

WLBC

Financial Inclusion Strategy 2024-2029

DRAFT

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Background

What is Financial Inclusion and why does it matter?

Financial inclusion means making financial products and services accessible and affordable for everyone who needs them.

Financial exclusion can affect people from a wide range of demographics: the old and the young are notably impacted as are people with disabilities, women, people facing mental health challenges and almost everyone on a low income.

People who are locked out of the “mainstream” financial system, are often penalised by having to pay more for everyday services and products. For example, limited digital accessibility often means people cannot access cheaper online prices. At the same time, they may be limited to accessing higher-cost credit, increasing the likelihood of becoming trapped in spiralling debt.

Financial Inclusion is not an isolated Issue.

Financial exclusion seeps into other areas of people’s lives. It can perpetuate individuals’ difficulties, making them more susceptible to other concerns such as homelessness, mental health issues, economic abuse, and persistent debt.

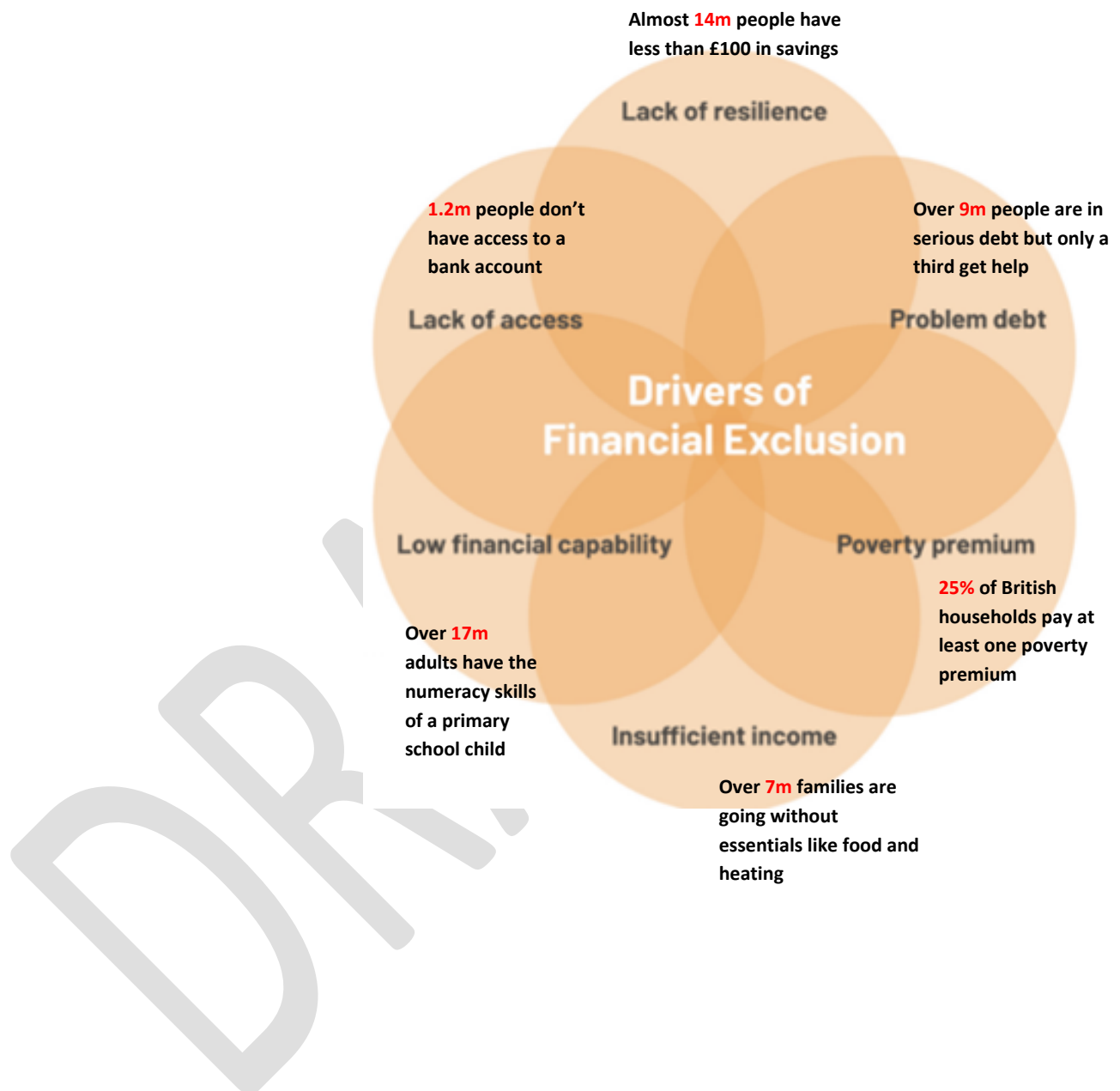
Enabling access and empowering people and communities with relevant skills and knowledge is vital if they are to make appropriate financial decisions. Access to financial services and access to good financial services is not the same thing. Giving people the tools to better manage their challenging circumstances not only helps individuals and families, but it also collectively develops entire communities and drives economic growth.

