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| | Mayor and Cabinet | Item | |
| Title | Response to Recommendations on Financial Inclusion Review | | |
| Wards | All | | |
| Contributors | Executive Director for Customer Services and Executive Director for Resources & Regeneration | | |
| Class | Part 1 | Date | 24 October 2012 |

1. Summary

- 1.1 In May 2012, comments from the Sustainable Development Select Committee were presented to Mayor & Cabinet asking that the Mayor note the Committee's recommendations in respect of the Financial Inclusion Review.
- 1.2 The Mayor was also asked to agree that the Executive Directors for Customer Services and Resources & Regeneration be required to provide responses to the Review's recommendations.
- 1.3 This report sets out proposed responses to the recommendations of the Financial Inclusion Review.

2. Recommendations

The Mayor is recommended to:

- 2.1 Note the responses to the Financial Inclusion Review's recommendations as provided by the Executive Director for Customer Services and Executive Director for Resources and forward the report to the Sustainable Development Select Committee;

3. Background and policy context

- 3.1 The global financial crisis and subsequent spending & policy reforms have affected households and living standards across society. This has been particularly so for the most disadvantaged and vulnerable who, in times of hardship, are most likely to be reliant on the support provided by public and voluntary agencies.
- 3.2 As a public body the challenge facing the Council over the coming years is to be more adaptive and flexible, whilst retaining a relentless focus on, and commitment to, improving life chances for citizens.

3.3 The broad policy framework for the Council's work on equity and fairness is the borough's Sustainable Community Strategy 2008-20 and in particular the two overarching principles of the Strategy which focus on:

- reducing inequality – narrowing the gap in outcomes
- delivering together efficiently, effectively and equitably – ensuring that all citizens have appropriate access to and choice of high quality local services.

3.4 Supplementing these principles, the Council's ten priorities set out the specific contribution that the local authority will make to the delivery of the Sustainable Community Strategy. The Council priorities are as follows:

- community leadership and empowerment
- young people's achievement and involvement
- clean, green and liveable
- safety, security and visible presence
- strengthening the local economy
- decent homes for all
- protection for children
- caring for adults and older people
- active healthy citizens
- inspiring efficiency, effectiveness and equity

3.5 This policy framework is given further expression through the Council's Comprehensive Equalities Scheme 2012-16. The Scheme provides specific focus for the Council's approach to equality and fairness for the next four years and includes five equality objectives which aim to:

- tackle victimisation discrimination and harassment;
- improve access to services
- close the gap in outcomes for our citizens
- promote mutual understanding and respect between communities
- increase participation and engagement

4. Responses to recommendations of Financial Inclusion Review

4.1 Select Committee recommendation 1: protect community sector budgets

The Financial Inclusion Review recommended that the Council should continue to protect community sector budgets from cuts and consider where these budgets may be enhanced as necessary, to support additional initiatives proposed in the Review or by a Financial Inclusion Partnership.

Proposed response to recommendation 1

- 4.1.1 To date the community sector grants budget has been protected from savings whilst the Council has made over £50 million worth of cuts in other services areas. Going forward, the extension of existing protections to the Council's voluntary and community grants programme will be considered as part of the Council's overall budget reduction strategy.
- 4.1.2 The voluntary community sector grants programme currently provides funding for over 70 organisations across the borough. The various organisations and community groups that receive funding as part of the main grants programme provide a wide range of services some of which are specifically geared towards promoting financial inclusion. These services include legal advice, advocacy and appeal representation on housing and welfare rights as well as advice on education, training and employment issues.
- 4.1.3 Grant aid funded services are also targeted at those facing the greatest risk in the community including pensioners, the homeless, those at risk of homelessness, children at risk of poverty, asylum seekers with no recourse to public funds and the long term unemployed.

4.2 Select Committee recommendation 2: allocation of funding from the devolved Social Fund

The Financial Inclusion Review recommended that the Council should ensure that the monies associated with the devolved former Social Fund should be devoted towards assisting people on low incomes to purchase items they desperately need. The Review also recommended that the transition to the new devolved administration of the Social Fund should be as seamless as possible in order to minimise the impact of the change on those in need.

Proposed response to recommendation 2

- 4.2.1 In line with this recommendation, it is proposed that devolved arrangements for the Social Fund will be designed to help those facing extreme hardship. In addition, steps will be taken to ensure appropriate links to welfare reform arrangements elsewhere such as local Council Tax Support hardship funding and discretionary housing payments.

4.3 Select Committee recommendation 3: financial inclusion implications in officer reports

The Financial Inclusion Review recommended that in addition to legal, financial, crime & disorder and equalities implications, an additional 'financial inclusion implications' section be added to officer reports.

