



**Glasgow City Council**  
**City Administration Committee**

**Report by Councillor Allan Gow, City Treasurer**

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**Item 1**

**10th October 2019**

## **FINANCIAL INCLUSION STRATEGY 2020-2025**

### **Purpose of Report:**

To advise of the Council's proposed Financial Inclusion Strategy 2020 -2025 at Annex A and to consider the proposed objectives and priorities in the new Financial Inclusion Strategy for the citizens of Glasgow.

This report provides an overview of the current Financial Inclusion Partnership and explains the continuous need for a Financial Inclusion Strategy, the influences and barriers and describes the consultation and engagement process.

Committee to note that this report and Strategy were considered by the Wellbeing, Empowerment, Communities and Citizen Engagement City Policy Committee on 26th September 2019.

### **Recommendations:**

Committee is asked to:

- consider the objectives and priorities for the new Financial Inclusion Strategy 2020 - 2025 at Annex A;
- note the performance and outcomes of the previous Financial Inclusion Strategy; and
- approve the Financial Inclusion Strategy 2020-2025.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## **1 Purpose of Report**

- 1.1 To advise of the Council's proposed Financial Inclusion Strategy 2020 -2025 at Annex A and to consider the proposed objectives and priorities in the new Financial Inclusion Strategy for the citizens of Glasgow.
- 1.2 This report provides an overview of the current Financial Inclusion Partnership and explains the continuous need for a Financial Inclusion Strategy, the influences and barriers and describes the consultation and engagement process.
- 1.3 Committee to note that this report and Strategy were considered by the Wellbeing, Empowerment, Communities and Citizen Engagement City Policy Committee on 26th September 2019.

## **2. Background**

- 2.1 The Council's current Financial Inclusion Strategy 2015 – 2018 was approved by Executive Committee on 26th June 2014.
- 2.2 The vision for the Financial Inclusion Strategy is:

Glasgow City Council and its partners recognise the importance of ensuring that all of our citizens have the skills, knowledge and support to help them make the most of their money and share in the city's growth. We can achieve our vision by working in partnership and adhering to our key principles, to provide access to good quality advice and affordable financial products and services that can help put our people back in control of their lives and unlock them from their poverty.

This strategy sets out the way we want to work in partnership to deliver our key objectives.

- 2.3 The Strategy defines Financial Inclusion as:

Ensuring that individuals have the skills, knowledge and understanding to make best use of appropriate products and services. The focus of the Strategy is to improve financial inclusion for vulnerable groups of people and communities, establish early intervention mechanisms and provide support at key transition points in people's lives.

- 2.4 This Strategy will be delivered through working in partnership to achieve the outcomes based on our key principles, as detailed in the Financial Inclusion Strategy. Working in partnership is a Council priority to deliver the city's ambitions and improve its services and outcomes.
- 2.5 The objectives of this Financial Inclusion Strategy 2020-25 are to:
  - Break the cycle of debt and dependency
  - Reduce the level of Child Poverty in Glasgow
  - Reduce the number of people reaching a crisis point through early intervention

- Address the impact of money problems on other areas of life
- Have a modern, flexible and accessible advice sector
- Have a more open and accountable advice sector, responsive to citizens' views
- Reduce stress and ill health caused by money worries and debt.

2.6 Since April 2015 the Financial Inclusion providers have supported over 106,215 new clients in a range of ways such as; claiming their entitlement to benefits, managing their debt, preventing homelessness and improving their employability prospects. This is a summary of the outcomes delivered by the FI providers/partnership:

- £143 million in additional income
- £100 million of debt negotiated for clients
- £11 million of Council Tax arrears negotiated
- 5,740 people prevented from becoming homeless
- 8,361 people given information on cheaper credit
- 2,292 people given information on improving their employability
- 23,885 people encouraged to improve how they manage their money
- 9,023 people encouraged to develop a savings habit
- 2,587 given information on the benefits of having home insurance
- 12,206 people given advice on how to save money on their fuel bills

The return on investment for the combined funding of the partnership, calculated on the additional income gained for the client and the amount of debt reduced, is approximately £17 for every £1 invested.