Who is Financially Excluded?

The Office for National Statistics (ONS) Analysis shows that in their most recent survey 2019, around 7.1m people (one in seven, or around 14% of the adult population) in the UK fall into the definition of ‘financially excluded’. Citizens Advice data from January 2024 shows this has increased. Having poor financial knowledge or understanding can lead to costly credit or services which can reduce available income, leading to inability to budget and pay bills. This can lead to defaults on a credit file which can make residents financially excluded from accessing products and services at a reasonable cost and so paying a poverty premium.

What is a poverty premium?

The poverty premium is the extra costs people on low incomes and in poverty pay for essential products and services.



What is Poor Credit Rating / No Affordable Credit

A poor credit rating can occur from not paying bills on time or by owing too much money. A person with a poor credit rating will find it difficult to get a loan, credit card, mortgage, car loan and even a job if they are considered to have a low credit score.

- Should a resident with poor credit rating have an essential item such as a washing machine break, they would be unable to get affordable credit and would have to rely on options such as instalment payment options (buy now pay later BNPL).

Whilst these schemes may appear to be beneficial due to low or nil interest, extreme financial difficulties can occur from missed payments and multiple missed payment fees. 2022 shows that 17 million people have used BNPL. This figure has risen to 19 million as of 2023. A trend from 2023 shows that BNPL is often being used to buy food shopping.

- People who are unable to get high street credit feel they have no option but to turn to loan sharks (doorstep lenders). Loan sharks offer loans to those who have poor credit rating with extremely high interest and generally operate outside the law. It is estimated that 1.08m people in the UK are in debt to a loan shark

Mortgage Arrears

According to FT Advisor in December 2023, 1 in 10 homeowners missed mortgage payments in 2023. Missing a mortgage payment will put a default marker on a credit file which would dramatically decrease a resident's credit score making it impossible to get affordable credit

Welfare reforms

Over the past several years there have been multiple changes to welfare benefits with the biggest change being the introduction of Universal credit (UC). UC has replaced:

- Housing Benefit
- Job Seekers Allowance (income based)
- Employment and Support Allowance (income related)
- Income Support
- Tax Credits (both child and working)

Over the next few years over 2.5 million claimants nationally will be moved by managed migration to universal credit. Many claimants have shown the need for high levels of support when moving onto Universal Credit. Approximately £19m in benefits goes unclaimed each year. We need to continue to work with all partners to ensure full support is given to people moving on to universal credit to minimise the financial impact.

Child Poverty

Child poverty describes when a child is raised with limited access to or, in some cases, no access to, the essential resources they need to survive and live well. Childhood poverty can lead to poor health outcomes in later life. Reducing it is key to improving health in adulthood and increasing healthy life expectancy.

According to Action for Children, in 2022 there were 4,200,000 children in poverty in the UK. This is an increase from 2015 of 9% nationally. With regards to West Lancashire there has been an increase of 29% (action for children) [Where is child poverty increasing in the UK? | Action For Children](#)

Two commonly used measures of poverty based on disposable income are:

- Relative low income: This refers to people living in households with income below 60% of the median in that year.
- Absolute low income: This refers to people living in households with income below 60% of median income in a base year, usually 2010/11. This measurement is adjusted for inflation (The median household income for 2023 was £33,000)

The Department for Work and Pensions (DWP) data shows that around one in six people in the UK were in relative low income (relative poverty) before housing costs in 2021/22. This rises to just over one in five people once housing costs are accounted for.

Absolute low income is likely to rise in the short run: the Resolution Foundation forecast in September 2023 that absolute poverty will increase by 300,000, from 11.7 million in 2023/24 to 12.0 million in 2024/25. This will bring the rate to 18.0% in 2024/25, the same rate as 2019/20.

This is because real incomes are set to fall, and income is adjusted for inflation when measuring absolute low income.

