

Birmingham Financial Inclusion Partnership

Working together to tackle financial exclusion for a financially inclusive Birmingham



BIRMINGHAM FINANCIAL INCLUSION STRATEGY 2017 - 2020



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We are delighted with the wide range of individuals and partners that have participated in the process. Particular thanks go to:

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SECTION 1 - INTRODUCTION

FOREWORD



We are delighted to introduce the refreshed Birmingham Financial Inclusion Strategy. We are proud of the work we have completed so far, but too many of our citizens still cannot reach their full potential due to the poverty they experience and which they cannot escape. We are determined to open up life chances for our citizens, to help them overcome barriers and to reduce inequality, inequity, and increase resilience so they can take advantage of the many opportunities this great city provides.

We know that Birmingham citizens are facing the same financial pressures as other areas, such as welfare reforms, insecure jobs and low wages, but Birmingham also faces a set of unique challenges of

- Scale - with a population of over 1 million residents
- Youth - with more than 500K aged under 30 years old, but also
- Vulnerability - with many citizens facing multiple disadvantage through barriers such as low educational attainment, low skills, ethnicity, housing, health and disability

We need to adapt our support to meet all these needs.

Supporting financial inclusion and embedding it within service delivery, as business as usual, will deliver a range of benefits that could help reduce costs and improve organisational efficiency and effectiveness: potential benefits may include increased payment by direct debit, reduction in rent arrears, and more sustainable local centres. The costs of supporting financial inclusion are far outweighed by the costs of not supporting financial inclusion.

Fundamental to the delivery of the Financial Inclusion Strategy and Action Plan is the council supporting the essential networks and partnerships which link together businesses and third sector providers of support to the financially excluded.

It should be noted that this Strategy has been developed within the context of current resource availability within Birmingham City Council. It must be noted that this Strategy and supporting Action Plan is subject to financial constraints consistent with all other City Council services and may require adjustment to respond to budgetary constraints and reductions.

This Financial Inclusion Strategy and Action Plan have been developed, and will continue to be developed as a multi-agency approach, in consultation and with the involvement of partners and stakeholders through the City's Financial Inclusion partnership.

I am sure that this multi-agency approach will reduce inequalities and deliver the opportunities and support our citizens need to lead fulfilling lives in this great city.

OUR VISION

"To create opportunities for Birmingham citizens to improve their financial wellbeing and digital skills so they can lead healthy and fulfilling lives"

Signature

COUNCILLOR TRISTAN CHATFIELD – CABINET MEMBER FOR TRANSPARENCY, OPENNESS AND EQUALITY



AIMS AND PURPOSE OF STRATEGY

We are clear, as a partnership that we want to bring opportunities to citizens in Birmingham regardless of their start in life or situation. We will look to test and trial different approaches to meet the changing needs of citizens over a life time; addressing inequalities and building a set of common standards in our activities that will raise consistency and quality of service provision.

This strategy document describes the measures that will be taken by Birmingham City Council and partner organisations to enable people who live and work in Birmingham to:

- Manage their money on a day to day basis, effectively, securely and confidently.
- Plan for the future and cope with financial pressure, by managing their finances to protect against short-term variations in income and expenditure and to take advantage of longer term opportunities.
- Deal effectively with financial distress, should unexpected events lead to serious financial difficulty.
- To make the most of their money.
- Maximise their income through employment and other support/advice.
- Improve both their financial and overall health & wellbeing.

BACKGROUND

This strategy builds on the Birmingham City Council Financial Inclusion Strategy: Counting the Cost 2010-2012, which saw the creation of a multi-agency Financial Inclusion Partnership (BFIP) to deliver on its aims.

The Partnership has been making good progress on delivering on its action plan; however, it considered that it was time to refresh the strategy and action plan due to more challenges that are affecting Birmingham citizens. The landscape has changed greatly since the last strategy was written. Our new strategy has been refreshed to reflect these changes.

This refreshed plan has been developed through collaboration between Birmingham Financial Inclusion Partnership members drawn from the community and voluntary sector, registered housing providers, Department of Work and Pensions, financial institutions and officers of Birmingham City Council. (Please refer to Appendix 2)

SECTION 2 – FINANCIAL EXCLUSION EXPLAINED

DEFINITIONS

For the purpose of this strategy we have adopted the Financial Inclusion Commission description of Financial Inclusion. The Commission state financial inclusion is:

“... to manage money, to absorb financial shocks and to plan & provide for the future. A financially inclusive society is one in which financial services are accessible to all, easy to use and meet people’s needs over a lifetime.

Financial Inclusion also means that people have the skills and motivation to use financial services, and to benefit meaningfully from them.”

The Causes of Financial Exclusion can be broken down into three areas: Supply, Societal Factors and Demand.

SUPPLY

Supply refers to Financial Products & Services that do not meet the needs of consumers. These being, transactional bank accounts, savings products, credit/loan products, Insurance products, pension products, financial advice and the associated:

- Marketing,
- Eligibility criteria
- Location
- Digital access
- Fees & charges
- Quality of Advice & Information

The combination of the above factors can lead to exclusion in several sub areas. A person may be excluded in one or indeed all of these areas:

Access Exclusion

Many banks are reducing their presence on local high streets, with 1350 local branches closing nationally since 2013. This can impact disproportionately upon small businesses, older people and those with disabilities. Whilst the quality of public transport has improved in Birmingham, the cost of it has also increased, with bus fares rising by 28% since 2010; while wages and benefits, for many, have been frozen for much of the same period; increasing access issues for those on low incomes.

Condition Exclusion

The conditions attached to the financial products may make them inappropriate or inaccessible for some people. Examples of this include identification requirements, credit scoring and minimum loan values. Many financial institutions will only accept a drivers licence or passport which some low income families do not have. A credit score is now a requirement for access to many financial products - this can prove difficult for many households as even

those with the means to repay (at a competitive interest rate) are rated with a low credit score as they have never accessed mainstream credit before. Most high street lenders do not offer loan products of below £2000 and have significantly higher interest rates for loans of less than £6000. Smaller sums are only usually offered through an agreed overdraft which is normally not available to customers with a basic bank account or a low income. This can lead many low income households to access high interest 'payday loan' type companies or worse, illegal money lenders.

Marketing Exclusion

Low income consumers can often be deemed to be 'unprofitable' by Financial Institutions and are effectively excluded by targeted marketing and sales. This can mean that people are unaware of the products and services available. Conversely, payday loan companies specifically target their marketing at low income households with high interest products. More worryingly, illegal money lenders may target people directly by approaching them at home or through their local community/neighbourhood. Savings products are also generally marketed at those with larger lump sums or large regular payments, as opposed to, those only able to save a few pounds per week or make irregular deposits.