### **3 Continuous Need for a Financial Inclusion Strategy**

- 3.1. Despite the figures shown at 2.6 not everyone has access to the financial inclusion support they need to share in the city's prosperity, a city that has the fastest growing major city economy in the UK, with a diverse business and industry base and a highly skilled population. Therefore the result is that poverty continues to increase for some of our most vulnerable citizens, which can leave lasting damage on future life chances.
- 3.2 Financial inclusion supports people to build their financial resilience and confidence to manage their money, deal with financial difficulties and access the best financial products and services for them.
- 3.3 In 2017 it was reported in the Scottish Household Survey that 33%, approximately 198k citizens of Glasgow, had no savings, compared to 22% across the rest of Scotland and 11% of Glasgow's householders stated that they were not coping financially.
- 3.4 Welfare Reform continues to have a major impact on our most vulnerable citizens. A freeze in the rates of employability benefit, limits on housing costs, changes to disability benefits and a cap on the total amount of benefit a family can receive is estimated to have contributed to an expected £120million per

year loss to the city by 2021. Our citizens, already struggling to make ends meet, will therefore continue to need financial inclusion support from the relevant services.

- 3.5 In September 2018 Universal Credit (UC) was rolled out across the city that has further exacerbated the issues for some of our citizens, evidenced by the increases in rent arrears and increased reliability on emergency food providers.
- 3.6 The groups most affected by welfare reform are:
  - Single parents.
  - Disabled.
  - Black minority ethnic (BME).
- 3.7 The reforms have resulted in a steady increase in child poverty rates across the city, with the current rate estimated, by the Child Poverty Action Group, at 37,000 (34%), however in some wards the average rate is higher, for example; Southside Central (37%) and the Calton (48%).
- 3.8 The Institute for Fiscal Studies think tank has forecast a further increase in child poverty across the UK, resulting in an estimated increase for Glasgow to 50,000 children by 2020.
- 3.9 The Scottish Government identified the 3 main causes of child poverty as:
  - Cost of living.
  - Income from employment.
  - Income from social security.
- 3.10 The Child Poverty (Scotland) Act 2017 was introduced that lays out a statutory requirement on local authorities and health boards to report progress against a set of ambitious targets to reduce Child Poverty by 2030.
- 3.11 Citizens from the BME community, in particular women from ethnic minority communities, are more likely to be unable to access UC due to language barriers.
- 3.12 The Department for Work and Pensions (DWP) state that 19% of the working age population has a disability, in Glasgow this is 24%. It is widely recognised that there are additional costs associated with having a disability and existing legacy benefits recognise this with premiums that top up the level of benefit for disabled people on low incomes. However these premiums are not replicated in Universal Credit. Although compensatory transitional payments are being introduced to mitigate against the loss of the severe disability premium they don't fully compensate in all circumstances and ignore the losses caused by the removal of the enhanced disability premium. There is also a dilution in entitlement for some disabled children when comparing current tax credit top ups with those in Universal Credit (£126.11 p/m for UC disabled child lower element compared with £279.58 in child tax credit).

- 3.13 In these challenging times for our most vulnerable citizens, it is vital that this Financial Inclusion Strategy provides a framework that ensures that the service provided meet their needs.
- 3.14 To help us develop the strategy we have taken account of the feedback from our consultation exercise with citizens and the lessons learned from the Invest to Improve programme, which was set up to mitigate the impact of UC in September 2018.
- 3.15 Using the feedback and lessons learned and then transferring these to the Financial Inclusion Strategy 2020-25, we believe this will provide our citizens with an accessible, modern, innovative, flexible and outcome focused service.
- 3.16 The feedback from the 276 citizens who completed our face to face and online questionnaire can be found in the attached Financial Inclusion Strategy. The lessons learned from the Invest to Improve programme that delivered success were as follows
- A collaborative approach
  - Co-location of vital services
  - Targeted funding for protected characteristic groups
  - The use of our customer referral system that allowed us to track the impact that our intervention had on the individual both on a financial basis and reducing the number of issues and stress.

#### **4 The Financial Inclusion Strategy 2020 - 2025 Outcomes**

- 4.1 To achieve an effective service that provides the outcomes our citizens need, we will work in partnership to help deliver our 10 Key Principles, which are to:
1. Reach out to people who do not currently use the Financial Inclusion (FI) services.
  2. Use the council's customer management referral system, Fast Online Referral Tool (FORT), to record action taken, referrals to other services for the customer's additional support needs and show the outcome from the actions taken.
  3. Work with citizens, in particular those with the lived experience of poverty, to better understand and improve services aimed at meeting their needs.
  4. Use a holistic approach to understand the root cause of the customer's issues, to break the cycle of debt and refer to other services when required.
  5. Provide FI services at times that are flexible, local and easy to access, for example for families, those with disabilities and those affected by the increase of "in-work poverty".

