Impact Assessment

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Pauline Wood</i>
		Legal: <i>Andrea Simpson</i>
		Equalities: <i>Adele Robinson</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>John Mothersole</i>
3	Cabinet Member consulted:	<i>Cllr Jack Scott</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	

Lead Officer Name: <i>Cat Arnold</i>	Job Title: <i>Policy & Improvement Officer</i>
Date: <i>2 February 2017</i>	

1.	PROPOSAL
1.1	Introduction and context
	<p>People's financial position has profound implications for their wellbeing. A strong financial base enables people to plan and invest in their needs and aspirations, ensuring that they are in a position to capitalise on opportunities (for example new homes, new jobs or investments) or to cope with unexpected events (everything from the fridge breaking to an unexpected health issue). Equally, being less financially resilient or vulnerable can have profound knock-on implications on people's lives, for example through debt and the impact on physical and mental health.</p>
	<p>We are in an era of significant social and economic change – and Sheffield is changing rapidly too – growing demographically, with greater diversity, and growing economically but unevenly. There is a changing job market with more people in flexible, part-time, self-employed work which increasingly means less dependable hours and incomes and resultant in-work poverty. In addition, we have a housing market with a growing private rented sector, which can mean that people's accommodation is less secure than in other housing tenures, and are less able to access support if things are at risk of going wrong.</p>
	<p>Cities like Sheffield are fantastic places to live and work and they are increasingly the lifeblood of the global economy. As we continue to grow as a city, we want people living and working in Sheffield to be connected to the opportunities that the city offers – be that high skilled jobs; good education and training; high quality homes and neighbourhoods; leading arts, culture and sport; and big city centre retail and leisure.</p>
	<p>But financial exclusion remains a major challenge for Sheffield and it has a profound impact on the lives of people who are either already experiencing or at risk of experiencing financial problems. The associated problems can be significant for individuals and families, including spiralling debt, long-term physical and mental health issues such as stress and anxiety, unemployment, and reliance on illegal money lending. These challenges, in turn, bring higher and long-term demand on key public services and reduce the ability of people to fulfil their ambitions and play active roles in the life of city and their local community.</p>
	<p>Therefore, becoming a more economically and financially inclusive city is critical to Sheffield's future. Recognising the significant change that is taking place in the global, national and local economy, we have to be realistic about the extent to which we can control some of the factors that expose people to financial difficulties. However, we have the ability to maximise the tools and powers we have to prevent, support and enable people in Sheffield to become more financially resilient. This means:</p> <ul style="list-style-type: none"> • equipping people with the right financial education, access to information and advice to <i>prevent</i> financial exclusion as far as is possible

	<ul style="list-style-type: none"> • supporting people to be more financial resilient over time • providing the tools and knowledge to avoid people slipping into financial exclusion at times of crisis • providing robust and integrated services which support those who are most at risk of significant financial vulnerability.
	Understanding the financial inclusion challenge
	<p>A review of the national and regional research into financial inclusion, along with workshops with a variety of organisations including social housing providers, Sheffield Citizens Advice and Department of Work & Pensions, has helped us to build a picture of the scale and nature of the challenge in the city:</p> <ul style="list-style-type: none"> • There is an increasing issue with over-indebtedness. • New regulation has curtailed some of the activity of high-cost doorstep and payday lenders, however this does not appear to have pushed people towards mainstream lenders. • Instead, people are using: credit cards, pay weekly stores, catalogues, pawnbrokers and informal lending including – concerningly – illegal money lenders. The latter is particularly an issue in S2 and S5. • National changes to the welfare system are having a significant impact on Sheffield, both in benefit income reduction and also because the gradual roll-out of Universal Credit will require money management skills not previously required. • The city’s job and housing markets are changing with more people living in private-rented accommodation and less regularised work patterns that have implications for people’s incomes and can lead to in-work financial exclusion. • People are not seeking support for their financial problems early enough, a lack of savings means that people are more exposed to financial shocks, and life costs more for people with less money – known as the ‘poverty premium’.
	A financially inclusive Sheffield
	<p>The draft strategy ‘A Financially Inclusive City’ that is attached to this report as Appendix 1 sets out the following vision:</p> <p>We want to be a financially inclusive city where people have the information and support they need to become more financially resilient over time and have the tools and knowledge to avoid slipping into financial exclusion at times of crisis.</p>
	<p>Financial inclusion is best thought of as a spectrum (from financially vulnerable through ‘square one’ or neutral, to financially resilient and financially secure) and people may move between different points as things happen throughout their lives. Accordingly, it would not be appropriate for Sheffield to have fixed interventions and approaches – what we need is a spectrum of support, advice</p>

