

		AGENDA ITEM 8
		<b>PSEG/21/14</b>
Committee:	Place Services and Economic Growth Scrutiny Committee	
Date:	26 June 2014	
MONITORING OF SCRUTINY REPORT ON FINANCIAL INCLUSION		
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An in depth investigation on Financial Inclusion was conducted during the second half of 2012 by a Task and Finish Group, and its scrutiny report was agreed by the former Economic Development, Environment and Highways Policy and Scrutiny Committee (EDEHPSC) in January 2013 (Minute 4). A copy of that report is published on the Council's website via the Committee Management Information System.

The Financial Inclusion project was a cross cutting scrutiny review with implications for a number of the Council's functions as well as taking account of services provided by other external organisations. The EDEHPSC forwarded seventeen recommendations to the Cabinet that have budgetary considerations, policy review and development implications. A response from the Cabinet was reported to this Committee in Minute 6/September 2013 when it was agreed that a Task and Finish Group should be reconvened to cross examine the Cabinet's response and what progress has been achieved through Council activity in the promotion of financial inclusion since the report was published.

The Task and Finish Group undertaking the monitoring of the original recommendations comprised four members: Councillors Ian Grundy (lead member), Tony Hedley, David Kendall, and Simon Walsh. The Group has now completed the task it was given, and its scrutiny report is attached at the Appendix to this report.

#### **Action required by the Committee:**

**The Committee is requested to endorse the attached scrutiny report containing the following recommendations of the Task and Finish Group:**

**Based upon its consideration of the Cabinet responses to the original recommendations arising from the original Scrutiny Report, it is recommended that the Leader of the Cabinet be requested to provide a progress report in May 2015 on:**

- (a) the effectiveness of the measures that have been proposed and implemented to promote financial inclusion, as referred to in this report, and to illustrate whether or not the Council is realising its financial inclusion objectives, and**
  - (b) the implementation of new initiatives in the Council's communication channels that can be demonstrated to have improved public access to information that promotes financial inclusion.**
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## **Monitoring of outcomes of Scrutiny Report in Financial Inclusion**

### **Executive Summary**

The purpose of this report is to set out the Cabinet's full response and the action taken as a result of the recommendations of the scrutiny report on 'Financial Inclusion'.

### **What is 'Financial Inclusion'?**

The concept of taking forward a scrutiny review on financial inclusion was considered originally, because of growing awareness and concern about the increased numbers of people facing financial/ debt difficulties during the recession. Changes to the welfare system also have the potential to increase the number of Essex residents experiencing financial difficulties – raising the profile of financial inclusion as being even more urgent.

The review offered those councillors engaged in overview and scrutiny an opportunity to influence policy and develop a longer term in-depth themed review with cross cutting implications for both the County Council and partner organisations. It provided Scrutiny Members with the opportunity to influence and place shape rather than focus on services provided exclusively by Essex County Council (ECC). Furthermore it was intended that the review should raise awareness of the subject across the whole community, its complexities, access to and quality of advice, and provision of support to individuals.

### **Financial Inclusion**

'Financial inclusion seeks to combat the inability of individuals to access mainstream financial products and services – a social problem often expressed as financial exclusion. Financial exclusion, at root, is the result of the inability of individuals to access mainstream financial products and services.

This exclusion can present itself in many ways. Living in a village without access to a bank or ATM, relying on doorstep lending or loan sharks, lacking home insurance, being unable to obtain a mortgage, and making poor financial decisions because of insufficient understanding of the cost of financial services are all examples of financial exclusion.

Although people across society can be affected (poor financial literacy being perhaps the most widespread example), financial exclusion has, unsurprisingly, proven most problematic for those on lower incomes. In these groups it is exacerbated further because, those people who lack access to financial services are frequently also excluded in other ways - financial exclusion often reinforces, and is reinforced by, other aspects of social exclusion. The result can be viewed as part of a self-sustaining cycle of deprivation.

In recent years, the picture has become more nuanced. Financial exclusion is affecting people who do not readily fall into the traditional categories of being

financially excluded. Since 2006, three quarters of all Essex districts have seen a real terms decrease in average earnings. Disposable incomes have shrunk and family budgets have come under pressure.

Commentators have suggested that the country is witnessing an economic scenario where people on low to middle incomes – not society's poorest and residents overwhelmingly in work – have missed out on the twentieth century norm of growth and gain\*.

The case for tackling financial exclusion and improving financial capability is clear: Currently, in the UK, around 1.5 million adults do not have access to a bank account; 7.8 million people are unable to access mainstream credit; and people on benefits borrow an estimated £330 million a year on home credit, paying £140 million in interest.\*\*

\* Resolution Foundation, Gaining from growth: The final report of the Commission on Living Standards, October 2012. Available online

at: [http://www.resolutionfoundation.org/media/media/downloads/Gaining\\_from\\_growth\\_-\\_The\\_final\\_report\\_of\\_the\\_Commission\\_on\\_Living\\_Standards.pdf](http://www.resolutionfoundation.org/media/media/downloads/Gaining_from_growth_-_The_final_report_of_the_Commission_on_Living_Standards.pdf)

\*\* Statistics from Inside Government conference, 'Working in Partnership to Tackle Financial Exclusion and Improve Financial Capability', 2nd December 2010. See also Social Finance, A New Approach to Banking

Extracted from the original Financial Inclusion Scrutiny Report, dated January 2013

## **Background**

An in depth investigation on Financial Inclusion was conducted during the second half of 2012 by a Task and Finish Group, and its scrutiny report was agreed by the former Economic Development, Environment and Highways Policy and Scrutiny Committee (EDEHPSC) in January 2013 (Minute 4).