Proposed response to recommendation 3

- 4.3.1 The Review correctly highlights the extent to which financial inclusion contributes to positive socio-economic outcomes, particularly for the most vulnerable. The position taken by the Review accords with that set out in the Council's Comprehensive Equalities Scheme 2012-16, which specifically points to '*narrowing the gap in outcomes for citizens*' as one of its five key objectives and '*reducing socio-economic inequality*' as one of its principal benefits.
- 4.3.2 In view of the fact that financial inclusion is fundamentally an equalities issue, it is proposed that that it should be addressed under the equalities implications section of reports.
- 4.3.3 Going forward, reports will be monitored to ensure that relevant financial inclusion issues are reflected as equalities implications.

4.4 Select Committee recommendation 4: establishment of a financial inclusion partnership

The Financial Inclusion Review recommended the establishment of a Financial Inclusion Partnership, which would bring together service areas such as Trading Standards, the Community Sector Unit, Revenues & Benefits, Social Care, Primary Care Trusts, advice agencies, the voluntary sector, housing providers and Credit Unions.

Proposed response to recommendation 4

- 4.4.1 The Council has already taken active steps towards building a multi-agency approach to financial inclusion. A group similar to that recommended by the Review met in July of this year to discuss some of the wider implications of welfare reform on financial inclusion, debt, housing and IT accessibility. Those in attendance included many of the same organisations identified in the Review's recommendation.
- 4.4.2 Going forward, consideration will be given to the further development of this group in light of the Review's recommendation. This will include looking at the terms of reference for the group as well as its membership.

4.5 Select Committee recommendation 5: access to financial services

The Financial Inclusion Review recommended that the Council should encourage a merger between the Council's staff credit union Crownsavers, and the Lewisham Plus Credit Union, giving additional sustainability to the Lewisham Plus Credit Union through increased employed savers.

Proposed response to recommendation 5

- 4.5.1 The above is a matter for both credit unions and their membership to decide. In the event that both organisations wish to pursue a merger, the Council will facilitate moves towards this. However, whether or not such a merger were to take place, the Council will continue to support the work undertaken by credit unions in Lewisham.

4.6 Select Committee recommendation 6: provision of medical evidence by GPs to advice agencies in respect of benefit appeals

The Financial Inclusion Review recommended that General Practitioners should be encouraged to provide medical evidence to advice agencies in respect of benefit appeals.

Proposed response to recommendation 6

- 4.6.1 It is proposed that this matter should be referred to the Health & Well-being Board for consideration.

4.7 Select Committee recommendation 7: introduce a debt collection charter and protocol

The Financial Inclusion Review proposed the introduction of a debt collection charter and protocol agreed between the Council, its partners and advice agencies identifying the steps that debtors can expect the Council and its partners to take in the recovery of debt. In addition the review proposed that the charter and protocol should set out what steps will be taken by the Council and its partners to assist vulnerable debtors and others who are struggling to make ends meet.

Proposed response to recommendation 7

- 4.7.1 A protocol (attached at appendix A) consistent with the Review's recommendation has already been developed by the Council. However, this will be reviewed and updated to take into account recent and relevant changes; and circulated to partners for agreement.

4.8 Select Committee recommendation 8: use other methods of debt collection, apart from bailiffs, wherever possible

The Financial Inclusion Review recommended that methods other than bailiffs should be used to collect debts. The Review also recommended that direct deductions from wages should be used wherever possible and committal to prison and bankruptcy should be used only as a last resort.

Proposed response to recommendation 8

- 4.8.1 The Council has a duty to recover outstanding debts and in doing so we want to ensure that its process is fair to everyone, particularly in the current economic climate. As such the corporate approach to debt collection is specifically designed to ensure debt collection is maximised, that the approach to collection is consistent and that help is available to those who experience financial difficulty.
- 4.8.2 It is acknowledged that people incur debt for a variety of reasons. Some genuinely have difficulty maintaining their payments. In these cases the Council will make every effort to help. Others may deliberately set out to delay, or not make payments at all. In these situations the Council is obliged to take action to secure the public finances.
- 4.8.3 The Council's policy is to consider a customer's circumstances and try to help wherever possible. However, there will be occasions when it is not possible to assist customers to keep or maintain assets/expenses that they can no longer afford. In such a situation the Council may be able to provide a short term arrangement to give them time to organise their finances. However, if a customer does not contact us or fails to maintain their special payment arrangement recovery action will continue.
- 4.8.4 Wherever possible, the Council will look at direct deductions from benefits or earnings and only use committal and bankruptcy in the most severe cases.

