

## **Appendix Five – Summary Needs Assessment Findings and Recommendations**

This document summaries the key findings and recommendations of the financial inclusion needs assessment. This short but inclusive process was undertaken between November 2012 and January 2013 using the JSNA (Joint Strategic Needs Assessment) template and process.

### **Section One**

#### **Summary of findings and recommendations in relation to demand (need).**

##### 1.1 Focus on financial exclusion.

Financial exclusion is closely associated with poverty and social exclusion. Issues around health, housing, and employment are all exacerbated by financial exclusion but can also contribute to people experiencing it. However, the recommendation is that the strategy focuses on those issues and actions most directly concerned with financial exclusion as there are many other strategies looking at wider social inclusion issues. Where helpful clarification of the relationship and link between these would be helpful.

The definition of Financial Inclusion used by Transact<sup>1</sup>, the national forum for financial inclusion, is:

“A state in which all people have access to appropriate, desired financial products and services in order to manage their money effectively. It is achieved by financial literacy and financial capability on the part of the consumer and access on the part of financial product, services and advice suppliers”.

##### 1.2 A focus on both people and place is necessary.

People from protected groups such as disabled people and those from Black and Minority Ethnic communities are disproportionately affected by financial exclusion and the governments new welfare reform programme. However this is also true of those living in the city's deprived neighbourhoods, social housing and city centre where housing costs are high. A focus on both people and place is therefore necessary however it is recommended that this be explored further through the engagement of neighbourhood and equality groups working in the city.

However, the needs assessment found that the following groups and places were particularly vulnerable:

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<sup>1</sup> Transact is a free and independent UK-wide network for people committed to practising and promoting financial inclusion

### 1.2.1 People:

- Women (in particular lone female parents). Given the high numbers and cumulative impacts this is a particular group requiring support as per recommendation 1.5.
- Families (in particular lone parents) with a disabled child.
- Older People living in fuel poverty and/or without a bank account.
- Young people without bank accounts and for whom financial literacy training would be helpful.
- Disabled people (particularly those with mobility issues).
- People with mental health problems (particularly those already in debt).
- § LGBT people, with some groups within that designation being potentially more vulnerable such as trans people
- Black and Minority Ethnic people (particularly those on low incomes, in receipt of benefits or those with low English language skills).
- Gypsies and Travellers (and other 'chronically excluded' groups such as street homeless, temporarily housed, ex-offenders and refugees and migrants).
- Personnel leaving the Armed forces
- Those surviving domestic violence
- Those who misuse substances and / or alcohol

### 1.2.2 Places:

In terms of geography all the data confirms that those most financially excluded are residents in the wards of:

- Mouselcoomb and Bevendean
- East Brighton (Whitehawk)
- Hollingdean and Stanmer
- Queens Park
- Hangleton and Knoll
- Brunswick and Regency
- St Peters

### 1.3 A focus on social housing is important but being addressed.

Residents in social housing are significantly more likely to be financially excluded. Nationally, 70% of households that are excluded from mainstream banking and financial services are living in social rented housing. Additionally, they have disproportionately poorer financial health than the rest of the general population. However, this must be seen against the mapping exercise undertaken as part of the needs assessment. The council and other social landlords in the city have already prioritised funding and commissioned services to outreach and support those likely to be affected. Given the limited resource available it is essential that duplication is prevented and gaps addressed.

#### 1.4 There is absence of data about private sector need.

The needs assessment contains some information about the issues facing those living in high cost private sector rented accommodation and these people will be affected by measures such as the new rates for Local Housing Allowance. In addition the mapping process found that there were limited services available for those in private sector housing except those in the community and voluntary sector. Given the pressures this sector is facing it is important that consideration is given to this dynamic. However the data is limited and it is recommended that further work be undertaken to ascertain need before final decisions are made.

#### 1.5 Women (especially female lone parents) are especially vulnerable both in terms of demand and supply.

72% of the cost of the changes to benefits announced as part of welfare reform will be borne by women on the lowest incomes (particularly those who are lone parents). This is compounded by the fact that women tend to be more reliant on public services than men. Changes to child benefit, working families tax credit and the high cost of childcare add to this burden and the loss of jobs in the public sector has mostly fallen on low paid, part time jobs; the majority of which are undertaken by women.

The mapping process found few services specifically targeting women as part of the community banking partnership approach. Generic advice services for women do exist in the city but they are limited and require greater emphasis and resource to support financial inclusion. Furthermore the mapping found only one online single parent resource network in the city.

It is therefore recommended that all plans consider the needs of this group and that better monitoring is undertaken by agencies to understand take up and barriers.

#### 1.6 Cumulative Impact Assessment would significantly aid understanding.

Much of the data on need and impact is known to the council, however a cumulative equalities impact assessment has not been undertaken due to lack of central resources. This would enable the council to understand who is affected and where they live in the city across all of the welfare reform components. It is recommended that this be undertaken with support from the corporate centre of the council.