A copy of the report is published on the Council's website as a public document in the Committee Management System.

Based upon the information gathered the Committee forwarded seventeen recommendations proposing action be taken to the Cabinet for its consideration.

In September 2013 (Minute 6) the Place Services and Economic Growth Scrutiny Committee (PSEGSC) considered the response received from the Cabinet to the Scrutiny Report, and decided to reconvene a Task and Finish Group to delve more deeply into the response received.

### **Minute 6/ September 2014 Monitoring Scrutiny Report on Financial Inclusion**

The Committee considered report PSEG/05/13 setting out the Cabinet response to the recommendations reached in the scrutiny report on Financial Inclusion.

Councillor Grundy led the original Task and Finish Group that undertook the in depth investigation, and welcomed the detailed response received from the Cabinet. However, the review had tackled some difficult issues and given the range and detail of the original recommendations it was felt necessary that the original Task and Finish Group should be reconvened to cross examine the Cabinet response, and analyse what progress had been made since its publication to promote financial inclusion in Essex.

The Committee **agreed** that the original Task and Finish Group should be reconvened and the Chairman indicated that any other members who wished to join the investigation would be welcomed. Councillor Hedley indicated his interest.

The Task and Finish Group comprises Councillors Ian Grundy (Lead Member), Tony Hedley, David Kendall, and Simon Walsh.

When the Group met it decided to seek further clarification from the Cabinet on what action and progress had been made in respect of the recommendations, and wrote to the Leader setting out a list of questions.

At the Appendix to this report the original recommendations are set out together with the Cabinet responses received in September 2013 and March 2014, and it identifies the lead Cabinet Member for the issues covered by each recommendation.

In the intervening months an opportunity arose for the Group to attend a conference that promised to provide relevant information of how financial inclusion was being tackled nationally. Councillor Grundy has provided an overview of what was learned below.

### **The Personal Debt Conference**

In January 2014 Councillors Grundy and Hedley attended the "The Personal Debt Conference" in London. It was well attended with over 150 delegates and a good spread of presenters including three MPs, a Bishop, a shadow Minister and many representatives from local government.

Step Change\* was there in strength and made it very clear their desire to work closely with local government. The issues discussed were all very familiar but it was refreshing to hear that government is listening and in that context it was reported that Financial Planning will be part of the School Curriculum from this September.

There was welcome support for the work of the Credit Unions and Citizens Advice Bureau (CAB) and a realisation of the funding problems. The small size of many of these organisations made it difficult to approach local industry with any effectiveness but regardless we do need to engage with Industry and Commerce and the example of Wessex Water was highlighted. A six figure sum is donated to the CAB in Bristol and contributed to reducing the debt problems which would otherwise have been written off.

There was also recognition of the use of web sites and their importance in signposting, a recommendation made by the Task and Finish Group and hopefully part of the IT programme.

As a new member of the Task and Finish Group Councillor Hedley was struck by the fact that financial inclusion was a matter that could affect individuals across the whole community, rather than being confined to narrower groups of people. The Conference also illustrated how financial inclusion/ exclusion can manifest itself in practice, and how problems might be addressed. For instance it had been highlighted that although financial inclusion tends to be associated with lower income families, it is also pertinent to higher income families where the bread winner is made redundant and can have a devastating impact upon those families as they become financially excluded.

Councillor Ian Grundy

*\*Step Change is a Debt Charity that operates at a national level, and had contributed to the original scrutiny review.*

## Analysis

Originally the proposal for a scrutiny review on financial inclusion was not necessarily a popular choice for Members as there was a lack of awareness of the topic itself, and its potential breadth was daunting. However, those Members who have taken part in its investigation have been left in no doubt as to its relevance to the wellbeing of the community as a whole as well as to individuals who find themselves in financial difficulties, and it provides an opportunity for the Council to perform its community leadership role by seeking to encourage greater co-ordination of the support provided by the various agencies that promote greater financial inclusion across Essex. Throughout the review the small Task and Finish Group has been very proactive in the way it has engaged in the project, and the personal input and commitment afforded by each Member.

While the initial response received from the Cabinet in September 2013 was positive overall, the Group wanted greater reassurance that its original report had raised awareness of the importance of financial inclusion in practice. Where recommendations had been accepted and action was proposed to be taken, Members sought further advice on the action proposed as well as indication of the timing of such action. The Appendix to this report collates that information.

The Scrutiny Report has attracted some wider attention and may have raised expectations of action to be taken by the Council, so the Group was mindful of the need to monitor how the outcomes of its recommendations would contribute to the longer term impact of measures taken to promote financial inclusion across Essex. From listening to the contributions given by people and organisations with practical experience of the topic Members had been struck by the various range of implications for those people who face financial difficulties.

Although it is popular to perceive financial inclusion as an individual issue, it is in fact a problem for the wider society and is not exclusive to those on lower income, for example pensioners who have been affected by lower interest rewards on their savings, those in employment but affected by declining incomes, those who are made redundant with financial commitments they can no longer continue to meet, and the implications of changes to the welfare system.

While many people may shy away from the topic through lack of understanding, the scrutiny investigation has revealed that although it is a complex topic there are ways and means of improving the way financial inclusion is tackled to reduce problems across the community in the future. Aside from those Services provided directly by the Council, it also grants some financial support to external agencies that promote greater financial inclusion, and therefore it needs to ensure that those projects are delivered in a way that maximises benefits eg through co-ordinated activity, and any duplication is reduced as far as possible.

