

Fair Finance Pledge

EXECUTIVE MEMBER: Cllr E Woodburn
LEAD OFFICER: Paul Walker, Chief Executive
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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS

The intention of the pledge is to mitigate the impacts of poverty and respond to the impact of welfare reform to assist Copeland Residents.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

(E.g. Key Decision, Policy recommendation for Full Council, at request of Council, etc)

The pledge requires the Executive to agree to work towards implementation of the pledge.

RECOMMENDATION:

That the Executive supports the work towards the implementation of the pledge.

1. BACKGROUND

- 1.1 Mitigating the impacts of poverty and responding to the impact of welfare reform are issues that Copeland Borough Council is committed to and seeks to address within the resources available to it.
- 1.2 This report describes a Fair Finance Pledge that has been developed by the Financial Inclusion Network (FINCAN) in the North East which the County Council has committed to exploring through the development of its Anti-Poverty Strategy
- 1.3 The issue was discussed at the Cumbria Leadership Board on 12th September who agreed to a collective sign up as a way of supporting financial inclusion across Cumbria.

2. FAIR FINANCE PLEDGE

- 2.1 The Fair Finance Pledge was developed by the Financial Inclusion Network (FINCAN) in the North East. The network brings together representatives of local authorities, the TUC, Credit Unions, Housing Associations and advice agencies. FINCAN operates in a similar way to the Cumbria Financial Inclusion Forum by seeking to promote the

development of credit unions and affordable credit, and to share knowledge and support policy making.

- 2.2 The Fair Finance Pledge was developed as a way to secure organisational support for the issues associated with financial inclusion and build consensus about the action needed. It has been signed by a number of local authorities across the North East. The full pledge is provided in **Appendix one**.
- 2.3 The pledge requires signatory organisations to agree to take appropriate action around the following five commitments:
- Support the use of planning and licensing rules to limit further expansion of high cost credit shops on high streets in the local area.
 - Limit the promotion of high cost pay day lending in the local area.
 - Sign up to a payroll deduction scheme with all the Credit Unions in the local area and ensure the scheme is promoted to all staff.
 - Liaise with workplace Trade Unions and other appropriate agencies to carry out a financial healthcheck survey for all staff.
 - Review protocols for recovering debts to ensure best practice is in place
- 2.4 In January 2014 the County Council's Cabinet agreed to explore the adoption of the Fair Finance Pledge as part of the development of the Council's Anti-Poverty Strategy. The Cabinet also made a recommendation to discuss the pledge at the Cumbria Leadership Board.
- 2.5 Although developed for the North East, the content of the Fair Finance Pledge is relevant for Cumbria; and Copeland Borough Council believe that there is potential to commit to action that is realistic within its remit.
- 2.6 The action that individual organisations could take to meet the requirements of the pledge is likely to differ depending on the functions of the organisation – however signing up to a single set of commitments is considered to be a powerful way of focusing action on the achievement of the shared aims of tackling poverty and supporting financial inclusion. **Appendix two** provides examples of action to meet the commitments
- 3.7 Should Copeland agree to explore the Fair Finance Pledge further, the Cumbria Financial Inclusion Forum (CFIF) would provide advice and guidance on good practice, opportunities for action and support on offer for those facing financial difficulties across the county.

4. OPTIONS TO BE CONSIDERED

4.1 Executive can choose to accept or reject or offer alternatives to the options put forward in this report.

5. CONCLUSIONS

5.1 Copeland Borough Council should progress with elements of the pledge as swiftly as possible. The implications of doing so will be explored in more detail over the coming weeks.

6. STATUTORY OFFICER COMMENTS:

6.1 The Monitoring Officer's comments are: "Satisfied that there are no concerns

6.2 The Section 151 Officer's comments are: Any financial implications arising from implementing the pledge will need to be contained within existing budgets.

6.3 EIA Comments: The Council considers the Equality Act 2010 Public Sector equality duty and impact of the 'Fair Finance Pledge' and the impact on the protected characteristics to ensure that we take advantage of any opportunities to advance equalities.

In particular the Council will:

- Complete a full equality impact assessment
- Consider the impact of community benefits in line with the protected characteristics within the Equality Scheme.

6.4 Policy Framework: In line with the Council's key priorities it will work to be an effective public service partner so we can get the best deal for Copeland.