6. The FI providers poverty proof their actions to prevent unintended consequences, such as adding poverty premium, for example; ensuring that the customer is referred to the lowest affordable credit provider and not necessarily the nearest .
7. Use early intervention to respond to new issues in the FI Service providers' local area, such as; closure of a local business, by offering to provide FI services to the management and workforce.
8. Manage resources so that more of them are available to provide for front line staff and less on management and building overheads, considering co-location opportunities.
9. FI service providers will allow an audit of their records, to help identify trends and identify service improvement opportunities.
10. Focus on continual improvement with demonstrable improvement year on year.

4.2 It is vital that we make a positive difference to the lives of our most vulnerable citizens and by adopting our key principles the Financial Inclusion Strategy outcomes can be delivered, these outcomes are:

- A reduction in poverty for our most vulnerable citizens and a break in the cycle of debt and dependency.
- An increase in the range of options for accessing FI services.
- An increase in take up of FI services, in particular by lone parents, people with disabilities, people from BME communities and those affected by in-work poverty
- A reduction in recurring appointments.
- A reduction in customer waiting times.
- An increase in referrals to partner organisations that help minimise the crisis situations for our citizens, for example; for help with fuel poverty.
- A streamlined reporting process through use of FORT.

## **5 Funding**

5.1 Current Council funding for core Financial Inclusion Services is provided through the council's Integrated Grant Fund (IGF). Following a review of how the Council funds the third sector and community groups, the Council, working with the Glasgow Third Sector Interface Network, is establishing the Glasgow Communities Fund (as approved at the City Administration Committee on [29 August 2019](#)) which will extend the funding to organisations that previously have been unable to apply for it. The IGF will come to an end on 31st March 2020 and the Glasgow Communities Fund will start on 1st April 2020. The Fund was launched on 18th September with a closing date of 20th October with all existing organisations as well as the wider third sector being invited to apply. We will work with Council colleagues to ensure that the Financial Inclusion Strategy will deliver a service that meets the needs of our citizens.

## 6 Policy and Resource Implications

### Resource Implications:

*Financial:* Outcomes will be maximised through targeted use of resources and partnership working

*Legal:* The report raises no new legal issues

*Personnel:* There are no direct personnel implications

*Procurement:* There are no procurement issues

**Council Strategic Plan:** This proposal supports the following core priorities of the Council Strategic Plan 2017 – 2022:

*A healthier city:*  
Reducing stress related health issues caused by debt and poverty – priority 38

Continue our work on the People Make Glasgow Fairer Strategy to tackle poverty, considering how we can address emerging issues such as child hunger and period poverty – priority 42

Review the provision of benefits, welfare and other advice to continue to identify opportunities to integrate and maximise support for people affected by welfare reform, or long term conditions – priority 47

*Resilient and empowered neighbourhoods –*

Providing citizens with access to Financial Inclusion services in local and accessible venues – priority 74

*A well governed city that listens and responds –*

Review of the Financial Inclusion service delivery model through service user engagement – priority 94

**Equality and Socio-Economic Impacts:** The impacts are expected to be positive for our citizens.

*Does the proposal support the Council's Equality Outcomes 2017-22*

Yes the FI Strategy implementation has the potential to impact on the Council's Equality Outcomes in relation to the following Improvement Aims:

- Improve economic outcomes for people with protected characteristics
- Improve access to council Family Services by people with protected characteristics

*What are the potential equality impacts as a result of this report?*

An Equality Impact Assessment Screening document has been written and no negative impacts identified.

*Please highlight if the policy/proposal will help address socio economic disadvantage.*

It is anticipated that future funding will have a positive impact on third sector job opportunities, involve more community organisations resulting in social and community cohesion.

**Sustainability Impacts:**

*Environmental:* None

*Social:* None

*Economic:* None

**Privacy and Data Protection impacts:**

No data protection impacts identified as a result of this report.

**7 Recommendations**

Committee is asked to:

- consider the objectives and priorities for the new Financial Inclusion Strategy 2020 - 2025 at Annex A;
- note the performance and outcomes of the previous Financial Inclusion Strategy; and
- approve the Financial Inclusion Strategy 2020-2025.