#### 1.7 Cost/Benefit Analysis would be helpful.

The wider costs of the city council and other public bodies have not been quantified as part of the needs assessment but will include costs such as increased arrears (and recovery), increased legal challenges, transactional costs, temporary accommodation costs etc. It is recommended that these costs be assessed in order to determine the cost benefit analysis of funding financial inclusion work.

#### 1.8 The identification of issues and solutions for 'chronically excluded groups' needs further work.

There are a range of 'chronically excluded groups' that have high levels of financial exclusion and they may face fundamental difficulties in terms of accessing appropriate support either because of the characteristic, circumstances or both. Examples of these groups include homeless people, those with severe mental health problems, Gypsies and Travellers and Transgender people. Further work needs to be done to identify the particular issues, impacts and solutions that would be appropriate within a financial inclusion strategy. This will be particularly challenging given the resources available and should be about ensuring new and existing services are skilled to meet the particular requirements of these groups and/or understand how to signpost to specialist support.

## Section Two

### **Summary of findings and recommendations in relation to supply, (service responses).**

2.1. Consider short, medium and long-term financial inclusion responses as part of the implementation strategy.

To respond to the pace of change on public sector spending and welfare reform, the Needs Assessment recommends parallel interventions. This means that some decisions and actions will be immediate whilst some are likely to require more planning and development. The implementation plans therefore indicate the likely timescales for action based on:

- **Urgent Need** - We will prioritise action to meet the needs of those at most immediate risk of experiencing financial exclusion by working with the agencies that are currently supporting them..
- **Transitional Support** – We will identify ways to transition to sustainable financial inclusion commissioning and delivery.
- **Sustainable Models** - We will aim to create sustainable models of funding and delivery that meet long term need.

2.2. Create a Community Banking Partnership

Integration of currently diverse services into a single offer through a Community Banking Partnership (CBP) incorporating the provision of: money and debt advice, affordable credit, basic banking, savings facilities and financial education (ABCDE) is recommended. Specifically;

2.2.1 Ensuring services within a CBP are able to effectively identify and meet changing needs.

2.2.2 Ensuring a link between the CBP delivery model and services aimed at the relief of Food and Fuel poverty.

2.2.3 the principles and practice of financial inclusion should be embedded within the policies and practices of the Council and consideration given to how this might extend to other public bodies in the city.

Furthermore the following areas of provision have been highlighted as relevant to a coordinated, strategic CBP approach:

- 2.2.4 Financial education in schools and youth settings
- 2.2.5 Statutory sector emergency assistance to people in financial crisis (e.g. social fund, children act payments, discretionary council tax and housing support)
- 2.2.6 Voluntary and faith sector emergency assistance to people in financial crisis (specifically but not exclusively food and clothing provision)
- 2.2.7 Energy advice and support to move from key meters.

Access to free ATM machines in areas of multiple deprivation should also be addressed.

### 2.3 High quality debt advice is effective.

A study by the Government's Financial Inclusion Task Force found that high quality debt advice reduces the cost to the public purse of over-indebtedness, as well as helping vulnerable households to resolve their serious financial problems. It is recommended that the CBP includes this in its model.

### 2.4 A range of basic bank accounts is important.

The city has a range of basic bank accounts on offer however coverage is patchy and people report varying experiences on attempting to open one.

Jam Jar accounts that provide assisted budgeting are commercially viable and service providers such as energy companies, landlords and local authorities have a role to play in developing such products. Transactional accounts are however critical to being banked appropriately as a response to universal credit.

It is therefore recommended that both forms of accounts are considered as part of the range of products offered by the CBP. There is also further work to be done in identifying those people who will move to universal credit without a transactional bank account although research does identify gypsies and travellers and people leaving prison as being particularly in need of support to access such financial products.

### 2.5 Face to face support is favoured by residents.

The various public engagement activities described in the needs assessment (as well as various other reports undertaken by the Advice Partnership) show that people highly value face-to-face interaction. This is because it builds trust and relationships and enables people to have a safe space to discuss their problems. It is recommended that this method is a key feature of any services commissioned or supported.

### 2.6 Raising the profile of existing services is critical.

Public engagement activity also found low levels of awareness of the range of free advice services available in the city, particularly amongst those in private sector housing and amongst young people. It is therefore recommended that a simple awareness raising campaign be considered building on the work of the Advice

Partnership. It should be noted however that increases in demand would further stretch the resources of community and voluntary groups already struggling with caseloads and waiting lists.