6.5 Other consultee comments, if any; None

7. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

7.1 The Corporate Leadership Team will monitor the achievement of the pledge??

8. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

8.1 A more considered approach to mitigating the impact of poverty on Copeland residents.

9. APPENDICES AND BACKGROUND DOCUMENTS:

- Appendix 1 – The FINCAN Fair Finance Pledge
- Appendix 2 – Examples of action to deliver on commitments in the Fair Finance Pledge

Fair Finance Pledge

FINCAN, the North East's financial wellbeing network, has long been concerned about the issue of high cost credit and the impact its use has on our communities. Research published in 2009 showed that individuals in the region were paying approximately £24million per year in interest to high cost credit companies. Given that this was before the boom in the payday lending market we can assume this figure is now significantly higher.

We work with Credit Unions and Community Development Finance Institutions to support their growth and help them to become sustainable businesses, so that alternative sources of credit can become more accessible to people in need.

We want to make the North East a **Fair Finance Region**. Your involvement can help us to do this. Sign up to our **Fair Finance Pledge** below and work with us to make the North East a better place for people to manage their money.

By signing the Fair Finance pledge my organisation will commit to:

1. Support the use of planning and licensing rules to limit further expansion of high cost credit shops on high streets in the local area.
2. Limit the promotion of high cost pay day lending in the local area.
3. Sign up to a payroll deduction scheme with all the Credit Unions in the local area and ensure the scheme is promoted to all staff.
4. Liaise with workplace Trade Unions and other appropriate agencies to carry out a financial healthcheck survey for all staff.
5. Review our protocols for recovering debts to ensure best practice is in place.

Signed:

Name:

Organisation:

Contact details:

Item 5 Appendix 2: Fair Finance Pledge – Guidance on activities for Signatories of the Pledge

The Fair Finance Pledge commits signatories to five commitments relating to financial inclusion. Under each commitment signatories are encouraged to consider activities that would demonstrate how they have met the pledge. This appendix sets out examples of activities that would demonstrate the signatory taking steps to meet the pledge.

1: Support the use of planning and licensing rules to limit further expansion of high cost credit shops on high streets in the local area.

Examples of activity range from mapping and monitoring existing high cost credit shops on high streets, and making the information available, to reviewing planning policies to restrict further expansion.

Organisations without limited planning responsibilities can still work in partnership to address the impact of high cost lenders in the high streets. This could range from specific research focusing on issues relating to public health and impact on younger people, to providing policy briefings and lobbying in relation to any national or regulatory changes around planning rules relating to high cost lenders.

2: Limit the promotion of high cost pay day lending in the local area.

Examples of activity can range from limiting IT access to pay day lending sites to promotional campaigns warning people of the risks pay day loans, or via commissioning of specialist debt advice.

In West Yorkshire and Leeds a multi-agency campaign has focused on blocking websites on staff servers and in locations such as libraries and drop-in centres.

In Cumbria the County Council has invested in Money Advice Service that includes 10% of the funding towards prevention activity, especially financial capability training that targets people whose debts have been exacerbated by pay day loans.

3: Sign up to a payroll deduction scheme with all the Credit Unions in the local area and ensure the scheme is promoted to all staff.

Allerdale Borough Council introduced a payroll deduction scheme in 2013, and Cumbria County Council will be introducing a scheme in early 2014. Credit Unions will be able to work with signatories around promotion and explanation of the offer to staff.

4: Liaise with workplace Trade Unions and other appropriate agencies to carry out a financial healthcheck survey for all staff.

Examples of work include a survey that Trade Unions have conducted with staff at Newcastle City Council. The survey seeks to understand better how staff are managing their finances, any pressures they are experiencing, such as child care costs, or interest repayments on debts. The Trade Unions are working with the Council through the North East Financial Capability Network to address the findings.

Other types of activity that could include Trade Unions or specialist advice agencies like the CAB could be undertaken as part health and wellbeing campaigns for staff. This could include promoting where to access independent money advice.

5: Review our protocols for recovering debts to ensure best practice is in place.

Examples of activity could be a review of debt collection practices for Council Tax, or rents – where housing is retained by the local authority. This could cross-refer to discussions around managing the implications of Welfare Reform.

Another area may include where services are chargeable, such as some aspects of Adult Social Care.