Taking the headings used in the original Scrutiny Report the Group reached the following conclusions on those issues where it felt that some matters remained outstanding. In terms of a number of recommendations the Cabinet responses were acknowledged.

- **Finding a home for financial exclusion**

An overall conclusion of the original review was that the Council needed to establish a 'home for financial inclusion' and establish responsibility for the promotion and co-ordination of related policy development and implementation. Recommendations one to six focus upon this theme. Financial inclusion is a cross cutting issue across many of the Council's services rather than being a distinctive service, for instance financial literacy and schools, Village Agents project, advice provided for the community on the website, and Adult Social Care. The original review had concluded that the Equality and Diversity Board could take on board the strategic development of financial inclusion activity.

The Cabinet has responded positively to the recommendations. Its responses have provided an overview of how the Council is seeking to develop the way it promotes financial inclusion across its activities, and indeed the new Corporate Outcomes Framework will go some way to addressing concerns about the need to embed responsibility and accountability for its promotion across related activities. A list of examples of financial inclusion in the Framework is set out in the Appendix.

While it welcomed the positive response that the Financial Inclusion Scrutiny Report has received from the Cabinet, the Group felt that the Council's scrutiny function should continue to play a role to ensure that there is a spotlight on the topic notwithstanding the pressures upon the Committee's own resources. It was important that the Council should influence and implement more effective ways of combatting financial exclusion across Essex particularly as the actions proposed to be taken by Cabinet were intricately linked with new ways of working. Although financial inclusion is being mainstreamed in commissioning and the Corporate Outcomes Framework, the Group considered that further advice be sought from the

Leader in May 2015 on the effectiveness of the measures implemented and whether or not the Council is realising its financial inclusion objectives.

During the course of its original investigation the Group had interviewed a wide range of representatives from organisations across the public, private and voluntary sectors, who contribute to the advice, guidance and services available to people experiencing financial problems. However, it was apparent that there is also undesirable fragmentation that needs to be addressed in a way that makes the most efficient use of the overall resources available.

The Group remains keen to ensure that the Council's mechanisms for providing the public and other bodies with information on the topic are effective, and that progress is made sooner rather than later. It was disappointed that the timing of improvements remain vague particularly in terms of the Council's website. Consequently as part of the further advice to be sought from the Leader, it was proposed that an update on communications improvements also be required.

- **Combatting financial exclusion**

The Group was mindful of the Cabinet advice on the support the Council continues to provide support to the Citizens Advice Bureau (CAB) and Credit Unions (CU). Recommendations 7 to 14 refer. Although Members were aware that some concerns remained about the allocation of funding across the county, they remained hopeful that progress could be made in the development of joint working arrangements across agencies. Given the significance of the services provided it would be helpful for Members to understand how grants had been used by the recipients, and what advantages/ disadvantages had been achieved or otherwise. The work of the CABs and CUs was touched upon at the Conference attended by Members.

It was understood from the Cabinet response that work on combatting financial exclusion was ongoing, and that it was engaging with partners to assist Essex residents where assistance was needed.

- **Promoting Financial Literacy**

The original review took into account the importance of improved financial literacy as a way of assisting individual's to manage their personal budgets, and recommendations 15 and 16 refer.

Financial literacy has been attracting increased public attention, and is being promoted. Central Government has taken action to incorporate financial education in the draft National Curriculum from September 2014; and at the same time the County Council itself will be launching proposals to develop its own relevant courses so that financial is identified and addressed as part of learning plans. However, the Group noted that ultimately the Council may only seek to influence the way that schools develop pupils' financial skills.

## **Recommendation**



**Based upon its consideration of the Cabinet responses to the original recommendations arising from the original Scrutiny Report, it is recommended that the Leader of the Cabinet be requested to provide a progress report in May 2015 on:**

- (a) the effectiveness of the measures that have been proposed and implemented to promote financial inclusion, as referred to in this report, and to illustrate whether or not the Council is realising its financial inclusion objectives, and**
  - (b) the implementation of new initiatives in the Council's communication channels that can be demonstrated to have improved public access to information that promotes financial inclusion.**
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## Appendix

### Recommendations from the original Scrutiny Report, and Responses received from the Cabinet

#### ***Recommendation 1***

***That as part of its equality and diversity framework the County Council take into account financial inclusion both when assessing the potential effects of future policy development and when reviewing the impact of current policies, and the monitoring of financial inclusion issues across the Council be incorporated into the terms of reference for the Equality and Diversity Board.***

#### **Cabinet Response September 2013:**

Agreed in principle and in part.

The proposal was tabled at the Diversity and Equality Board on 30 January 2013; a discussion took place on how the Board could promote financial inclusion along with equality issues. Board members felt that historically, the focus on financial inclusion has been looking at households that have been marginalised e.g. low income households and accepted the need to look at a wider population.

Various council functions are currently contributing to achieving financial inclusion outcomes, for example through Trading Standards, the Council tracks down loan sharks and also makes the public aware of the high interest rates charged on borrowing money. The Board agreed that the practical implementation of financial inclusion work should be implemented through the Council's commissioning function and agreed with the proposal of developing a strategic oversight of financial inclusion projects. The benefits of this approach would include the ability to develop a sophisticated understanding of financial inclusion issues.

