

## **Summary Sheet**

### **Council Meeting**

Cabinet and Commissioners Decision Making Meeting – 13 March 2017

### **Council Report:**

Financial Inclusion Plan for Rotherham Council Tenants

### **Is this a Key Decision and has it been included on the Forward Plan?**

Yes

### **Strategic Director Approving Submission of the Report**

Anne Marie Lubanski, Strategic Director of Adult Care and Housing

### **Report Author**

Paul Elliott – Business and Commercial Programme Manager

Kath Brisland – Financial Inclusion Manager

## **Summary**

To seek authority to approve the Financial Inclusion Plan for Council tenants.

There are a significant number of Rotherham Council tenants who do not have a bank account and are financially excluded.

There are many barriers which prevent access to basic financial services. This plan aims to remove those barriers and support people to become more independent and to take control of their own finances. Evidence tells us that improving financial capability and confidence will contribute to reducing poverty, improving health and educational attainment as well as increasing skills and employability.

The plan will not stand alone to deliver solutions, but recognises that a co-ordinated approach that brings Council services, partners and agencies together will be more cost effective and achieve greater success in providing tenants and residents with the support required to enable them to access the benefits basic financial services can provide.

In the first instance the aim is to help Council tenants improve their quality of life by reducing debts, reliance on high interest cost lenders and increasing levels of educational attainment; which will improve overall skills and job prospects, as well as increase independence and build resilience longer term. The plan will be implemented by housing staff in the remodelled Housing Income Team and Council Housing Allocation Officers.

Following further development of the corporate approach to tackling poverty it is intended to learn from implementation of the tenants Financial Inclusion Plan and where appropriate align resources and offer services irrespective of tenure.

**Recommendation**

That the Financial Inclusion Plan for Housing be approved for the period 2017 to 2020.

**List of Appendices Included**

Appendix A – Financial Inclusion Plan Housing – 2017 to 2020

Appendix B – Housing Income Team Structure (to be adopted 3 April 2017)

**Background Papers**

None attached

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**  
Overview and Scrutiny Management Board

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Main Report**

### **Financial Inclusion Plan for Rotherham Council Tenants**

#### **1. Recommendation**

- 1.1 That the Financial Inclusion Plan for Rotherham Council be approved for the period 2017 to 2020.

#### **2. Background**

- 2.1 The term Financial Inclusion is used to describe the millions of people who have access to basic financial services such as banking, affordable credit, insurance and pensions which enable choice, savings and the ability to plan for the future.
- 2.2 There are many citizens of Rotherham who remain “Financially Excluded” and this can be a major factor in being unable to manage money, plan for the future and pay bills.
- 2.3 The implementation of the Government’s Welfare Reform agenda and the previous downturn of the economic climate continue to have a significant impact on citizens who rely on welfare benefits or have low earnings; and their ability to pay priority bills such as rent has been affected.
- 2.4 The need has been identified for the Council, led by the Housing and Neighbourhoods Service to develop a Financial Inclusion Plan and provide a co-ordinated approach to deliver the Financial Inclusion agenda of improving access to basic financial services for Council tenants and then roll out later to all citizens as part of the ‘One Council’ approach.
- 2.5 The objective of the plan is to improve the financial confidence of Council tenants and residents to help maximise income and limit expenditure. By increasing independence and individuals’ prospects will ensure that priority bills are paid, debt is reduced and the opportunity to find employment is improved.

#### **3. Key Issues**

- 3.1 There are around 8% (1,638) of tenants do not have a bank account (2016 STAR Survey), which increases to 11% for those tenants in receipt of Housing Benefit.
- 3.2 Rotherham has a high ranking in the Indices of Multiple Deprivation and the three main causes of this are poor health, education and employment.
- 3.3 There are many barriers which prevent access to basic financial services and this plan aims to remove those barriers and evidence that improving financial capability and confidence will contribute to reducing poverty, improving health, educational attainment and opportunities to access employment.

