

# Torbay Child Poverty Commission

## Financial Inclusion: What do we need to do?

Date: 9 April 2013

Report Author: Cllr Alison Hernandez

### **Purpose of the report:**

To better understand the issues of financial inclusion within low-income families in Torbay and what action may need to be taken to alleviate this.

### **How information was collected:**

- Observation of 1:1 interviews with clients utilising the Citizens Advice Service, Torquay and Quids for Kids initiative by Torbay Council – 12 Feb 2013
- 1:1 Interview with Julie Shotton, Team Leader, Revenue and Benefits, Torbay Council (JS) – 6 Feb 2013
- Jointly organised seminar between Torbay Council Elected Members of the Policy Development Group (Communities) and Plough & Share credit union - 5 March 2013
- Other sources:
  - Ending Child Poverty: The importance of income in measuring and tackling child poverty, Graham Whitham, UK Poverty Advisor – Save the Children – May 2012 (GW)
  - Torbay Council People (Communities) Policy Development Group Credit Union Report – Fran Hughes – 27 March 2013 (FH)
  - Child Poverty and life chances in Torbay April – December 2012, John Cooper, District Manager, Torbay Citizens Advice Bureau – January 2013 (JC)
  - Presentation by Anna Kettley, Save the Children, Member of Torbay Child Poverty Commission Meeting 14 November 2012 (AK)
  - Welfare Reform – New Social Fund Responsibilities: Report to Torbay Full Council 27 September 2012: Linda Owen (LO)

### **Key facts:**

“24% of children in Torbay are living in poverty” (AK)

“60% of families in poverty are in work” (AK)

“52% of single parent families currently live below the poverty line” (AK)

“The Living Wage campaign was launched in 2001 by parents in East London, who were frustrated that working two minimum wage jobs left no time for family life. The current national minimum wage is £6.19 while the recommended Living Wage is £7.45.” (<http://www.livingwage.org.uk>)

The Social Fund successor model for supporting households with financial discretionary support has an indicative allocation of £552,980 for 2013/14 and 2014/15. An interim scheme has been approved for year one and alternative arrangements could be considered for the second year. (LO)

“The speed of processing benefit claims is paramount for tenancy security. Torbay Council has made big changes recently to reduce waiting times.” (JS)

“One of the consequences of having members of the public who are financially excluded is the proliferation of alternative means of raising finances such as loan sharks, pay day loan shops, pawn shops, high interest credit shops e.g. Brighthouse and other such businesses.” (FH)

“If we were able to engage better we could help more and signpost them to the help they need. Mobile phone and internet access with clients is good and they know where the free wifi hotspots are.” (JS)

### **Personal observations:**

#### CAB visit:

- Those arranging a Debt Relief Order appeared to have debts accumulated through normal living costs, like telephone bills, utility bills, and all that I personally met also had overpayments linked to working tax credit or other government benefit/subsidy.
- The speed at which claims are amended and the ease of which to do this due to changes in personal circumstances is paramount. Some of those I met stated they would never make a claim for benefits they may be entitled to again because of the fear of overpayment and the consequences.
- All of those that I met were in work but their earnings were not enough to cover basic costs and over time this had led to debt problems. Ways in which either the earnings can be increased or outlay of living costs reduced are the two obvious solutions.
- People have extremely easy access to credit nowadays, which could be seen as the ultimate in financial inclusion, however the cost of repaying this can be extremely high and can exacerbate their existing financial struggles. Efforts should be focused on accessing lower cost finance.

## **Recommendations:**

As the Chairman of the People (Communities) Policy Development Group I have facilitated cross-party working to raise the profile of issues affecting financial inclusion and already begun to shape policy in this area for Torbay Council. Some of these recommendations below are linked to these efforts:

R1: The welfare reforms should be utilised as an opportunity to create better engagement with residents who interact with the Council and other agencies. Technology developments should be continued to enable electronic claims, along with the built-in use of emails, texting and social media.

R2: The delivery arrangements of the social fund should be reviewed after year one and further aligned with other efforts to help those most in need eg jointly delivered with Citizens Advice Bureau or a credit union.

R3: Promotion, support and encouragement of volunteers to operate more lower cost credit options such as credit union outlets, and particularly help in facilitating the offering of a High Street presence and seriously considering an Employee Payroll Giving Scheme to such an entity.

R4: Tips on how to live on a low-income and make the most of your money should be publicised. An example of this can be found at:  
<http://www.frontlineworkerstoolkit.org.uk>

R5: The Living Wage campaign is an opportunity to raise income levels and a list of such employers should be promoted and could be rewarded locally in some way