The Board agreed that additional support would be required within the existing Diversity and Equality function initially to take on board the strategic development of financial inclusion activity. Financial inclusion considerations will be mainstreamed within tools for assessing equality impacts and will be embedded within D&E guidance for commissioners. Embedding financial inclusion considerations within the development of performance and outcome frameworks would also support a programme of relevant activities.

Following publication in June of the Council's new Vision document for 2013-17, the Council is now developing a new Corporate Outcomes Framework. Following the development of this framework (which will be for Cabinet and Council to approve), we will be clearer about where responsibility for financial inclusion sits.

*Additional information sought by the Group:*

*What is the timeframe envisaged for the activities referred to in your reply?*

*In practice it would be helpful if the Cabinet could provide some examples of how it envisages financial inclusion will be mainstreamed in the context of commissioned services.*

*Has there been any progress in identifying where responsibility for financial inclusion sits as part of the Corporate Outcomes Framework and the Council's new Vision?*

#### **Cabinet Response March 2014:**

All decisions relating to the exercise of public functions are considered in terms of complying with the Public Sector Equality Duty. This is currently achieved through the completion of an Equalities Impact Assessment, which always includes consideration of the impact of the decision in terms of the socio-economic status of the individuals affected as well as the characteristics protected in law. We are willing to amend this to 'socio economic and financial inclusion impacts' if we wanted to make this clearer. This is something that will be picked up by the Head of Service when they are in post; the application stage of recruitment has closed for this and shortlisting is taking place.

Financial inclusion will be mainstreamed in commissioning as it is incorporated by numerous indicators in the Corporate Outcomes Framework, such as the number of children living in workless households, temporary accommodation, or fuel poverty (please see more below table).

The structure of the Framework means that responsibility for several different programmes of work will collectively contribute to a shared outcome that implicates financial inclusion. This means that responsibility and accountability are multiplied and embedded within our council and commissioning partners.

An example of this in practice is the new energy switching scheme. The Council has recently launched this initiative to help save people money. The scheme brings together large groups of residents who want to switch providers and pay less for their energy. Based on previous schemes, residents could save up to £133 by switching providers collectively.

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

#### **Recommendation 2**

***That the County Council undertake an in depth review of what the Council and other public agencies could do to promote skills and employment not only for young people but more generally for other residents in the context of financial inclusion.***

### **Cabinet Response September 2013:**

We do not accept this recommendation as being required at this point in time, due to the reasons set out below.

As part of the Whole Essex Community Budgets (WECB) programme, Essex County Council has worked with partners to review the skills system.

We recognise that access to employment is the best way of preventing financial exclusion. From the very start of the Community Budget pilot work on skills, it was recognised that a crucial component of the proposal must be the establishment of an employer-led Employment and Skills Board (ESB) for Greater Essex to provide a platform from which employers can have a real voice in shaping skills provision so that it delivers economic growth and is attuned to the needs of employers.

Under the partnership work of the WECB programme we have taken steps to establish an Essex Employment and Skills Board. This is not a County Council board but rather a board that has representation from the County Council (Cllr Bentley), as well as from employers and from the Higher and Further Education sectors. The inaugural meeting of the Board, in shadow form, was held on the 30th July at Raytheon in Harlow and will meet properly for the first time on 25th September.

The Board's mission is to help create the most productive and responsive skills system in the country, ensuring businesses have a workforce with the skill sets they need to thrive and young people have the ambition and skills that will advantage them when competing in the labour market.

We do not therefore think that a further review is needed at this stage.

It is suggested that Cllr Bentley brings regular update reports on the work of the Employment and Skills Board to the scrutiny committee.

More widely in terms of promoting skills and employment for Essex residents, Essex County Council is very conscious of our own Adult Community Learning (ACL) offer, with over 33,000 learners per year who are being given a range of opportunities to improve their employment/career prospects through accessing new skills/qualifications. These include Apprenticeships, independent information, advice & guidance sessions to discuss learning/careers, Pathways to Employment for the unemployed, Skills for Life to give residents the basic literacy and numeracy skills required in most jobs, and craft skills that often people use to develop self-employment opportunities.

*Following the first meeting of the Essex Employment and Skills Board on 25 September, is there any further information relating to financial inclusion that the Group could usefully take into account?*

### **Cabinet Response March 2014:**

The primary aim of the Employment and Skills Board is to work to place employers at the heart of the local skills system to ensure there is far better alignment between

what learners study and employment opportunities. The approaches the Board are taking to achieve this include:

- A Skills Portal for Employers to access local training provision to up-skill their existing workforce and take on new recruits;
- A Skills Investment Fund for employers;
- Setting the priorities for allocation of European Social Funding. This will be decided by the LEP from late 2014 and, with the Board's support, will target employer-led programmes to assist employability;
- Plans to pilot a number of smaller initiatives that will support young people with the study choices they make.

All of these approaches will provide opportunities and mechanisms for people to gain appropriate and higher level skills that will lead to real employment and progression within work. This work will also support the national and local drive to increase and improve apprenticeships.

As an example of the financial benefit to individuals of skills acquisition, BIS research demonstrates that an intermediate level apprenticeship will see financial returns to the individual of £61,356 based on higher earnings, hours worked and employment chances, and £39,512 to the Exchequer based on tax returns and reduced benefit claims. Furthermore, the most recent phase of the Essex Apprenticeship Programme has supported 995 new apprenticeships with a financial benefit of £14.3M. Advanced and higher apprenticeships and skills see an even greater return.