- 3.4 The plan will not stand alone to deliver solutions, but recognises that a co-ordinated approach that brings Council services, partners and agencies together will be more cost effective and achieve greater success in providing tenants with the support required to enable them to access the benefits basic financial services can provide.
- 3.5 The aim is to initially focus on helping Council tenants improve their quality of life by reducing debts, reliance on high interest cost lenders and increasing levels of educational attainment; which will improve overall skills and job prospects, as well as increase independence and build resilience longer term.
- 3.6 This will be delivered by the newly created and better equipped Financial Inclusion Team within the Housing Income Service which will have a broad responsibility for delivering the Financial Inclusion Plan. It will be resourced to have the capacity to develop and deliver the practical interventions and projects which will under-pin this plan and deliver against its ambitions. Following the work of the Corporate policy team reviewing the poverty agenda and the 'One Council' approach it is intended in the future subject to resources being made available this will be rolled out to the benefit of all residents of the borough.
- 3.7 The added value will be a reduction in the financial burden to the Council caused by a high number of tenants and residents who rely on public funded services and a reduction in all forms of debt to the Council.
- 3.8 The plan also recognises the impacts and challenges to tenants and the Council with the continuation of the Government's Welfare Reform agenda and the introduction of Universal Credit. Tenants are disproportionately affected by financial exclusion, it is estimated that tenants make up around 60% of all financially excluded people.
- 3.9 The Welfare Reforms continue to reduce the level of income for many Council tenants which are solely dependent on welfare benefits and will increase their expenses as the amounts required to pay high priority debts such as Council tax increase.
- 3.10 The implementation of Universal Credit will mean all claimants must be able to manage a monthly budget, pay their rent and to have digital access as claims will be made and managed on-line. The Council through the Universal Credit Delivery Partnership arrangements with the Department for Work and Pensions currently offer support to claimants referred from the Job Centres to apply on-line and/ or provide Personal Budgeting Support through the Customer Service team.
- 3.11 The ability to budget and manage money to the best possible advantage is becoming more critical and co-ordinated action is required to limit the impact on tenants.
- 3.12 The Council, as the largest social landlord in Rotherham with a high proportion of tenants who pay rent by Housing Benefit, will be affected significantly if costs and rent arrears continue to increase and rental income declines.

3.13 The plan promotes an early intervention approach to tenancy management and affordability. Following approval of the plan it is intended to launch a promotion and awareness campaign through multiple media channels including the Council's website, Home Matters tenant's magazine, flyers in rent and Council tax bills and social media.

#### **4. Options considered and recommended proposal**

4.1 The adoption of a Financial Inclusion Plan has benefits for both tenants and residents across the borough which is why a two phased approach to financial inclusion is recommended.

##### **Phase 1 – Adopt a Financial Inclusion Plan for Tenants**

4.2 The Financial Inclusion Plan sets out a coherent vision defining how the Council will assist tenants to sustain tenancies and develop more independent lives free from support services. This should ultimately result in requiring fewer service interventions by the Council so, over the longer term, increasing income and reducing expenditure.

4.3 The plan will be initially delivered through the Financial Inclusion Team which sits within the Housing Income Team. A transformation for this service was approved by Cabinet on 10 October 2016 and includes an investment of £638,000 to expand services offered to tenants. As part of the 'One Council' approach this will act as a catalyst for a wider review of how such support services are delivered to residents over the medium term. In this first stage it is proposed to deliver these services solely to tenants given the enormity of the financial challenges they face due to the ongoing welfare reforms and the need to sustain Council tenancies for those tenants in arrears.

4.4 The specific benefits the Council anticipate tenants to receive through delivering the Financial Inclusion Plan are:

- Feel confident in being able to make the right decisions about their money
- Open a bank account which will allow tenants to receive and take out their money
- Borrow at a reasonable cost if the need arises
- Buy affordable insurance to protect tenants' homes and their family
- Build up savings for an emergency
- Reduce worklessness
- Obtain advice about money and welfare benefits from free and trusted sources
- Sustain their tenancies and stay out of debt
- Reduce reliance on Council services i.e. arrears management, tenancy support
- Overall increased independence and self-reliance

## **Phase 2 – Expand the Financial Inclusion Plan for Residents**

- 4.5 The next step would be to expand into a Corporate Financial Inclusion Plan that would serve the needs of all Rotherham residents regardless of housing tenure. Whilst similar approaches and outcomes around financial inclusion will apply to both tenants and residents, a staged approach presents an opportunity to learn from phase 1 and to better understand the impact the plan is having on services.
- 4.6 The Council therefore needs time to consider how it intends to deliver an Anti-Poverty Strategy and build capacity in its Financial Inclusion Support Services.
- 4.7 Tenants are under increasing pressure due to welfare reform measures and are disproportionately affected by financial exclusion so it is important that the Council focuses on supporting tenants initially. The implementation of an all-encompassing plan would mean delays for tenants to get the help they need. Resources have been identified to support delivery and this is why a phased approach is recommended.