Price Exclusion

People on low incomes are greatly disadvantaged by the affordability of products such as insurance and penalty charges (overdraft/failed payment charges). 50% of the lowest income households do not have home contents insurance yet households without home contents insurance are three times more likely to be burgled than households with insurance. Insurance premiums also tend to be significantly higher in more deprived areas of the city. Financial Exclusion is both a symptom and cause of poverty; people on low incomes often pay higher prices for products and services. For example, households on very low incomes and living in social housing are much more likely to pay for gas and electricity via a pre-payment meter. Pre-payment is often the most expensive way to pay for such services. For this reason, utility companies also have a key part to play and can be included in the supply element of financial exclusion.

This price exclusion can also be described as a 'Poverty Premium'. The table below depicts how low income households pay higher costs because of the way they access goods and services or are deemed to be higher risk.

Figure 1: Examples of the Poverty Premium (Brent)

Service	Typical (average) costs	Costs to low income households
One expensive consumer good (e.g. a white good appliance)	£159.99	£405.00
One £500 loan	£539.00	£825.00
Three £200 cheques cashed	£0.00	£49.50
Annual gas bill	£609.70	£673.70
Annual electricity bill	£339.30	£368.20
One mobile phone	£315.96	£395.44
Home contents insurance	£465.85	£618.80
Car insurance	£475.48	£571.55
Total	£2,905.28	£3,907.19
Poverty premium		£1,001.91

SOCIETAL

Societal factors relate to forces external to the individual that influence culture & behaviours, impacting upon both supply and demand. For example:

- Demographics of an area
- Inequality
- Poverty
- Education
- Unemployment
- Regulation of financial services
- Government Policy such as Welfare & Pension Reforms
- Economy & pricing
- Digital Access

It is not surprising that ward profiles for worklessness and those that are financially vulnerable correlate quite closely. Within the overall category of 'workless' and 'unemployed' people, there are a number of priority sub-groups who are more likely to be financially excluded due to a range of societal factors, such as social exclusion or discrimination and disproportionate rates of worklessness, low paid work, social housing tenure and English language skills. These groups include:

- Women (particularly lone parents)
- People from Black, Asian and minority ethnic groups
- Young people (under 25)
- Refugees and people from new & emerging communities (with language being a particular barrier)
- People with disabilities
- People with ongoing health problems
- Lone pensioners

A further example of how societal factors affect financial inclusion is government policy. Government policy can have unintended consequences, making it harder for people to provide for themselves. For example, The Financial Services (Banking reform) Act 2013 came into force in 2015 which, among other provisions, introduces an interest rate cap. Default fees were limited to £15 and default interest must not exceed 0.8% per day (1,270% APR); and a 100% repayment cap, meaning that the borrowers will never have to repay more than double the amount they borrowed. The changes are very much welcomed as they stop such loans spiralling out of control. However, the cap, along with requirement for increased affordability checks has seen many payday lenders exiting the market. The concern is that this potentially leaves thousands of consumers without a credit option but to approach illegal money lenders if no alternative is available.

Changes in our economy, for instance, the decline in the value of the pound which has fallen further since the UK European Union Referendum in June 2016 could have an impact upon the cost of essential goods and services. In the UK we import approximately 40% - 50% of our food supplies. Fuel is also purchased in dollars and euros. This could lead to price increases in food and utilities – combined with income freezes and cuts, food and fuel poverty have the potential to increase. It is also important to note, however, that a weaker pound also presents opportunity for growth and increased employment due to more attractive exports and tourism.

DEMAND

Demand or individual factors relates to Ability (Skills and knowledge) and mind-set (beliefs and motivations) of individuals. A person's own beliefs and motivations about money frame their financial priorities and views of the financial sector. Some examples include:

- Opting to save cash at home rather than in a bank.
- A consequence of Marketing Exclusion, people may Self Exclude deciding there is little or no point in applying for financial products as they believe they would be refused.

The Financial Capability Strategy for the UK (2014) recognises the ability to read and write in English is an essential outcome. There is an established link between literacy and financial wellbeing. There is clear link between low education skills and poverty & deprivation; an issue that blights Birmingham - where unemployment is significantly higher than national average.

Financial capability is key to financial inclusion; however, this doesn't just affect those on low incomes. Research by the Money Advice Service (MAS 2013) found that Approximately 17 million adults in the UK run out of money before payday, with roughly the same amount not making a budget. MAS also estimated that 84% of adults do not read the full terms & conditions when taking out financial products. This demonstrates how widespread an issue this is, meaning that an unexpected life event could place even moderate income households into financial crisis. Financial capability refers to a number of behaviours, namely:

- **Budgeting** - having an understanding of income and expenditure (living within means), paying bills on time, shopping around for good deals on utilities & applying for eligible benefits for example.
- **Saving** - to cover unexpected life events. The Financial Conduct Authority (2015) reported that almost half of UK adults do not have enough savings to cover an unexpected bill of £300 – so something as simple as car repair, boiler or washing machine breakdown could have the potential start a spiral of debt where there is lack of financial capability.
- **Accessing advice and support** - Knowing where to get help & having the motivation to do so.
- **Preparation for the future** - Such as savings, insurance, pensions, life goals (buying a house), retirement plans & health needs.

Where a person lacks the capability to demonstrate these four behaviours, they will be at increased risk of financial exclusion regardless of income.

IMPACTS OF FINANCIAL EXCLUSION

Financial exclusion is a concern because it creates a wide of range of problems; examples include the following:

- Exclusion from affordable loans leaves people who need to borrow money with no option but to use high-interest or illegal credit.
- A lack of insurance and savings makes families vulnerable to financial crisis following unexpected events such as failure of white goods, burglary or flooding.
- A lack of appropriate pension planning or savings can lead to poverty in old age.
- Unclaimed benefits can lead to increased poverty.
- Lack of timely financial advice can result in people with money problems losing their job or their home.
- Debt and money problems can often impact on people's physical and mental health.
- Many employers will only pay wages into a bank account. Even those with bank accounts may barely use them, preferring to withdraw all their money each week and manage it as cash.
- Not having a bank account with a direct debit facility excludes people from this method of paying bills. Most utility suppliers charge more for using other methods of payment, such as pre-payment meters, pay-point cards in convenience stores, postal orders or cash. Increasingly insurance companies are doing the same.