Over the coming months the Board will be setting out its implementation plan and as a result will be able to fully articulate its actions and benefits around skills and employment.

*Lead Cabinet Member: Councillor Kevin Bentley, Cabinet Member for Economic Growth and Infrastructure*

### **Recommendation 3**

**That the Welfare Reform Working Group be urged to highlight the impact of the proposed welfare reforms upon policy development or service changes on the issue of financial inclusion, and that there is specific support in place to provide residents with suitable information, guidance and IT infrastructure through libraries and other local authority access points.**

### **Cabinet Response September 2013:**

Accepted and progress is listed below.

As part of the scope of the core project group for welfare reforms and referencing the wider Welfare Reform Working Group (WRWG), work has been carried out to measure and forecast potential impacts of the welfare reforms.

Initially focusing on how the reforms will affect Essex residents as well as modelling the potential impact to ECC services, work is now being scoped to review the specific impacts on some of the poorest households who find themselves trapped in poverty. In addition to this, a detailed risk analysis was carried out through the group and this highlighted the need to review existing ECC policies and guidance including the fairer charging policies and the leaving care financial handbook. These are now being reviewed.

The WRWG have also consulted with partner organisations and District authorities to review the support and advice that has been made available to the public. This has enabled the promotion of best practice and to better understand any gaps in provision that will need to be addressed and forging the links with those providing access points. Specifically, the WRWG have provided sessions to various groups including the Employee Engagement Panel and the Benefit Network Group as well as a Member session with accompanying Benefit booklet to ensure the correct information is available to pass on to residents.

The design of the Essential Living Fund recognised the need to ensure that specific support for those struggling to manage money is available. This has been assured through partnering with organisations that are best placed to provide the support and advice necessary with initial telephone interviews through Southend Borough Council and distribution of goods using our Citizen advice Bureaux. This partnership provides signposting for additional support available along with the ability to provide advice on a wide range of issues including budgeting and financial options.

In relation to IT infrastructure it is worth noting that the Council's network of public libraries have internet facilities that enable people without home internet to access information.

It is also worth noting that the Council is currently embarking (with BT) on the roll out of superfast broadband across Essex by 2016. This will transform and modernise the broadband infrastructure in Essex, helping to create a mobile internet infrastructure that enables more people to access fast broadband – whether that be at home or on their smart phones.

*The Group did not raise any further issues on this response.*

*Lead Cabinet Members: Councillor David Finch, Leader; and Councillor John Jowers, Cabinet Member for Libraries, Communities and Planning*

#### **Recommendation 4**

**That based upon the positive feedback received of the Village Agent project, consideration be given as to how the project could be extended into urban areas eg 'Urban Agent' pilot, and to develop an additional focus, at least in part, on promoting financial inclusion.**

### **Cabinet Response September 2013:**

The recommendation that consideration be given to how this concept could be extended – or perhaps developed – is agreed.

The key issue that will need considering is source of funding. The Committee will be aware that Essex County Council faces reduced funding and needs to save over £215M by 2016/17. Financial resources in the council are therefore very constrained.

Nevertheless, Cabinet recognises that the Village Agent project has been successful and that it has great potential and believes that the Committee's recommendation is timely and is worth further consideration.

Cabinet also notes that this recommendation is in line with a key recommendation from the independent report from the Sir Thomas Hughes-Hallett Commission on Health and Social Care in Essex about the need to build community resilience and resources and, in particular, his recommendation that there should be:

*"The creation of an Essex-wide organisation embracing paid staff and volunteers so that every household has a team or individual charged with identifying early signs of difficulty, combining concepts such as Health Champions, Neighbourhood Watch, Village Agents, and the current Essex Fire Prevention initiative".*

Cabinet also supports the point made by Essex Citizen Advice Bureau that the work of the Whole Essex Community Budget (WECB) has highlighted the need for services – including CAB services – to focus on the development of prevention and early intervention strategies which deliver both better outcomes for clients but also reduce demand on public services and thereby achieve savings.

As a key recommendation of the Health and Social Care Commission, ECC is keen to see this approach implemented, and will work with partners across the wider public and voluntary sectors to assess how best to achieve a wider 'Village Agent' type programme'. This work will need to consider how such an approach could be funded.

*Please could you provide some timelines for the work proposed in your response?*

*Wherever possible it would also be helpful if you could provide some more detail on improvements made/ proposed.*

### **Cabinet Response March 2014:**

The proposal for extending the scope and coverage of the village agent scheme is still in scope for this strand of implementing 'Who Will Care?' The original project has been evaluated and proposals are currently being drawn up to consider rolling out 'community agents.' If agreed, the roll-out will begin later this year.

*Lead Cabinet Member: Councillor John Jowers, Cabinet Member for Libraries, Communities and Planning*

## **Recommendation 5**

**That steps be taken to raise the awareness of all County Councillors and staff of the financial exclusion that exists in Essex in a way that enables them to signpost those individuals in need to the relevant services at the earliest opportunity.**

### **Cabinet Response September 2013:**

This recommendation is accepted.