4.9 Select Committee recommendation 9: provide direct access for advice agencies to managers in Council departments as well as to partners collecting debts

The Financial Inclusion Review recommended that advice agencies should have direct access via a dedicated telephone number to managers in Council departments and to other partners collecting debts.

Proposed response to recommendation 9

- 4.9.1 Our proposition is to work with advice agencies to identify good forms of communication that best meet the needs of residents and service users.

5. Legal implications

- 5.1 Given the express purpose of this report, there are no specific additional legal implications to note; save for observing that the accepted aims of "financial inclusion complies with the 'public sector equality duty'; namely to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, (pursuant to s. 149 of the Equality Act 2010).

6. Financial implications

- 6.1 The purpose of this report is for the Executive Directors for Customer Services and Resources & Regeneration to provide responses to the Financial Inclusion Review's recommendations
- 6.2 The response, in itself, does not give rise to any financial implications although costs arising from any of the recommendations mentioned within the report will need to be considered as a part of the Council's overall budget strategy.

7. Equalities implications

- 7.1 Financial inclusion sits within the broader strategic framework of the Council's Comprehensive Equalities Scheme 2012-16.
- 7.2 By taking active steps to increase financial inclusion, the Council will be making a positive contribution towards the achievement of Comprehensive Equalities Scheme objectives – in particular the objective to: *'close the gap in outcomes for our citizens'*.

8. Crime and disorder implications

- 8.1 There are no additional specific crime and disorder implications arising from this report.

9. Environmental implications

- 9.1 There are no additional specific environmental implications arising from this report.

10. Background documents and report author

- 10.1 There are no background documents to this report.
- 10.2 If you would like any further information regarding this report please contact Paul Aladenika on 0208 314 7148.

London Borough of Lewisham

Collection Process



Introduction

1. The Council has a duty to recover outstanding debts and in doing so we want to ensure that our process is fair to everyone, particularly in the current economic climate. With this in mind, the introduction of a corporate debt collection process will ensure we maximise debt collection, are consistent in our approach to collection and help those who experience financial difficulty.
2. This process relates to the following types of debt:
 - Council Tax
 - Housing Benefit Overpayments – this occurs when benefit is paid and the claimant is not entitled to some, or all of the Housing Benefit paid
 - Sundry Debts – the fees and charges made for a wide and varying range of Council Services such as adult social care. Sundry debts also include loan repayments and salary overpayments
 - Business Rates
 - Rent (Lewisham Homes)

The principles of good practice

3. We know people do not pay their debts for a variety of reasons. Some genuinely have difficulty maintaining their payments. In these cases we will make every effort to help. Others may deliberately set out to delay, or not make payments at all. In these situations we will take action to secure and recover payments. Where appropriate we will charge additional fees to cover the cost of the action and reduce the burden on those people who do pay promptly.
4. We will ensure we follow the principles of good practice set out below:
 - accurate and prompt billing
 - promote Direct Debit as the default method of payment with a range of other payment options for customers without a bank account
 - provide advice on ways to reduce bills and maximise income
 - consider special payment arrangements for those customers experiencing financial difficulties
 - keep customers informed
 - take appropriate recovery action
 - make additional arrangements for Adult Social Care debt
 - multiple debt management - where the Council is aware of more than one debt owing to the Council (and Lewisham Homes)
 - review and write off debt where appropriate

Special payment arrangements

5. If we do not know a customer is struggling to pay the debt we cannot help so it is very important that customers get in touch with us as soon as possible when they experience difficulties. The sooner the customer contacts us the more we can help.
6. We will always consider a customer's circumstances and try to help. However, there will be occasions when we can't help the customer to keep or maintain assets/expenses that they can no longer afford but we may provide a short term arrangement to give them time to sort themselves out.
7. If a customer does not contact us or does not maintain their special payment arrangement we will continue with recovery action.

Keep customers informed

8. We will always:
 - tell customers what will happen if they don't pay
 - warn customers of action we are about to take
 - tell customers how to contact us
 - ensure that all documents are produced in plain English
 - provide documents in large print and in other formats for example audio tape, computer disk, Braille when requested
 - assist customers with language and sensory communication difficulty by offering a translation service when requested
 - advise customers where to get help and advice about benefit and money matters
9. We will follow the principles of enforcement outlined below:
 - our action will be **proportional** – we will only use the most severe sanctions for the most difficult high value cases
 - our approach will be **consistent** – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery methods we use
 - our actions will be **transparent** – to help customers to understand what is expected of them and to explain the reasons for taking any recovery action.