Food Insecurity

Foodbanks are in high demand within West Lancashire. Nationwide, in 2022, The Trussell Trust alone issued just on 3 million parcels with 348,000 in the North West alone. Within our money advice service, in 2023 we issued 591 foodbank vouchers this is an increase of 292 from the previous year.

Food insecurity is when a person is without reliable access to enough affordable, nutritious, healthy food. The main health issues related to food insecurity are:

- Diabetes (4.3 million people in the UK – of which 35,000 are young people)
- Obesity (approximately 17 million in UK, 6 million of these are children)
- Heart disease (2.3 million)
- Mental health

A 'Food Insecurity Forum' was formed in February 2022 in response to the 'Iconic Food Insecurities in West Lancashire 2021' report, which was commissioned by West Lancs Council to understand the severity and chronicity of household food insecurity across the borough. The forum brings together organisations, support services, charities and councillors to utilise a collective effort of resource for greatest impact.

A strategy action plan and framework were developed to provide a backdrop of what the forum would like to accomplish in tackling the root causes of food insecurity whilst building on the provisions already in place. For greatest impact the action plan is broken down into two strands strategic and operational with four key areas.

- Addressing the root causes of food insecurity (financial awareness/security)
- Support those most in need with access to food 365 days a year (Support eligible residents to access existing nationally funded support, including free school meals, HAF and healthy start vouchers)
- Sustainable food provision (Expansion of programmes to educate and create an environment which promotes healthy eating and builds resilience)
- Emergency food provision (Provision to support those in immediate food crisis)

Projects such as community cooking, food growing and budgeting continue to be established and developed in collaboration with partners working with communities and schools.

Other council departments, financial support services and employability teams produce ongoing work to support people on low income and at risk of poverty which continues to feed into the objectives and outcomes of the plan. There are many areas of support ongoing which is possible due to strong partnership working which include working with The Larder (local community group) to produce cooking on a budget programme. Creation of FUSS/Tippy Toes for income maximisation and benefit uptake campaigns.

The ongoing cost of living crisis continues to have an impact on people's ability to afford nutritious food. The strategy is currently being collaboratively reviewed and processes developed to monitor and measure impact to address current need and sustain an environment which helps people make healthy choices and reduces health inequalities.

Fuel Insecurity

Fuel insecurity is very closely linked with food insecurity issues. Due to multiple issues since 2022, the UK has undergone a fuel cost crisis, 4 in 10 (3.26 million) energy bill payers have struggled with the increase in cost. This has exacerbated debt cycles, lack of ability to heat homes and increased mental health issues. This is a sharp increase based on 2018 statistics of 2.4 million households. It is anticipated that this increased to 3.53 million households in 2023.

Nationwide it is an ever-growing issue. Government statistics on fuel insecurity show that in 2018 it was estimated that nationally 2.4 million households were recorded as having fuel insecurity, and in West Lancashire this was 5,536 households (13.1%) this is also the national average which has increased from 10.3% which alone shows the severity of the energy crisis issue nationally. There are many organisations within West Lancashire who provide support from fuel insecurity which include, Citizens Advice have supported 320 residents, Our money advice team have supported 250

Issues with fuel and food insecurity link to the wider health inequalities in the borough where there is a difference in life expectancy of 8 years for those in Skelmersdale compared to Ormskirk, and food and fuel poverty can often be linked with those in social housing.

Lasting Effects of Covid / Mental Health

According to Health Org, by May 2022 90% of the UK population had experienced at least 1 Covid-19 infection. This continues to be a significant barrier to employment and to increased levels of sickness nationally.

Mental health issues can be felt due to multiple issues which include, Financial Exclusion, bereavement, long term sickness disabled adults and unpaid carers. According to ONS, in 2022, 32% of adults have experienced moderate to severe mental health issues due to having to borrow more or use more credit than the previous year. 16% of adults reported moderate to severe mental health issues which is a sharp increase to pre Covid which was 10%

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/mentalhealth/articles/costoflivinganddepressioninadultsgreatbritain/29septemberto23october2022>

Multiple debts

A variety of issues can cause debt. Some causes may be the result of expensive life events, such as having children or moving to a new house, while others may stem from poor money management, failure to meet payments on time or having a low household income where you are unable to pay your priority bills.

According to Citizens advice the UK average personal debt for 2023 was £8,247. In West Lancs, the average debt increases to £10,138.