We will look at a number of means for doing this, including:

- Communications work to raise public and media awareness, highlighting the extent of the problem and the sources of help and support. This can explore use of social media, identify key timing during the year (for example, in advance of Christmas as people start thinking of large financial outlays), linking with other organisations/bodies calling for greater financial inclusion, and seek coverage with local media, targeting those areas in the county which have a higher need of credit unions
- Information on our website to provide information and signposts to help and advice
- The work of our Trading Standards team

*Please could you provide some timelines for the work proposed in your response?*

*Wherever possible it would also be helpful if you could provide some more detail on improvements made/ proposed.*

### **Cabinet Response March 2014:**

Examples of communications work delivered in the past few months:

- A booklet on welfare reform changes including essential contact information (including credit unions and citizen advice) which was printed for all Essex County Councillors and presented to them at a familiarisation session covering welfare reforms and the alternative provision to the social fund 'The Essential Living Fund'.
- Media release/social media engagement on additional funding for Citizen's Advice Bureaux.
- Media release/social media engagement on Credit Union grant fund; media pick up included an interview on BBC Essex.
- Inclusion of references to CAB in all Trading Standards releases

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*



### **Recommendation 6**

**That, as a primary source of information on the relevant services available across Essex, a prominent financial inclusion portal be developed on the ECC website providing residents with easily accessible advice and signposting for support.**

### **Cabinet Response September 2013:**

This is accepted and can form part of a wider refresh of the Council's website.

*Please could you provide some timelines for the work proposed in your response?*

*Wherever possible it would also be helpful if you could provide some more detail on improvements made/ proposed.*

### **Cabinet Response March 2014:**

The Council is still in the process of refreshing the website.

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

### **Recommendation 7**

**That the County Council review how it allocates funding to the twelve Essex Citizens Advice Bureau, which takes greater account of local need rather than being allocated according to population levels, and that clear objectives be established for the provision of that funding.**

### **Cabinet Response September 2013:**

We agree that more work is needed and believe that this should form part of the County Council's budget planning process.

We agree that funding should follow need, rather than population and we agree with the response to the committee from the Citizen Advice Bureau that "areas of deprivation do not follow District boundaries" and particularly that "demand also comes from other vulnerable groups such as those with disabilities, mental ill health and the elderly."

Currently there is a core annual grant paid to Essex CAB Ltd and distributed by them as below. The funds are to enhance the access to, and provision of, high quality information and advice and assist and enable CABx users in Essex to improve on their quality of life by claiming their entitlements and rights

<b>Name</b>	<b>Split</b>
Basildon, Billericay and Wickford	£15,331.86
Braintree, Halstead and Witham	£12,423.25
Brentwood	£6,433.47
Castle Point	£8,146.59
Chelmsford	£14,764.93
Colchester	£14,641.68
Epping	£3,749.90
Harlow	£7,419.44
Loughton	£5,113.50
Maldon	£5,583.07
Rochford and Rayleigh	£7,382.46
Tendring	£13,027.15
Uttlesford	£6,482.77
Waltham Abbey	£2,499.93
<b>TOTAL</b>	<b>£123,000.00</b>

There is also a county wide contract with CAB (administered centrally by Brentwood BCAB) which supports benefit form filling via home visits from CAB for vulnerable citizens. These citizens are those who are being financial assessed in line with our charging for care processes and the contract supports our statutory duty under fairer as part of our duty under Fairer Charging. The contract has a maximum annual budget of up to £60K.

*The Group will seek more information on these recommendations as part of the next stage of its investigation.*

#### **Cabinet Response March 2014:**

We understand that your group will seek information at a later date on the recommendations that relate to Citizens Advice Bureaus (CABs). However, we are pleased to highlight our decision to maintain funding at its current level for CABs, whilst developing a review process that will more closely align the grant to local needs. We are supportive of CABs and the free, impartial advice they offer to all residents. For example, Councillor David Finch will meet with Brentwood's CAB on 12<sup>th</sup> March to discuss opportunities for joint-working. We recognise the vital role of CABs in assisting financial inclusion and individual resilience.

*Lead Cabinet Member: Councillor Ann Brown, Cabinet Member for Adult Social Care*

#### **Recommendation 8**

**That the County Council consider how it may provide practical support for the CAB to reach out to potential community champions within the business sector who may be willing to help finance the work of their local CAB, including the option that it provide additional monies to finance the employment of a CAB fund-raiser tasked with reducing CAB reliance on**

<b>local authority grants.</b>
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### **Cabinet Response September 2013:**

The Cabinet believes that there is potential for the Essex Funding Team to be utilised more effectively to support organisations such as CABs, Credit Unions and CVSs collectively.

The Essex Funding Team supports ECC and external organisations across Greater Essex to source and secure external funding (non-ECC funds).

The Funding Team can already point to some successful work supporting Essex Citizens Advice Bureau by supporting applications for a slice of the £65 million [Advice Services Transition Fund](#), launched in November 2012 by the Big Lottery Fund in partnership with the Cabinet Office.

Applications were submitted at the end of January 2013 and in total £1.8m was awarded to partnerships within Essex (£2.4m including Southend and Thurrock). This was a great success. Projects began this summer (various dates specific to each project) and will last for 2 years. The breakdown of funding awarded is set out below.

#### **Advice Services Transition Fund Greater Essex**

<b>CAB</b>	<b>Submitted?</b>	<b>Success?</b>	<b>Amount</b>
Basildon	Yes	Yes	£310,085
Braintree	Yes	Yes	£154,336
Brentwood	Yes	No	N/A
Chelmsford	Yes	Yes	£349,918
Colchester	Yes	Yes	£348,618
Epping Forest	Unknown	Unknown	N/A
Harlow	Yes	No	N/A
Maldon	No	N/A	N/A
Rochford & Castle Point (Joint bid)	Yes	Yes	£337,967
Tendring	Yes	Yes	£207,398
Uttlesford	Yes	Yes	£111,872
Southend	Yes	Yes	£301,000
Thurrock	Yes	Yes	£339,434

It may be that an additional and dedicated post could be recruited within the funding team and even that such a role could be financially supported by an external funder such as, the Essex Community Foundation via the Thriving Third Sector Fund, or via the Community Resilience Fund.