For the Wider Community

- **Child poverty** - Child poverty in Birmingham is at unacceptable levels; there are over 100,000 children living in poverty, the equivalent of 37% of all children in the city. Nearly half of Birmingham's children live in the 10% most deprived areas in the country. A report by the Children's Society (et al) 'The Debt Trap' found that children from households with debt problems were twice as likely to be bullied at school. Adult financial capability is a direct consequence of what is seen, learned and experienced in childhood and adolescence (UK Financial Capability Strategy 2015). Raising levels of financial capability within our city can only improve outcomes for our children.
- **Public Health** – Financial exclusion has harmful consequences. It exacerbates poverty and can lead to serious debt problems, homelessness and mental health issues. Certain vulnerable groups are particularly likely to be financially excluded, as this is an issue that is closely linked with problems such as disability, offending and domestic violence.
- **Worklessness** – Money worries, personal cash flow problems, benefit issues, problem debt and lack of access to banking facilities are all recognised as barriers affecting people's progression to sustained employment.
- **Re-offending** – Ex-offenders are at increased risk of financial exclusion. Support with debt, money and employment advice are recognised pathways in the prevention of re-offending.
- **Public Purse** – Financial exclusion can contribute to mental health issues, family breakdown, homelessness and crime; placing additional demand and financial pressure on public services.
- **Local Economy** - Financial exclusion reinforces social exclusion. It is not just an individual problem: a whole community can suffer from under-investment in financial services. Conversely, financial inclusion significantly contributes to a route out of poverty. Furthermore, money households save in accessing affordable credit can be used in local shops, thus boosting the local economy.

STRATEGIC CONTEXT

Financial Inclusion is a key element of delivering on Birmingham City Council's vision and strategic outcomes:



The vision for 2020 is based around **four key outcomes**, as outlined above, based on the fundamental ideals of Prosperity, Fairness and Democracy. This strategy fits into all four of the key objectives. A full copy of the council plan (March 2016 version) can be found [here](#).

Financial Inclusion is cross cutting priority which impacts across all the City's services. It impacts also on staff employed by the city and, as such, employment policies need to have due regard to this.

This strategy aims to provide the framework for shaping policies which directly and indirectly support the financial inclusion agenda. One of the key priorities is to identify any key gaps in policy development and to 'financial inclusion proof' existing policy, procedures, protocols and action plans.

UNDERSTANDING THE LOCAL CONTEXT & POLICY

The Financial Inclusion Partnership commissioned the comprehensive Financial Inclusion Needs Analysis report, (Birmingham City Council October 2015) to underpin the development of this refreshed strategy and action plans. A copy can be obtained here for the data used. The report looks at the financial health of Birmingham residents; identifying the key issues that must be tackled to support the most vulnerable.



The Financial Inclusion Partnership has also considered the insight and recommendations from the following reports

- Birmingham Child Poverty Commission report (2016)
- Birmingham ICT and Digital strategy (2016)
- Birmingham Skills Investment Plan (2016)
- Birmingham Financial needs Assessment (2015)
- National Financial Capability strategy (2015)
- Financial Inclusion Commission Report (2015)
- Birmingham Health and Wellbeing strategy (2013)
- Birmingham Homelessness Strategy (2012)

NATIONAL GOVERNMENT POLICY CONTEXT

The political landscape has changed greatly since the launch of our 2010 strategy. A number of key reforms have been introduced that have particular relevance to financial inclusion:

- The Government has replaced the Office of Fair Trading with the Financial Conduct Authority (FCA) giving it new powers of regulation and enforcement to counteract the high cost, short term loan industry, for example, payday lenders. The Financial Services (Banking reform) Act 2013 came into force in 2015 which, among other provisions, introduces an interest rate cap, which includes:
 1. the initial cost of credit limited to 0.8% per day, with an annualised percentage rate of 1,270%;
 2. default fees limited to £15 and default interest must not exceed 0.8% per day; and
 3. A 100% repayment cap, meaning that the borrowers will never have to repay more than double the amount they borrowed (see FCA, 2014).
- In 2015, a new cross-party Financial Inclusion Commission was formed. The Commission was chaired, independently, by Sir Sherard Cowper-Coles and made wide ranging recommendations, including the need for a senior minister in government on financial inclusion with the title of 'Minister for Financial Health'.
- Welfare Reform Act 2012 which introduces Universal Credit, Personal Independence Payment, Under Occupancy rules, the Benefit Cap, changes to the Social Fund and abolition of Council Tax Benefit.
- Local Government Finance Act 2012 legislates for the localisation of Council Tax Support schemes.
- The Welfare Reform and Work Act 2016, introduces a further reduction to the Benefit Cap, abolition of the work related activity component in Universal Credit (UC), two child limits on UC and Child Tax Credit, four year benefit freeze and replaces mortgage interest payments with loans. The act also introduces a reduction in social housing rents, of 1% year-on-year, for those in social housing until 2021. Whilst this change lowers the housing benefit bill, the impact upon Birmingham City Council alone is a loss of £42 million and sees all Social Housing providers having significant financial losses. This may ultimately impact upon the services available to tenants.
- Care Act 2014 sets out the responsibilities of the local authority to make sure that people who live in their areas:
 1. receive services that prevent, reduce and delay their care needs from becoming more serious
 2. can get the information they need to make good decisions about care and support
 3. have a good range of providers to choose from
- The amendments to the Children and Families Act 2014 extend the same rights to parent carers (caring for a disabled child/young person under 18). The Care act is significant, not only, due to the safeguarding responsibilities it addresses but also the focus upon disabled people and carers as our disabled citizens can be at increased risk of financial exclusion.