2.7 The Legislative Reform Act (LRO) provides a new platform for partnership with Credit Unions.

The LRO came into force on 8 January 2012 and provides an ideal opportunity to evaluate the current approach and look at the way in which the local authority and other partners work with the Credit Union, including:

- 2.7.1 the chance for social housing providers to work collaboratively with either a single or selected number of credit unions
- 2.7.2 new and diverse methods of partnership support, from increasing payroll deduction facilities for all council staff, to becoming a corporate member of the local credit union
- 2.7.3 the ability for credit unions to work with housing and local authority partners and provides specific services to and from them
- 2.7.4 the ability for credit unions to charge for additional services; relaxation on age restrictions for Directors and members can still receive services from the credit union if they move from their location of work or residence
- 2.7.5 some credit unions will be able to pay a guaranteed rate of interest instead of a dividend.

It is recommended these possibilities are fully explored through the CBP model.

2.8 Key people and places affected are known by the council and can be targeted accordingly.

The council's housing and welfare reform teams have been able to analyse groups most affected by the changes. These include single people under the age of 35 (because of the 'bedroom tax'), people in receipt of local housing allowance (LHA, also known as Housing Benefit), Non working families (those affected by child poverty), working age people, households living in fuel poverty, areas of deprivation, unemployed people and the working poor. Given the level of detail known about these people (i.e. this often includes names and addresses), the council should continue its programme of targeted outreach and engagement to inform, engage and support those likely to suffer disproportionate impact.

2.9 Support for digital inclusion is critical.

'Digital by default' is a key strand of the government's reform programme. Universal Credit (UC) is intended to be a predominantly web-enabled benefit; the UC business plan anticipates 80% of activity to be conducted online which will present potential challenges for those working with the digitally-excluded. In addition job seeking and application is now encouraged online with Job Centre Plus 'Universal Job Match' accounts being used routinely.

The needs assessment found that although online access in itself did not seem to be a problem, qualitative feedback shows that people still lack the opportunities, confidence and skills required. Many people also appear to be unaware of the free access to PCs and support available at a range of community centres and libraries.

The Public Service Board has recently completed a short life task looking at this issue. It is recommended that together with the findings of the needs assessment, this be used to inform appropriate actions to address the demand and supply elements of digital inclusion.

#### 2.10 High quality and consistent monitoring data is necessary.

The needs assessment found that monitoring was patchy amongst all service providers. This was both in terms of quality, consistence in data collected and types of questions asked. In order to support better commissioning practice and evidencing the business case for investment, it is recommended that this issue continue to be addressed through the Advice Partnership and any council contracts and service level agreements.

#### 2.11 All front line service providers should monitor financial exclusion indicators.

The government's taskforce identified a number of key indicators for financial exclusion and systemic use of these would be hugely beneficial to prevention and reduction of vulnerability. These include:

- no bank account
- no savings
- use of high interest credit facilities
- owes priority debts (e.g. council tax, rent)
- annual individual income of less than £14,500 or household income of less than £15,600
- no insurance
- The Food Partnership requests that data on food poverty be collected in addition to the above, suggesting the following question: "client reports running out of money to pay for food; or skipping a meal for financial reasons, in the last 6 weeks".

It is therefore recommended that use of these be considered as a data collection tool by front line services.

#### 2.12 Examples of good practice should be highlighted and shared.

During the mapping process many good practice activities were found. Within the voluntary sector AMAZE (supporting parents of children with disabilities) was a particularly good example of how supporting parents to complete applications for DLA had brought in considerable national funding. Whilst the Family Information Service (FIS) in the council demonstrated how staff training and awareness had led to significant levels of referral for financial inclusion support. In addition targeted CAB advice sessions in GP surgeries brought in additional funding and showed an impact with regard to reduced visits to the Doctor.

It is recommended that an event or similar be undertaken to share some best practice examples and learning.

2.13 Training should be offered to all front line council staff through its welfare rights team.

There are implications for the council's frontline workforce in terms of training and development around financial inclusion. Frontline workers would benefit from training and development on debt and benefit advice as well as how to identify financial exclusion risks. This is already done by teams such as the Family Information Service, Housing Options and Libraries but this could be extended. The council's Welfare Rights Team could provide this training but are currently under resourced and not strategically placed.

It is therefore recommended that a programme of training and learning be identified with the council's learning and development team and delivered by its welfare rights unit, potentially with extra resource to do so. This could potentially be extended to other frontline workers across the city in collaboration with third sector and business organisations.

2.14 Further work is necessary to map and understand how other social landlords are supporting their tenants.

As a result of the time constraints of this process work was not undertaken to map financial inclusion services offered by registered social landlords in the city outside of the council. This should be addressed through the city's Social Landlord Forum. Furthermore partnership with these organisations would enable a strategic approach to commission and delivery of services.

2.15 Further work is necessary to identify the financial education offer for the city.

This will be important to undertake before any decisions are made with regard to commissioning these opportunities. However this task should be reality simple and quick because of the limited number of centres and the work already undertaken by the adult learning partnership.