*The Group will seek more information on these recommendations as part of the next stage of its investigation.*

**Cabinet Response March 2014:**

We maintain our original response to these recommendations.

*Lead Cabinet Member: Councillor Ann Brown, Cabinet Member for Adult Social Care*

**Recommendation 9**

**That the County Council consider the provision of funding to train four CAB Debt Advisors who will in turn each provide specialist debt training to five CAB volunteers providing face-to-face advice for clients across Essex.**

**Cabinet Response September 2013:**

This is not accepted at this stage.

The Cabinet notes the submission from ECAB that debt is one of the biggest issues that CABs have to deal with but also that debt advice should not be considered in isolation.

As per recommendation 4, it is important that we look at how advice and support is made available to people across Essex in a way that can sign post them to help and advice when they need it.

**Cabinet Response March 2014:**

We maintain our original response to these recommendations.

*Lead Cabinet Member: Councillor John Aldridge, Cabinet Member for Adult Social Care*

**Recommendation 10**

**That the County Council raise awareness of the StepChange Debt Charity, and consider how it may engage with that Charity's activities alongside targeted CAB preventative work, to extend debt advice to Essex residents.**

**Cabinet Response September 2013:**

We accept this recommendation.

StepChange Debt Charity is the new name for the Consumer Credit Counselling Service. They provide free, impartial debt advice to those in debt.

The County Council will look to ensure that appropriate links are available to the charity's website via our own website.

However, it is important to note that Step Change is just one organisation and we would not give preference to working with any one organisation over any other.

*See additional information below following recommendation 13.*

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

#### **Recommendation 11**

**That the County Council explore the feasibility of providing deposits with, or the direct funding of, credit unions with a view to them securing critical mass thereby supporting their sustainability and the services that they provide.**

#### **Cabinet Response September 2013:**

We agree in principle to this recommendation.

Essex County Council has long supported the local credit union movement and we have backed this in principle support with financial backing too. We have a track record of working with not only Essex Savers but also the other credit unions in Essex – Holdfast, Colchester Credit Union, HarlowSave and the Basildon Credit Union.

Since 2009, we have provided financial and in-kind support to credit unions across Essex totalling more than £300,000.

Essex County Council is keen to see a vibrant, independent, sustainable credit union movement across the county and will continue to work with every Essex credit union as they look to develop a habit of thrift amongst their members, provide an alternative to more expensive forms of credit, and to teach simple financial skills.

The Archbishop of Canterbury has recently highlighted the good work of credit unions and this is something we endorse and recognise.

It is of course important that credit unions are financially sustainable and have business plans that enable them to thrive without complete dependence on Essex CC funding and the possible risk to tax payers money if any credit union were to prove unsustainable.

*See additional information below following recommendation 13.*

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

### **Recommendation 12**

**That the County Council provide practical support and expertise in assisting Credit Unions to reach out to potential community champions within the business sector who may be willing to help finance the work of their local Credit Union to reduce reliance on local authority funding.**

#### **Cabinet Response September 2013:**

We accept this recommendation and can point to the financial support we have given credit unions in recent years, as well as the expertise that our External Funding Team has which could help them secure external funding sources.

However, the Cabinet notes the response from ECAB that their experience of raising funds from the business sector is poor.

*See additional information below following recommendation 13.*

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

### **Recommendation 13**

**That the County Council take active steps to promote positively on its website and within the literature it produces, the existence and potential suitability of borrowing and/or depositing monies with credit unions, and that all such information should be easily accessible to all.**

#### **Cabinet Response September 2013:**

We agree with this recommendation.

We have done much already to promote credit unions, and have also supported them with funding.

We will continue to promote credit unions through our communications and information on our website.

We will look into payslip promotions but committee need to be aware that payslips are now accessed online by employees, rather than in paper form.

*See additional information below following recommendation 13.*

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

***With reference to recommendations 10, 11, 12 and 13 above the following additional issues were raised by the Group:***

*The Group would like some reassurance through evidence that the County Council is taking positive steps to 'promote' financial inclusion on its own website, as well as identifying other opportunities that may have arisen.*

*Credit Unions have been attracting increased media attention, and perhaps the County Council could also play assist in promoting enhanced public awareness of their services. For example following the Archbishop of Canterbury's endorsement of Credit Unions, would there be merit in the County Council approaching the Bishops of Bradwell and Chelmsford to do some joint public promotion.*

*Linked to the theme of trying to combat escalating debt and the County Council's contribution to that goal, has any consideration been given to joint working with other Essex Local Authorities to promote financial awareness? It is noted that some local authorities including Glasgow and Plymouth City Councils have taken steps to prohibit advertising on their websites and properties that would promote pay day loan companies.*

**Cabinet Response to recommendations 10-13 dated March 2014:**

We have recommenced discussion on how to incorporate financial inclusion as we develop the ECC website. We have updated information on the ECC website on welfare reform changes, providing a link to the booklet distributed to county councillors. We are also looking to provide a workshop day for the public on debt management.

ECC agree in principal to the idea of jointly promoting credit unions with local Bishops and would support discussions on this with the Church. We are supportive of the Credit Union sector and we seek to promote all credit unions across Essex.