According to UK Debt Service, as of January 2024:

- The average credit card debt was £2,452.
- Between May to July 2023, 279 people were declared either bankruptcy or insolvent. Daily, this equates to one person every 5 minutes
- 1,109 people a day between May and July were made redundant

The main causes for severe debts are multiples of the following:

- Arrears outstanding
- Mail order purchases
- Overdrawn accounts
- Hire purchase
- Credit / store cards
- Loans
- BNPL

Poor financial knowledge or understanding

Having poor financial knowledge or understanding can lead to costly credit or services which can reduce available income, leading to inability to budget and pay bills. This can lead to defaults on a credit file which can make residents financially excluded from accessing products and services at a reasonable cost and so paying a poverty premium.

No insurance

According to the Association of British Insurers 1 in 4 households in the UK do not have home contents insurance. There could be many reasons for not having home contents insurance for example poor financial knowledge or understanding and / or lack of ability to afford the insurance. With no insurance, if an emergency occurred it could result in available household savings being depleted or the need to rely on credit which may then stretch the household budget.

Workplace, Wellbeing & Employability

UK parliament statistics published in January 2024 show the national unemployment rate is 4.2% which is approximately 1.9 million adults over 18. The latest figures show the figure for West Lancashire to be approximately 2,200 which is 4.1% of residents. There are many barriers to employment which include health issues, experience and training.

The Workplace, Wellbeing and Employability Team will work with residents to improve their employability within two main strands of support:

- working with residents of West Lancs to support them in to work (building confidence, supporting long term conditions, CV writing, Interview techniques etc)
- business networking, supporting employers to provide healthier, more sustainable work through workplace training (mental health awareness, stress awareness)
- Internally the team will be known as the "work wellbeing and employability team". To the community and partners the service being delivered will be known as "THE NEST" (networking, employability, support, training). Our venue will provide access to the team who will give 1-2-1 support, as well as usage of a computer suite for job searching/training. The service being delivered is funded by UKSP (UK shared prosperity, which is replacing ESF)
 - a. It will positively affect opportunities for education training and employment.
 - b. It will have a positive impact on people's health both mental and physical.
 - c. It will address local poverty levels by helping people back into employment.
 - d. It will promote equal opportunities in the local community, specifically working with residents and businesses within West Lancashire

Who is most likely to be Financial Excluded?

Whole communities can suffer as a result of under-investment in financial services. It is therefore important that as a Council and housing provider, we prioritise services to deliver improvements and benefits by having innovative ways to maximise income and tackle financial exclusion for citizens across West Lancashire. This includes working in partnership with all internal and external partners to ensure there are no gaps in service.

Since Covid-19 West Lancs Council have provided a residential support service due to issues relating to:

- Help with paying rent / mortgages
- Mental health

- Council tax payments
- Council tax support
- Food & fuel insecurity
- Furniture poverty
- Debt issues
- Benefit issues

Our Money Advice Team have supported the Household Support Team to ensure that the most financially vulnerable have received support in making a claim for the fund which has been available since the pandemic.

Current Provision

The current Financial Inclusion Strategy 2021 – 2024 was developed to:

- Support the delivery of one of the key Council priorities; *Everyone to be healthy, happy, safe and resilient.*
- Support the strategic goal of the Council to reduce inequality as outlined in the 2018- 2021 Health and Wellbeing strategy
- Supporting residents through change in the Welfare reforms which in terms of financial inclusion had a particular relevance to those renting homes from the Council.

So far, we have achieved:

- The introduction of the Free Uniforms for Secondary Schools
- Full time money advice support available for residents of the borough
 - This is a post we are looking at all options for possible extension
- The creation of a support service directory
- The creation of a one door approach providing easy referral system for all organisations
- Delivered a Financial Awareness and Employability culture day to 6 groups of year 11 students in partnership with UpHolland High
- Increased partnership working which provides increased support and knowledge between partners
- Educational sessions for residents relating to benefit take up, debt and improved links with mental health
- Pre tenancy support work to improve tenants ability to maintain a tenancy and reduced poverty

We are working with internal and external partners to reduce furniture poverty which, in turn will reduce residents accessing irresponsible credit to purchase essential items. This project is still in its infancy.

The Money Advice service consists of a team of 4 officers who provide money advice and support for Council tenants including debt advice and maximisation of income, through the theme of "Your Money Matters".