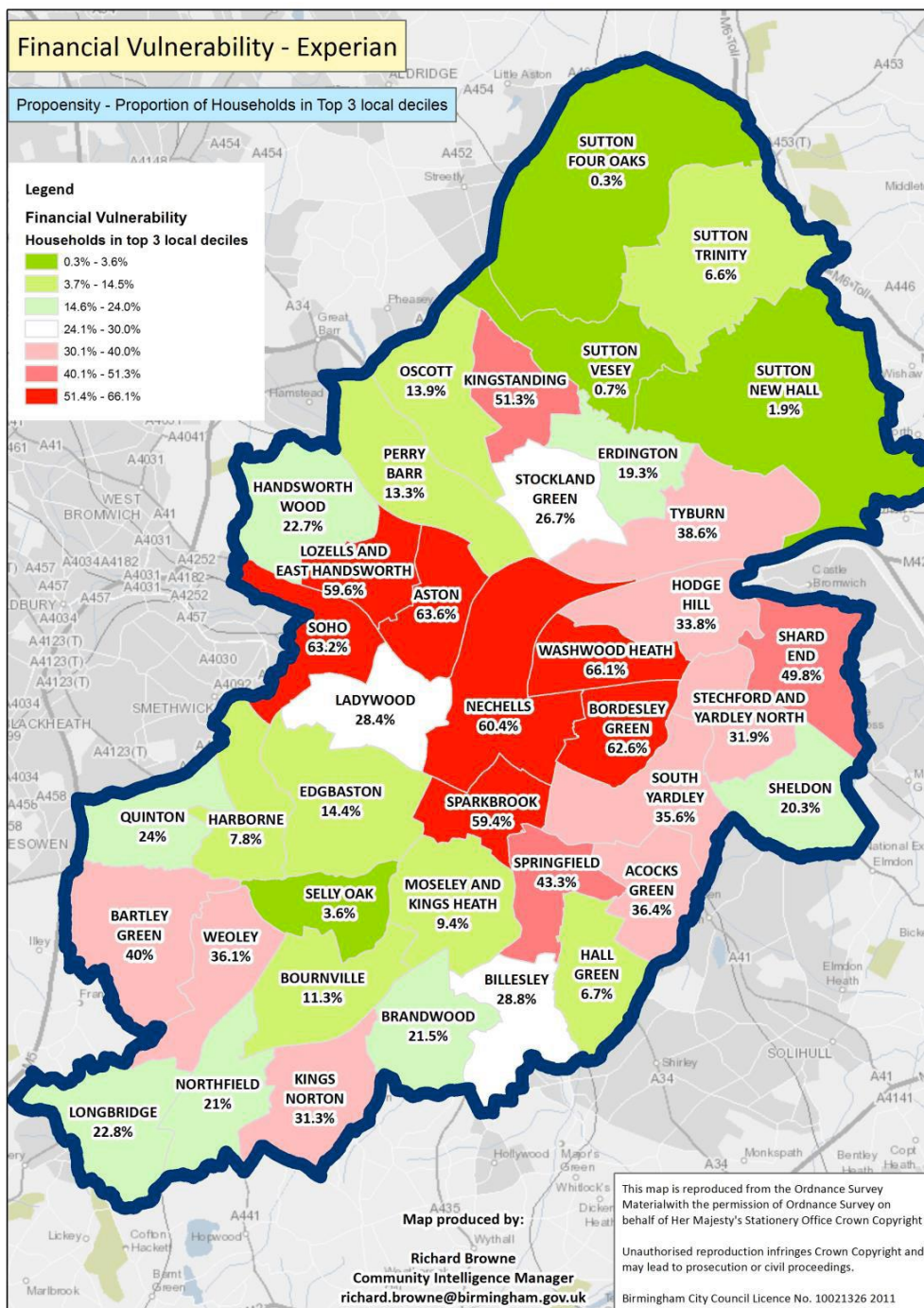
*The climate has changed significantly in Birmingham since the publication of our 2010 Financial Inclusion Strategy. The benefit changes as imposed by the Welfare Reform Act 2012 and Welfare Reform and Work Act 2016, by nature of our demographics, disproportionately impact cities like Birmingham. **Please note:** Further detail on the impact of welfare reform changes in Birmingham can be found in the Financial Needs Assessment (link can be found on page 10).*

SECTION 4 – FINANCIAL VULNERABILITY IN BIRMINGHAM

OVERALL PICTURE IN BIRMINGHAM

The map below shows the proportion of households in each ward in Birmingham which are in the top 3 most financially vulnerable deciles. As expected the most vulnerable wards correlate extensively with the most deprived inner-city wards. The wards with the highest proportion of households in the top 3 deciles are:

1. Washwood Heath – 66%
2. Aston – 64%
3. Soho – 63%
4. Bordesley Green – 63%
5. Nechells – 60%
6. Lozells & East Handsworth – 60%



SECTION 5 – BIRMINGHAM APPROACH

OUR APPROACH TO DELIVERING FINANCIAL INCLUSION

Working with our partners, housing providers, voluntary organisations and community groups will ensure that local services are properly joined up and coordinated; with a 'whole place' approach to neighbourhoods, where collaboration and shared resources deliver the best outcomes for local people.

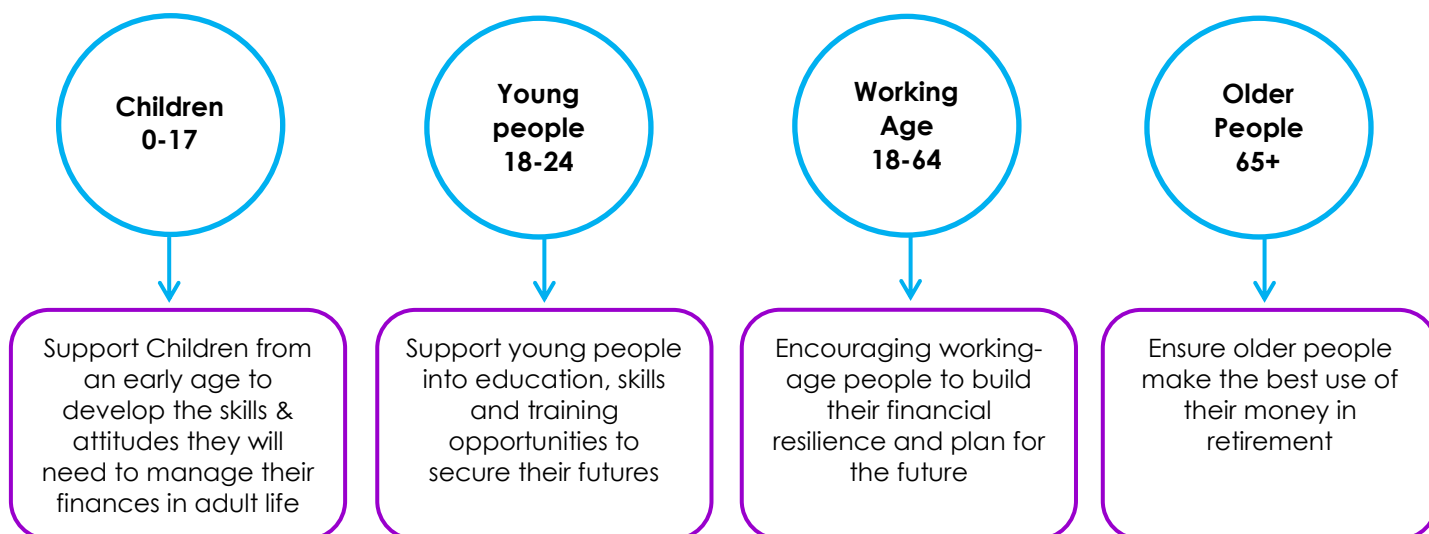
Our strategy is underpinned by 3 principles:

PREVENT	<ul style="list-style-type: none"> Identify & Tackle the root causes Increase financial capability 	Enabled by Policy, Strategy, collaboration & Action
SURVIVE	<ul style="list-style-type: none"> When difficulty or disaster strikes, ensure that there is appropriate crisis support Citizens know how and are motivated to access support 	
RECOVER	<ul style="list-style-type: none"> Information, advice, education & support to enable long term change (healthy behaviours) and resilience i.e. Sustainability. 	

LIFE STAGES

Whilst those on low incomes (along with groups discussed within the societal factors of financial exclusion section) are less likely to be financially included, financial exclusion can affect anyone. There are events that occur during the course of a person's lifetime, such as, retirement but there are also unexpected events that can impact us all at different stages of our lives; illness, bereavement, job loss, relationship breakdown and birth of a child are some examples. Some of these events are more likely to happen at certain stages in our lives than others and so to more realistically reflect the needs of our citizens this strategy has incorporated the UK Financial Capability Strategy approach to life stages.

Our approach is to focus on the financial needs of all key life stages to ensure we can influence and shape activities to meet the changing needs of citizens. This will be reflected in the actions and activity that arise out of this strategy, thus ensuring that we meet the needs of the Birmingham community.



COLLABORATION

CHILD POVERTY

Child poverty in Birmingham is at unacceptable levels; there are over 100,000 children living in poverty, the equivalent of 37% of all children in the city. Nearly half of Birmingham's children live in the 10% most deprived areas in the country.

Birmingham City Council has made a commitment to work with partners to combat child poverty as one of its key priorities towards a fairer city. To examine the extent and impact of poverty and inequality across the city the Council established an independent commission on child poverty. In summer 2016 the Commission published its findings and made a series of recommendations aimed at reducing child poverty in Birmingham and focusing upon the drivers of poverty including the economy, unemployment, low wages, education and health. These recommendations are being taken forward by the Council, working closely with the Birmingham Financial Inclusion Partnership to align activities that will help reduce family poverty and mitigate its effects.

HEALTH AND WELLBEING

Since 2013 Birmingham City Council, alongside all other Local Authorities in England became a 'Public Health Local Authority', taking on the Public Health function from NHS control. This relatively new function of the Local Authority will assist the Financial Inclusion Partnership to better identify and tackle the wider and social determinants of health, which can often precede or complement the indicators associated with financial exclusion.

It is the intention of this strategy to develop opportunities to work innovatively and to develop stronger relationships with the NHS, including Clinical Commissioning Groups, Birmingham and Solihull Mental Health Foundation Trust and other organisations who deliver mental health services. Some of our most vulnerable groups include those with co-morbidities and those on disease risk registers, for example it is well documented that fuel poverty and cold homes can have a very real effect on cardiovascular and respiratory diseases, whilst those people with chronic mental health conditions are more susceptible to premature mortality during the winter months. It is also important that there is a focus on lone parents as this is another high risk group.

There is opportunity to work in partnership with our NHS and Mental Health colleagues with reference to adopted and emerging plans such as the NHS Sustainability Transformation Plans (STPs), and West Midlands Combined Authority (WMCA), including the WMCA Mental Health Commission.

Overall, it is important that we use strategies like this to bring together multiple agencies to ensure that our most vulnerable residents and those with the most complex needs have an equitable and equal opportunity to give them a better start in life and to ensure that they have good chances throughout the life course.



Complimentary to this strategy, the Financial Inclusion action plans will reflect opportunities to close the gap with reference to health inequity and inequality, and contribute to increasing the wellbeing our residents, especially the most vulnerable and the hardest to reach.

As reflected in the Health and Wellbeing Strategy, there is an emphasis on prioritising actions and outcomes for ensuring that our children have a better start in life, and that those people who are the most vulnerable are ensured equal and equitable opportunities that assist them in improving their outcomes.

HOUSING BIRMINGHAM

The Housing Birmingham multi- agency committee was set up in January 2016 to bring together partners and stakeholders who had a direct interest in the issues facing housing provision in Birmingham. The committee's focus is to frame the city's response to the housing agenda in Birmingham with the key aim of meeting housing need now and in the future in the city, consider key legislative changes and develop a lobbying strategy with Government and implement and oversee a range of task and finish work streams to deliver required actions resulting from emerging welfare and housing policy.

The Financial Inclusion Partnership and its strategy are considered to be an integral part of the Housing Birmingham delivery plan and close links exist between both partnerships with reciprocal representation on the partnership committees. FIP involvement with Housing Birmingham greatly assists in the development of a comprehensive housing offer for the citizens of Birmingham.

INTRODUCING OUR VISION, PRIORITIES AND OBJECTIVES

VISION

“TO CREATE OPPORTUNITIES FOR BIRMINGHAM CITIZENS TO IMPROVE THEIR FINANCIAL WELLBEING & DIGITAL SKILLS SO THEY CAN LEAD HEALTHY AND FULFILLING LIVES”



OBJECTIVE 1

FINANCIAL PRODUCTS & SERVICES



OBJECTIVE 2

ADVICE, INFORMATION & FINANCIAL EDUCATION



OBJECTIVE 3

FOOD & FUEL



OBJECTIVE 4

STRATEGIC INFLUENCE



OBJECTIVE 5

EMPLOYMENT, EDUCATION, SKILLS & TRAINING



OBJECTIVE 6

DIGITAL INCLUSION

1000%

Is the average Annual Percentage Rate of most pay day lenders

33%

Almost a third of CAB customers reported they face a daily battle to make ends meet, 40 per cent are concerned about having enough money saved for a rainy day

14.1%

of Birmingham residents live in fuel poverty, compared to a 10.6% UK average

4568

households will be impacted by the Benefit Cap, some 52% higher than any other local authority area

15.6%

Of working age citizens have no qualifications compared to the UK average of 8.8%

24%

of Birmingham's Residents lack the 5 basic digital skills

SECTION 6 – STRATEGIC OBJECTIVES AND OUTCOMES


OBJECTIVE 1

Our first objective very much relates to the supply strand of financial exclusion. As discussed earlier, products and services that do not meet the needs of citizens can both cause and exacerbate financial exclusion. The financial products and services objective takes on a preventative approach to financial exclusion – promoting a savings culture to build resilience to financial shocks, helping residents to avoid unaffordable credit agreements, and illegal money lenders and are protected through accessible and appropriate insurance cover.

STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div data-bbox="325 692 474 831" style="text-align: center;"> </div> <p data-bbox="236 853 544 913" style="text-align: center;">FINANCIAL PRODUCTS & SERVICES</p> <p data-bbox="196 956 584 1205" style="text-align: center;">“Improve access to financial products including affordable and responsible credit, an appropriate bank account, basic home contents insurance and savings facilities”</p>	<ul style="list-style-type: none"> • More residents should be aware of illegal money lenders and the impact of high risk borrowing • Dissuade use of illegal loan sharks • More citizens saving regularly • Launch a savings and loan hub in Birmingham • ILMT education packs delivered across Birmingham Schools • More residents will have access to basic bank accounts • More residents will have access to affordable credit options • Increase credit union membership • Low income and vulnerable households to have access to low cost insurance • Establish a partnership with mainstream finance services • To raise awareness of the cost of credit and high risk loans

OBJECTIVE 2

Our Advice, Information and Financial Education objective incorporates all three elements of our Prevent, Survive & Recover approach to financial inclusion. Focusing upon the demand or individual aspects of exclusion this objective aims to prevent through increasing the financial capability of our citizens, ensuring those in financial difficulty/debt survive their crisis via the provision of quality advice & information and are able to recover by managing their finances, ultimately living healthy and fulfilling lives.

STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div data-bbox="316 633 475 770" style="text-align: center;">  </div> <p data-bbox="213 790 571 887" style="text-align: center;">ADVICE, INFORMATION & FINANCIAL EDUCATION</p> <p data-bbox="205 929 579 1099" style="text-align: center;">“Build financial resilience by ensuring citizens can access appropriate advice, information and financial education”</p>	<ul style="list-style-type: none"> <li data-bbox="662 651 1315 712">• More residents will have access to full range of advice and guidance <li data-bbox="662 757 1390 817">• Improve financial capabilities and literacy (including young people) of residents <li data-bbox="662 862 1107 891">• Reduce impact of benefit cap <li data-bbox="662 936 1299 965">• Fewer residents with multiple or problem debt <li data-bbox="662 1010 1382 1070">• More residents will get the benefits and credits they are entitled to claim <li data-bbox="662 1115 1347 1176">• Greater integration of advice on benefit, housing and employment options <li data-bbox="662 1220 1390 1281">• More residents will become aware of the health and mental health issues related to debt <li data-bbox="662 1326 1315 1386">• Residents feel/are confident in managing their money

OBJECTIVE 3

A Household that spend more than 10% of its income on fuel can be defined as living in fuel poverty (Gov.uk). This is driven by three factors, household income, energy efficiency (of property) and energy costs. The latest figures released in summer 2016 indicate that fuel poverty has decreased in Birmingham yet levels remain significantly higher than the UK average. Fuel poverty statistics are collated retrospectively, meaning that figures released in 2016 relate to fuel poverty levels in 2014. Single parents are consistently the highest proportion of households in fuel poverty (22.3%). Evidence suggests the cold conditions associated with fuel poverty have a significant effect on the mental health of adults and young people, children's respiratory health, as well as, infant weight gain and susceptibility to illness. These poor health outcomes contribute to inequalities in health (Public Health England report 2014) and poor outcomes for children.

Food poverty can be defined as 'the inability to afford or have reasonable access to food which provides a healthy diet' (Public Health NI). Food poverty not only refers to a lack of food but absence of nutritious food.

The climate has changed immensely in Birmingham since the publication of our 2010 Financial Inclusion Strategy. The Trussell Trust, a national food bank network, opened their first food bank in Birmingham in 2011 in response to an increase in food poverty in the city. Since opening the number of people fed by Trussell trust food banks has increased by a massive **1175%** in Birmingham. This is only part of the picture as a large number of independent and faith group food banks are also distributing emergency food parcels to our citizens.

Our objectives in relation to Food and Fuel seek to tackle the root causes of poverty by reducing inequality, inequity and increasing resilience – Whilst ensuring there is adequate crisis response for those experiencing extreme hardship.


STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div data-bbox="306 1211 459 1361" style="text-align: center;"> </div> <p data-bbox="292 1391 459 1420" style="text-align: center;">FOOD & FUEL</p> <p data-bbox="199 1458 555 1727" style="text-align: center;">“Tackle inequalities by reducing the number of citizens living in food poverty; tackle inequalities that cause citizens to be living in fuel and food poverty whilst ensuring we are addressing the crisis”</p>	<ul style="list-style-type: none"> <li data-bbox="608 1229 1374 1330">• <i>A new task group is being formed to specifically look at this area of exclusion. As such the priority outcomes for this objective are still being determined.</i> <li data-bbox="608 1368 1015 1397">• Reduce food bank referrals <li data-bbox="608 1442 1299 1471">• Improve wellbeing of tenants- minimise health risk <li data-bbox="608 1516 1326 1576">• Minimise impact of Fuel Poverty for low income and vulnerable households <li data-bbox="608 1621 1390 1722">• Reduce food waste (48% of Birmingham's residual waste is food costing Birmingham Households an average of £700 per year) <li data-bbox="608 1767 1315 1827">• Increase the number of people who switch energy suppliers to save money <li data-bbox="608 1872 1350 1933">• Increase the number of people receiving direct debit discounts

OBJECTIVE 4

Birmingham's Financial Inclusion Partnership is not guided by organisational or team boundaries, rather a focus upon delivering positive outcomes for the citizens of Birmingham. This demonstrates Birmingham City Councils commitment to partnership with others "with the purpose of empowering communities" (Cllr John Clancy – Progress Report on Kerslake recommendations Dec 2015). Working together, our aim is for local services to be properly joined up and coordinated, with a 'whole place' approach to neighbourhoods; where collaboration and shared resources deliver the best outcomes for local people.

Our strategic influence aims to provide a framework for shaping policies that, directly and indirectly, support the financial inclusion agenda. This influence intends not only to extend to the policy, procedures, protocols and action plans of Birmingham City council but also to positively influence our partners, citizens, the private & financial sectors and central government.