We have set up welfare reform groups with representatives from district and borough councils to discuss how welfare reforms will affect our residents and their demand for credit unions and pay-day lending. We warn of the risks of pay day loan companies in our welfare reform booklet that can be accessed through the ECC website.

**Recommendation 14**

**That the County Council work with borough, city and district councils and housing authorities to encourage them to consider using credit unions to deliver social outcomes and to promote the use of credit unions on their website and within their literature, and to both staff and citizens.**

**Cabinet Response September 2013:**

We welcome this recommendation and will table the item for discussion at a meeting of Essex Leaders and Chief Executives in October.

*What were the outcomes of the Essex Leaders and Chief Executives meeting held in October in relation to this recommendation?*

**Cabinet Response March 2014:**

Cllr David Finch took credit unions as an item to the Essex Leaders & Chief Executives meeting on 6<sup>th</sup> February. Cllr Finch reported on the development of a concordat to ensure that Credit Unions and the Citizen's Advice Bureaux were adequately funded to assist people in view of the current hardship being experienced by some residents of Essex.

*Lead Cabinet Member: Councillor David Finch, Cabinet Leader*

**Recommendation 15**

**That the County Council engage with local schools and with other appropriate bodies with expertise in this field to promote the development and use of financial literacy courses for schoolchildren, so that training in financial literacy plays a greater role in the school curriculum. A financial incentive could be provided to promote intra-school competition, which could see individual schools and schoolchildren work to develop an appropriate financial literacy programmes for different school years.**

***Cabinet Response September 2013:***

The Cabinet agrees that local schools have a hugely important role to play. We support the idea of promoting an intra-school competition.

The sentiment behind this recommendation has since been echoed by the Coalition Government. The recently published draft National Curriculum for England should see financial education embedded in mathematics and citizenship education from September 2014 onwards.

The national curriculum for citizenship aims to ensure that all pupils “are equipped with the financial skills to enable them to manage their money on a day-to-day basis, and plan for future financial needs.”

It would include the following areas at key stage 3 and 4:

- **KS3** = the functions and uses of money, the importance of personal budgeting, and managing risk.
- **KS4** = income and expenditure, credit and debt, insurance, savings and pensions, as well as a range of other financial products and services.

The Government is also considering introducing financial literacy exams for 15-year-olds in England from 2015 to measure their “real-life” knowledge and financial



capability. These would be part of the OECD's PISA international testing. Essex is already keen to join PISA through their PISA for Schools Programme and will shortly be entering into discussion with DfE and OECD about how to do this in a way that secures both school and authority level data that is comparable internationally. From 2015 when financial literacy is included in PISA tests this will allow us to use the results to benchmark and drive further improvement.

*See additional information below following recommendation 16.*

*Lead Cabinet Member: Councillor Ray Gooding, Cabinet Member for Education and Lifelong Learning*

**Recommendation 16**

**That the County Council offer a range of appropriate budget management and financial literacy courses both through its Adult Community Learning and Libraries services.**

***Cabinet Response September 2013:***

Essex County Council provides functional skills Maths courses (free to those who do not have a Level 2 maths qualification) across the entire county in all 14 of our main centres as well as in outreach / community venues and in partnership with other organisations (e.g. JCP, Probation), schools (Family Learning) and the voluntary sector (e.g. Citizens Advice Bureau) to tackle the issues.

Following an initial screening process for all learners, tutors plan a programme of learning which is tailored to each individual learner depending on their level, circumstances and need including financial literacy needs. Through the relationship built with the tutor and initial and diagnostic testing financial literacy needs will be identified and addressed in the learning plan. Learners are also referred to us from agencies as well as our own advice and guidance staff who deal with the impact of financial literacy on individuals such as CAB and are advised of appropriate courses with ACL where these needs will be addressed. Such information would be shared with the tutor to enable them to plan an appropriate programme.

*See additional information below.*

*Lead Cabinet Member: Councillor Ray Gooding, Cabinet Member for Education and Lifelong Learning*

***With reference to recommendations 15 and 16 above the following additional issues were raised by the Group:***

*Has any action been taken in relation to implementing the proposal for an intra-school competition to promote financial inclusion literacy?*

**Cabinet Response March 2014:**

We are holding discussions with the Personal Finance Education Group (Pfeg) over working together to implement this proposal for a September launch across all age groups.

This is supported by our improved working relationship with Pfeg, who we have invited to be a keynote speaker at our schools/colleges Careers Education, Information, Advice and Guidance (CEIAG) conference in May. We are looking at how their new framework ties in the national careers and work related learning one. We are aiming to raise an awareness of the Pfeg framework in schools and improve website resources, learning outcomes, knowledge, skills and attitudes to personal finance for age 7 to post-16 students.

### **General - Corporate Outcomes Framework**

Some examples of Financial Inclusion in the Corporate Outcomes Framework

- Percentage of children living in non-working households
  - Percentage of families living in temporary accommodation
  - Percentage of working age people in employment
  - Percentage of Essex residents who consider themselves to be in good health
  - Percentage of families living in safe and suitable housing
  - Percentage of households living in fuel poverty
  - Life satisfaction rates (ONS condition of wellbeing)
  - Percentage of working age people in employment
  - Job growth in key locations and key sectors
  - Housing growth in key locations
  - Median earnings
  - Sustainable business start-up rates
  - Percentage of working age people in employment
  - Proportion of people who live independently
  - Number of people with personal budgets
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