## **5. Consultation**

- 5.1 The Welfare Reform Working Group, which has representatives from the ‘third sector’, has been consulted on the content of this plan at their meeting of 4 March 2016. Input from the Advocacy and Appeals Service has been given as the Financial Inclusion Team will continue to make referrals to this service. The Revenues and Benefits Service has also been consulted on 21 September 2016.
- 5.2 The Housing Quality and Standards Challenge Group has also been consulted on 12 April 2016 and is supportive of adopting a Financial Inclusion Plan for Housing.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 Cabinet – 13 March 2017

Tom Bell, Assistant Director of Housing, is responsible for implementing this decision.

## **7. Financial and Procurement Implications**

- 7.1 The Financial Inclusion Plan for Council housing tenants itself does not have any cost other than officer time. Delivery of the plan will require employees of the Council to work in accordance with the plan’s aims. The current cost of employees in the Financial Inclusion team is £161,947 per annum. This cost will increase by £329,561 for the Financial Inclusion component of the Housing Income Team service transformation approved by Cabinet on 10 October 2016.
- 7.2 The financial cost and business case for implementing a corporate financial inclusion plan which engages with all residents is not yet understood and would need to be developed as part of the second stage.

7.3 There are no direct procurement implications associated with this report, although a procurement exercise has been undertaken by the Council for the provision of basic bank accounts. The Council pay the set up costs for each new account so there are no costs passed on to the tenant.

## **8. Legal Implications**

8.1 There are no direct legal implications associated with this report, although the adoption of a Financial Inclusion Plan should minimise the number of cases where it is necessary to take legal action against tenants to recover rent arrears.

## **9. Human Resources Implications**

9.1 The Financial Inclusion Team will deliver the Financial Inclusion Plan, alongside other colleagues in the Adult Care and Housing Directorate and the Regeneration and Environment Directorate.

9.2 The Housing Income Team, of which the Financial Inclusion team is part, has been reviewed due to ongoing Welfare Reforms. As a result there will be significant changes to job roles and responsibilities. Consultation with staff and trade unions is now complete. The new structure will be adopted on 3 April 2017. A copy of the proposed structure is attached at Appendix B.

9.3 A review of resources would need to take place as part of the second stage of implementation.

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 The strategy aims to contribute to the 4 priorities set out in the RMBC Corporate Plan:

- I. Every child making the best start in life
- II. Every adult secure, responsible and empowered
- III. A strong community in a clean, safe environment
- IV. Extending opportunity, prosperity and planning for the future

10.2 The Financial Inclusion Team will provide practical help and support to children's families and vulnerable adults aimed at improving their health and wellbeing, improving their aspirations and educational attainment. The details are explained further in the plan.

## **11. Equalities and Human Rights Implications**

11.1 An Equalities impact assessment is to be undertaken.

## **12. Implications for Partners and Other Directorates**

12.1 The Financial Inclusion Plan will ensure financial support services to tenants are co-ordinated and remove the current disparate approach to service delivery. Partners will benefit as it will define what support the council will provide to tenants in financial distress.

12.2 Tenants who are financially astute are less likely to require interventions from partners and other Directorates such as Health, Department for Work and Pensions, Citizen's Advice Bureau and Housing Benefits.

12.3 In order to deliver the plan the Housing and Neighbourhoods service will continue to refer to the Advocacy and Appeals service under the current SLA for 2016-17. In order to provide the support tenants require, it is anticipated Money Advice Officers will need to visit some vulnerable tenants in their homes, rather than the current system that all appointments are held in Riverside House. This will mirror the service offered by the Financial Inclusion team at present and will be at no extra cost to the HRA.

### **13. Risks and Mitigation**

13.1 There are significant risks to future Housing Revenue Account income given ongoing welfare reforms and the general financial pressures on low income households. The Council must consider the impact to the service and future long term viability of the HRA Business Plan given the ongoing increase in arrears, in 2015-16 there was an increase in arrears of 34%. This is unsustainable in the medium to long term and Cabinet has approved additional investment in the service of £638,000 to address the ongoing challenges outlined in the report.

13.2 As rent arrears increase, this may result in increased evictions, which will put greater pressure on the Homelessness Service and Children's and Young Peoples Services, funded through the General Fund.

13.3 A further risk is not delivering the Council's priorities, and not adopting a Financial Inclusion Plan which will result in residents continuing to be financially excluded and failing to lead independent lives without the support of Council services.

### **14. Accountable Officer(s)**

Approvals obtained from:

Assistant Director of Housing and Neighbourhoods – Tom Bell

Finance and Customer Services – Kath Andrews, Principal Accountant

Legal Services – Neil Concannon, Service Manager – Litigation and Social Care

Human Resources – Odette Stringwell, Business Partner

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