Adopting a proactive and preventative position to Financial Inclusion the partnership is collaborating closely with Child Poverty and Public Health on shared priorities that develop solutions to address inequality, and thus the root causes of exclusion.

STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div data-bbox="316 1003 475 1146" style="text-align: center;">  </div> <p data-bbox="248 1160 533 1191" style="text-align: center;">STRATEGIC INFLUENCE</p> <p data-bbox="188 1263 593 1433" style="text-align: center;">“Coordinate and embed standard financial inclusion , to improve strategic coordination of city led financial inclusion targets “</p>	<ul style="list-style-type: none"> <li data-bbox="644 1025 1410 1160">• Integrated financial inclusion services-all directorates, departments and teams develop individual action plans to contribute towards the overarching action plan. <li data-bbox="644 1205 1410 1272">• Ensure Financial Inclusion Partnership influences and aligns with other strategies and work plans. <li data-bbox="644 1317 1410 1350">• Improved coordination of financial inclusion activities <li data-bbox="644 1395 1410 1462">• Staff ,customers and stakeholders are aware of financial inclusion services in Birmingham <li data-bbox="644 1507 1410 1574">• Staff, customers and stakeholders are involved in shaping Financial Inclusion Strategy and action plan <li data-bbox="644 1619 1410 1742">• Ensure key Birmingham City Council Strategies, policies, protocols and action plans are financial inclusion 'proofed', for example, debt collection policies.


OBJECTIVE 5

Employment is the surest route out of poverty; however, this strategy recognises that employment itself is not an automatic solution to financial exclusion. This is highlighted by increases in in-work poverty, with 66% of children in poverty now coming from working families. (Parliament Briefing paper - Poverty in UK 2016)

It is recognised that insecure employment increases the risk of financial exclusion (Joseph Rowntree Foundation 2008). The number of ‘zero hour’ contracts (where hours of work are not guaranteed) has been rising significantly since 2013 and are particularly prevalent in the West Midlands (ONS). Women, part-time workers and students are most likely to have zero hour contracts. Workers with such contracts may also be disadvantaged when it comes to employment rights and may not be legally entitled to Statutory Maternity/Paternity Pay and redundancy pay for example. This can leave households particularly vulnerable to financial difficulty.

The local economic assessment for Birmingham 2014 predicts a changing occupational structure in the city, estimating a growth (13.5%) in the need for more high skilled jobs by 2025; whilst demand for intermediate and lower skilled professions decline. Birmingham has a skills gap within the resident population - In order to tackle high levels of unemployment and address the associated inequalities that low income and educational attainment perpetuate, it is imperative that education underpins the exclusion agenda.

Helping people enter, stay and progress in the labour market is a key means of maximising their income and maintaining financial inclusion.

STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div style="text-align: center;">  <p>EMPLOYMENT, EDUCATION, SKILLS & TRAINING</p> <p>“To provide support with education, skills and training to help people into sustainable, meaningful employment in order to achieve financial security”</p> </div>	<ul style="list-style-type: none"> • Improve pathways to employment • Improve employment skills and qualifications • More residents in low skilled and low paid work will move into better paid and more fulfilling employment • Reduce in work poverty • Increase number of residents on a Birmingham living wage • Reduce child poverty within working households • Help young people into further education, training and apprenticeships • Business Charter sign up.

OBJECTIVE 6

With ever increasing digital by default service provision, it is more important than ever that our citizens possess sufficient digital skills to enable them to fully and meaningfully participate in modern life. In a digital society almost every aspect of life now requires digital inclusion in some form or another.

- If a family starts to shop and pay bills online a potential of £560 can be saved each year.
- 72% of employers say they would not interview an entry level candidate without basic IT skills, with an estimated 90% of jobs require digital skills to some degree (Digital Birmingham).
- Getting online could really benefit the 75,000 jobseekers allowance claimants who currently have never been online. People with good IT skills earn between 3% and 10% more than those without.

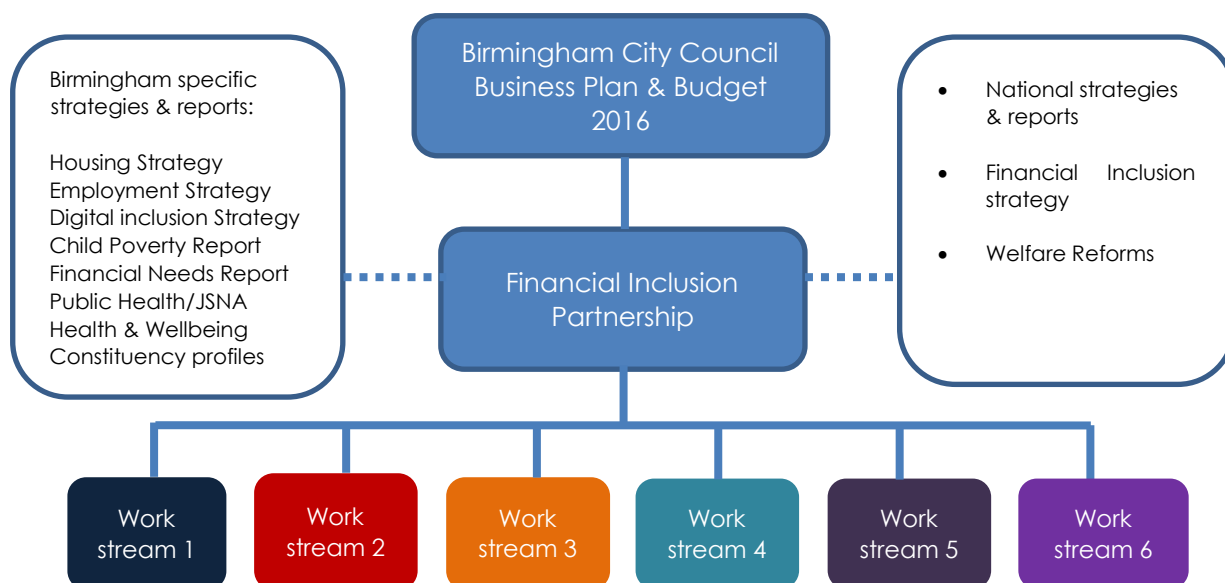
Summary of the Digital by Default 2016 survey found:

- *Measuring digitally-included tenants:* Only a quarter of tenants are 'fully included' and almost 50 per cent of tenants are not digitally included in any way.
- *Budgets & resources:* Most digital inclusion budgets and resources are directed towards IT training for tenants. Only a third of housing providers offer tenants specially-priced hardware and software and/or broadband connectivity packages.