As well as supporting the implementation of the Financial Inclusion Strategy, the Money Advice team have:

- Contributed to £877,738 additional income being secured in 2022/23 for Council tenants through grant, benefits, backdated housing benefits, discretionary housing payments and support grant payments of this £319,375 was paid directly to tenants rent accounts supporting the sustainability of their tenancy.
- Supported 3,204 tenants with issues relating to and making new claims for Universal Credit (UC) since 2021 and continue to provide dedicated resources for those new to UC. Officers work jointly with the DWP offering services at the Job centre plus
- Offer drop-in sessions across the borough to support those seeking money advice at
 - Job Centre, Skelmersdale & Ormskirk
 - The Ennerdale Centre
 - The Birchwood Centre
 - Children Centres
- Contributed to the prevention of homelessness offering advice and support before enforcement action is taken for tenants and residents with rent / mortgage arrears.
- Offer a supportive affordability assessment and checks pre tenancy to ensure offers of accommodations are affordable and sustainable
- Carry out regular awareness campaigns and information updates on affordable credit and the Credit Unions

The Council now want to build on the success of the Financial Inclusion Strategy 2021 -2024 and the existing services that are currently delivered to ensure that there is a continued comprehensive range of appropriate financial wellbeing services, as well as offering the knowledge, skills and confidence to maximise residents own financial stability and reduce the negative impact financial hardship can bring to a person's overall health and wellbeing.

This will meet the Councils vision of being: *West Lancashire Together; the place of choice to live, work, visit and invest in.*

The Financial Inclusion Strategy 2024-2029 will build on the current policies and plans for service delivery relating to the homelessness strategy, the housing strategy, fuel poverty, food insecurity and wellbeing.

The strategy has been developed to build on the existing service provision with the key aim of empowering and enabling a West Lancashire wide supportive advice service.

Consultation which has supported the creation of the new strategy

To ensure that the focus of the strategy was relevant, we have worked in collaboration with our service users, partners and stakeholders. The feedback from this collaboration has been used to create the main focus of the strategy and the key objectives. The feedback generated has been through:

- Online Survey
- In person sessions with tenants
- Partnership meetings with internal and external departments and organisations

The Council invited tenants and residents to take part in the Financial Inclusion Strategy review via online Survey. A face-to-face session was also completed to seek feedback to ensure we are providing the appropriate support in the correct areas.

We received 163 responses to our survey, with 76.7% of tenants and residents agreeing we are focusing on the correct areas of support (Appendix B). The feedback we received in relation to other areas we should be focusing on were health, digital inclusion, support not available in rural areas and it was evident from feedback from both tenants and residents that they are struggling to afford everyday basic needs due to the cost-of-living crisis.

At the face-to-face consultation, we asked tenants to provide us feedback regarding the current strategy and they advised that they would like to see good news stories or positive lived experience within the community moving forward.

We also consulted with various partners such as Trussel Trust, Children Family & Wellbeing Services, Department of Working Pensions and charitable organisations that support our vulnerable tenants. To encourage as many responses as possible, we shared our online survey with all partners and requested that they complete this to have their say in what they believed should be included in the strategy. It was apparent that challenges around digital inclusion and access to employment opportunities were a key theme from feedback from partners.

OBJECTIVES AND KEY WORK STREAMS

The previous strategy identified 8 key delivery objectives, for services for tenants and residents.

These have been reviewed and remain relevant for all residents of the borough in the context of the changing landscape and need for financial services.

Following the above consultations, 5 key objectives have been identified for the future focus of the strategy based on:

- Increased usage of foodbanks and people utilising BNPL to buy food shopping
- Gaps in service based on area and support provision and benefit take up
- Links relating to employment loss and mental health issues, loss of a home, fuel and food insecurity and child poverty

OUR 5 KEY OBJECTIVES

- Invest in new and improve on existing external partnerships to grow the support available for all partners, stakeholders and customers
- To look at the viability of introducing social supermarkets to the borough and any other opportunities to
- Through partnership working we aim to extend support services to reduce gaps in support
- Working with partners we will aim to reduce barriers to training and employment for financially vulnerable groups.
- Provide regular benefit information sessions which will look to improve the level of benefit take up across the borough and reduce poverty

In the following action plan there are many actions spread out over the 5 year strategy each action has an expected completion date, which will be followed by the milestones taken to get the action achieved.

Officers will commit to reviewing progress on the detailed actions quarterly and will provide an update on progress annually to Council.

We will hold regular meetings with stakeholders to monitor progress and develop new ideas and initiatives to meet emerging priorities.