	and intervention which helps to prevent people experiencing financial exclusion during their lives but is equipped to provide more intensive, targeted support when people are financially vulnerable.
	There is a detailed Financial Inclusion Action Plan, attached to this report as Appendix 2, accompanying the strategy. Some of the actions are summarised here according to the area of the financial inclusion spectrum they primarily focus on.
	<p>Financially vulnerable</p> <ul style="list-style-type: none"> • Keyworker and other support worker approaches that effectively support financial wellbeing • Targeted support for those in crisis, including funding Sheffield Citizens Advice to provide debt and welfare advice where it is needed most, and ensuring that the Council's discretionary hardship funds are effective in providing support to those experiencing financial crisis. • Improve people's access to affordable credit by getting more people on the electoral register when they contact the Council and its partners
	<p>Square one</p> <ul style="list-style-type: none"> • Encourage the number of people saving regular amounts and taking out home contents insurance by building a package of simple products into the start of new tenancies and potentially into the start of jobs • Ensure affordable credit is available to those who would otherwise turn to high-cost payday and doorstep lenders
	<p>Financially resilient/financially secure</p> <ul style="list-style-type: none"> • Preventative actions: ensuring that self-help and other information is available to people at life events (e.g. cancer diagnosis, relationship breakdown) • Work with employers and landlords to improve employees' and tenants' financial resilience
2.	HOW DOES THIS DECISION CONTRIBUTE?
2.1	This Financial Inclusion strategy contributes to the Sheffield City Council Corporate Plan ambition to tackle inequalities, including our commitment to focus on "maximising the income of struggling households by providing advice and support on affordable credit, benefits entitlement and money management".
3.	HAS THERE BEEN ANY CONSULTATION?
3.1	This strategy has been developed on the basis of evidence and expertise drawn from workshops and discussions held during September and October 2016 with representatives from Housing Associations, Sheffield Credit Union, Sheffield

	Money, Sheffield Food Bank Network, Age UK, Department of Work and Pensions, Sheffield Citizens Advice, Manor and Castle Development Trust, the regional Illegal Money Lending Team and representatives from across Sheffield City Council. Early discussions on the strategy have also taken place at Sheffield City Executive Board.
4.	RISK ANALYSIS AND IMPLICATIONS OF THE DECISION
4.1	<u>Equality of Opportunity Implications</u>
4.1.1	<p>A full Equalities Impact Assessment is attached as Appendix 3.</p> <p>Overall, the impact of the financial inclusion strategy and action plan on different parts of the population, the Voluntary, Community and Faith sector organisations is expected to be positive or neutral. However, it is noted that we could improve our knowledge about how financial exclusion is experienced by groups in the city and therefore respond most effectively to their needs. This will be addressed by improving our use of data on financial inclusion and by ensuring that financial wellbeing support in the city is targeted most effectively.</p>
4.2	<u>Financial and Commercial Implications</u>
4.2.1	There are no direct financial implications arising from this report as it presents a strategic approach to financial inclusion. However, each initiative within the strategy will be costed and the financial implications will be brought for approval as appropriate.
4.3	<u>Legal Implications</u>
4.3.1	The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. This power is broad enough to encompass the production of the Strategy.
4.3.2	The implementation of any of the actions set out in this report may be subject to further decision making in accordance with the Leader’s Scheme of Delegation, and the legal implications will be considered fully at that time.
4.3.3	In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty (‘PSED’) contained in Section 149 of the Equality Act

	<p>2010. This is the duty to have due regard to the need to:-</p> <p>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;</p> <p>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</p> <p>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</p> <p>This includes having due regard to the need to:-</p> <p>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</p> <p>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</p> <p>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low;</p> <p>(d) tackle prejudice; and</p> <p>(e) promote understanding.</p> <p>The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race; religion or belief, sex and sexual orientation.</p> <p>The actions set out in this report are compliant with and will further the Council's adherence to the PSED.</p>
5.	ALTERNATIVE OPTIONS CONSIDERED
5.1	<p>1) The 'As-is' option: no new strategy for financial inclusion put in place in the city. Much of the valuable work which takes place in the city supporting people with their financial wellbeing would continue. However, the new opportunities for working together to raise awareness of financial inclusion and target support effectively would be lost, as would the potential to embed financial inclusion more strongly within our city approaches to fairness and tackling poverty.</p>
6.	REASONS FOR RECOMMENDATIONS
6.1	<p>The introduction of a financial inclusion strategy and action plan will provide the city with an opportunity to build on the excellent work that is already being done to improve financial wellbeing of its residents. The approaches set out here will: ensure that frontline workers are equipped to ask and answer effectively questions about financial issues; support Sheffield Citizens Advice to provide welfare and debt advice where it is needed most; encourage people to save regularly by promoting straightforward products at the beginning of</p>

	tenancies; ensure that the right kind of self-help information is available for those at major life events such as relationship breakdown or cancer diagnosis to prevent them from going into financial crisis; and embed Financial Inclusion within our city's strategic approach to fairness and tackling poverty.
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