STRATEGIC OBJECTIVES	PRIORITY OUTCOMES
<div data-bbox="323 1111 480 1256" style="text-align: center;"> </div> <p data-bbox="260 1283 507 1312" style="text-align: center;">DIGITAL INCLUSION</p> <p data-bbox="201 1352 568 1554" style="text-align: center;">“Increase digital access through the development of digital skills, confidence whilst ensuring that digital products and services meet the needs of residents”</p>	<ul style="list-style-type: none"> • More residents will be able to manage their money and bills online, reduced poverty premium • More residents will be able to search for employment on line • Improve residents digital skills and financial literacy • Increase number of residents accessing online services from Birmingham City Council, private tenants and Registered Social Landlords • More residents will pay their rent by Direct debit • More citizens digitally competent to access discounts on goods and services, for example, direct debit discount and special offers via online voucher codes.

GOVERNANCE AND RESOURCES

The Financial Inclusion Partnership is a key element of the Birmingham Business Plan and links to other multi-agency working partnership. Terms of Reference can be found in Appendix 2



FINANCIAL INCLUSION PARTNERSHIP WORK STREAM AND LEADS

In order to deliver on the outcomes of the objectives, the Financial Inclusion Partnership has six themed work streams, each is jointly led by a Partner representative and a City Council officer working with the following objectives

WORKING GROUP	LEAD PARTNER	LEAD OFFICER
1 Financial Products & Services	Tony Raybould	Chris Connor
2 Advice, Information & Financial Education	Janice Nichols, Citizens Advice Birmingham Vicky Hines, Shelter Birmingham	Chris Jordan
3 Food & Fuel	Juanita Murray, Birmingham City Church Sophie Hall, Birmingham Social Housing Partnership	Kyle Stott
4. Strategic Influence	Leads of objectives	Karen Markall
5 Employment, Education, Skills & Training	Steve Whitehorn, DWP	
6 Digital Inclusion	Craig Taylor, BHSP/Friendship	Annette King

Additional members of the partnership can be found in Appendix 2

Terms of Reference
Birmingham Financial Inclusion Partnership

Overall Aim of Birmingham Financial Inclusion Partnership

The overarching aim of the Financial Inclusion partnership is to deliver the vision and outcomes of the financial inclusion strategy:

"To create opportunities for Birmingham citizens to improve their financial wellbeing and digital skills so they can lead healthy and fulfilling lives"

The partnership will ensure that the financial inclusion strategy aligns with all other strategies and will recommend that all directorates, departments and teams develop individual action plans to contribute towards the overarching action plan. It will support the coordinated and integrated approach of the child poverty commission to mitigate the effects of child poverty

Roles and Responsibilities of the Financial Inclusion Partnership

1. Produce a Birmingham Financial Inclusion Strategy and action plan
2. Publish a financial inclusion needs assessment to understand the national and local context
3. The financial Inclusion partnership will coordinate the activities of partners and will ensure that:
 - The strategy is implemented in partnership with City Council Partners and other partners of the Birmingham Financial Inclusion Partnership
 - The financial inclusion action plan, which accompanies the financial inclusion strategy. The action plan will be delivered, monitored and reviewed through the Financial Inclusion Partnership under the Chairmanship of the Cabinet Member for Transparency, Openness and Equality
 - Influence and shape good practice for all frontline services
 - The partnership will coordinate the delivery of six main streams of work which will form the focus of the financial inclusion strategy by ensuring:
 - The terms of reference for the work streams groups are clear
 - The action plans for the work streams are appropriate for the delivery of the strategy and include appropriate outcomes
 - New approaches are tested

The six work streams are:

1. Improve access to financial products including affordable and responsible credit, an appropriate bank account and basic home contents insurance and savings facilities
2. Build financial resilience by ensuring citizens can access appropriate advice, information and financial education
3. Tackle inequalities by reducing the number of citizens living in food and fuel poverty – tackle inequalities that cause citizens to be living in fuel and food poverty whilst ensuring we are addressing the crisis
4. Coordinate and embed standard financial inclusion , to improve strategic coordination of city led financial inclusion targets
5. To provide support with education, skills and training to help people into sustainable, meaningful employment in order to achieve financial security
6. Increase digital access through the development of digital skills, confidence whilst ensuring that digital products and services meet the needs of residents

Consultation, Engagement, Diversity and Equality

The development of all six work strands will need to include consultation and engagement with residents and will address diversity and equality considerations by including provision for those working directly with group vulnerable to financial exclusion

Economic Impacts

In addition to the social impact, the partnership will prioritise consideration of issues which can impact on disadvantaged neighbourhoods . The partnership will work with and coordinate the efforts of partners in securing funding for initiatives which will assist in taking forward the aims of the strategy

Accountabilities

The work of the partnership will be reported to the Strategic Director Place and the Cabinet Member for Transparency, Openness, and Equality.

The overall Cabinet will be responsible for The Financial Inclusion Strategy

Meetings

The financial inclusion partnership will meet quarterly and the work stream groups covering the 6 work strands will meet as appropriate to assist in the development of initiatives within the work strand.

Partnership membership

Members of the partnership are described in the appendix attached

APPENDIX 2 FINANCIAL INCLUSION PARTNERSHIP- KEY PARTNERS

ORGANISATION
Accord Housing Group
Adullam Homes
Advance Credit Union
Age UK Birmingham
Barclays Bank PLC
Barclays Bank PLC
Birmingham Central Food Bank
Birmingham Social Housing Partnership
BITA Pathways
Bournville Village Trust
British Gas
Cabinet Member for Openness, Transparency and Equality
Castle Vale Tenant and Residents Alliance
Change and Support Services (Birmingham City Council)
Citizens Advice Birmingham
Citysave Credit Union Ltd
Department of Work and Pensions
Digital Birmingham
England Illegal Money Lending Team
Friendship Care and Housing
Gateway to Birmingham Advice Services
Halifax
Housing Birmingham
Karis Neighbourhood Scheme
Ladywood Community Advice
Landlord Services (Birmingham City Council)
Moneyline
Neighbourhoods and Communities (Birmingham City Council)
Public Health (Birmingham City Council)
Rent/Debt Advice Service (Birmingham City Council)
Revenues and Benefits (Birmingham City Council)
Severn Trent Water
Shelter Birmingham