We will continue to maintain and build partnerships with those who help to contribute to Financial Inclusion services for the Borough

Thank-you to the Key Stakeholders who were involved:

- West Lancashire Council for Voluntary Services - Providing information and support to voluntary organisations.
- Citizens Advice – Independent Impartial Charitable Organisation
- NHS Clinical commissioning group – Responsible for the planning of health care.
- Birchwood Centre – Provides Support to our Homeless residents.
- Age UK – Provides Support to our Elderly Residents.
- West Lancashire Debt Advice – Charitable agency to reduce debt and poverty.
- Department of Work & Pensions
- More Positive Together
- Lancashire County Council Mental Health Services
- Free Uniforms for School (FUSS)

Financial Inclusion Strategy: Action Plan

The Financial Inclusion (FI) action plan will be adjusted to respond to budgetary constraints, and emerging priorities

Actions	Resource/Lead	Outcome	Expected Completion Date	No/Comments and updates
YEAR 1 2024-2025				
Develop and undertake an Unclaimed Benefits campaign	RG	To ensure education is provided to residents regarding all area's aspects of benefit, focusing predominantly on Universal Credit and Managed Migration.	Ongoing through life of strategy	
Introduce a West Lancashire Community shop	RG	Providing affordable food for residents during the cost-of-living crisis	Ongoing through life of strategy	
Work with both internal and external partners to grow Refernet	West Lancs Council?	Ensure the uptake and use of Refernet internally by West Lancs Council employees to signpost support for tenants	Ongoing through life of strategy	
Link with external partners to grow the furniture re-cycle project	RG	Ensuring constant flow of stock and items to both tenants and residents of the Borough	Q4	

YEAR 2 2025 – 2026				
Continue to provide financial awareness to further education students	RG/MPT	Educating students on debt, rent & support within the Borough annually	Q1	
Develop partnerships with Social/Private Landlords to promote financial support available to private residents	RG	Remove barriers to private residents accessing support within the Borough	Ongoing through life of strategy	
Invest in new and improve on existing external partnerships	RG	Identify and create new avenues of support for tenants to remove gaps in service and increase support availability across the borough	Ongoing through life of strategy	
Ensure continuation of partnership working with "More Positive Together" to create employment opportunities	RG	Supporting vulnerable groups to reduce unemployment	Q1	
Develop a digital FI newsletter focused on new and existing tenants.	RG	Quarterly financial information sent to tenants. Promoted through surveys, sent out via email, displayed on social media	Q3	

YEAR 3 2026 – 2027				
Explore the need and ability of delivering out of hours Financial Awareness campaigns	RG	Assist low income families that may require financial support	Q2	
Create digital how to videos for residents based on current trends/themes	RG	Ensure the correct information is given to residents in relation to completing documents	Q1	
Explore the option of introducing an Online working group facility to residents	RG	Provide F-2-F online support to vulnerable residents in there home	Q1	
Explore options for cheaper alternative credit	RG	Investigate organisations who provide low cost credit options as an alternative to buy now pay later	Ongoing through life of strategy	
YEAR 4 2027 – 2028				
Investigate the provision of benefit appeals support	RG / Partnership working	Work with partners to consider the options of providing a benefit appeals process	Q1	
Explore possibility of introducing UC claim champions at outreach centres	RG / Partnership working	Consider viability of providing residents with UC claim champions through partnership working at community centres and other outreach centres to support managed migration to UC	Q2	
Create and promote School Holiday support index	RG/Helen Watson/Chantal Barton	To produce a support network of resources/available support for parents over the school holidays.	Q1/Ongoing through life of strategy	
Consider alternative options for banking	RG / Partnership working	To consider alternative options for residents who are unable to get high street accounts	Q4	

YEAR 5 2028-2029				
Managed migration of older adults to Universal Credit	RG / Partnership working	Work with partners to ensure the migration of older adults to universal credit is a smooth transition	Q1	
Create E-Learning programmes for residents around financial health and employment	RG	To educate tenants on reducing poverty	Q4	
Consideration of supportive surgeries in rural areas	RG / Partnership working	To consider viability of providing supportive surgeries with partners in more rural areas	Q2	
Community health support for those struggling with emotional / mental health issues	RG / KM / Partnership working	Evaluate the provision of community health support to assess the need of extending the provision	Ongoing through life of strategy	
Utilise current community centres to deliver digital support for Managed Migration	RG	Ensure that steps are taken to increase digital inclusion	Q4	