

REPORT TO:	HEALTH AND WELLBEING BOARD (CROYDON) 10 June 2015
AGENDA ITEM:	8
SUBJECT:	Household Income and Child Poverty
BOARD SPONSOR:	Paul Greenhalgh, Executive Director of People, Croydon Council
BOARD PRIORITY/POLICY CONTEXT:	
<p>Joint health and wellbeing strategy priorities: Priority 1.6 Reduce the proportion of children living in poverty Priority 4.5 Reduce levels of worklessness and long term unemployment</p> <p>Children and Families Partnership priority:</p> <ul style="list-style-type: none"> • Reduce child poverty and mitigate the impact of child poverty. 	
FINANCIAL IMPACT:	
Not applicable	
1. RECOMMENDATIONS	
1.1 This report is for information only.	

2. EXECUTIVE SUMMARY

2.1 Reducing child poverty is a key priority for the both the Health and Wellbeing Board and the Children and Families Partnership. This report describes the links being made between implementing the Financial Inclusion plan agreed by Cabinet on 19 Jan 2015 and the 2014-16 Child Poverty plan agreed by Cabinet on 29 April 2014 in particular the Child Poverty plan objective of supporting lone parents into sustainable jobs. Supporting families, particularly lone parent families, in achieving financial stability and finding sustainable employment which enables them to meet their child care responsibilities will contribute to reducing child poverty.

3. DETAIL

3.1 The Financial Inclusion plan will contribute to the delivery of the Child Poverty plan objective of supporting lone parents into sustainable jobs.

3.2 The most recent data show that around three quarters of children (estimated at 15,000) living in poverty in Croydon live in lone parent families. A number of these families will be the focus of the Financial Inclusion plan as without a bank account and/or using payday lenders.

- 3.3 These families will include workless families and those with low paid jobs. Although the official figures from 2006-2012 (latest available) show that in Croydon there is a decreasing proportion of children living in workless households, the indications are that for some, the move into employment has been into low paid jobs . Proportion of children living in workless households: 2006 – 19%; 2012 – 12%. The proportion of children in low income working households (i.e. receiving Child Tax Credit / Working Tax Credit) increased by 5.1 percentage points between 2006/7 and 2010/11 (HMRC – Children in out of work benefit households).
- 3.4 An issue was identified by Croydon Jobcentre Plus in engaging with lone parents to understand barriers to them finding sustainable jobs with sufficient net benefits to enable them to lift their families out of poverty. In response to this a survey of lone parents in Croydon was carried out by council officers in early 2014 in partnership with Jobcentre Plus and children’s centres. The parents, all of whom used children’s centre services, reported that barriers to finding sustainable work were high costs of childcare and a lack of part-time and flexible jobs which allow parents to combine caring responsibilities with work.
- 3.5 Nearly two thirds of respondees reported that Children’s Centres had provided valuable support in particular in relation to building self-esteem and confidence.
- 3.6 Around half of respondees recognized that beyond the additional income, being in work would increase their independence and to provide a positive role model to their children. In addition a sense of purpose (by one in four) and social contact (by one in five) were identified as factors.
- 3.7 However disadvantages of being in work were identified as less time to care and support their children, cost of childcare and availability of flexible childcare, for example at weekends, and therefore potentially having overall less money once childcare costs were taken into account.
- 3.8 The majority were seeking work which would enable them to work term time only, school hours or flexible hours but were concerns about zero hours contracts were raised and the ability to earn enough.
- 3.9 In addition to lack flexible jobs and affordable childcare, lack of skills, lack of confidence with applying for jobs, worrying about interviews and inability to afford appropriate clothes for interviews and work were also reported as obstacles to working.
- 3.10 One in ten respondees identified that their physical and mental health had suffered as a result of not being in work.
- 3.11 The Child Poverty plan is addressing these issues by:
- Local strategies being developed to increase opportunities for flexible working through developing a Flexible Working Borough policy to increase the number of flexible working opportunities in the borough.
 - Piloting a course, aimed at lone parents commenced (devised and delivered by CALAT and a local children’s centre), to provide targeted support for lone parents into work.

- 3.12 However the impact of financial instability and debt worries on emotional wellbeing and mental health will remain an obstacle if families living in poverty are not sufficiently supported in achieving financial stability. The Financial Inclusion plan agreed in Jan 2015 by Cabinet sets out how the council is planning to tackle this for both families and other Croydon residents. The key features of the plan are summarised below. The full report can be found at <https://secure.croydon.gov.uk/akscroydon/users/public/admin/kabatt.pl?cmte=CAB&meet=32&href=/akscroydon/images/att4786.DOCX>
- 3.13 The key to the Council's work in this area is catching problems before they become larger and helping people become more prepared and better equipped for the future.
- 3.14 Financial inclusion means stability of a resident's household budget; making educated financial decisions that are right for their needs and developing their skills to realise their personal ambitions in employment - making employment work for them. For the Council, financial inclusion represents providing the infrastructure that enables customers to maximise each of these aims; utilising engaging digital services, closer third party partnerships, the local community and volunteer groups. Promoting proactive intervention to all, but also responding where customers are in most need.
- 3.15 Realising financial inclusion for customers will have significant wider social and economic benefits; greater capacity generated from their income can be moved away from high interest debt repayments into spend within the local economy and also reduced effects from the mental health issues caused through debt¹. The approach will be built to support those directly accessing council services, to improve links and referrals from other local support and public bodies and where the council pro-actively aims to support local residents.
- 3.16 Enhancing residents' opportunities to utilise on-line/digital services is a key element of helping many families. It is estimated that household's offline are missing out on savings of £560 per year from shopping and paying bills online, or being able to keep in touch with family members and friends. The internet also provides improved job prospects as being digitally capable is critical in finding and securing a job.
- 3.17 The approach to Financial Inclusion is being led by the Council although it is recognised that in order to best reach out to those most in need and to provide the broadest range of support it will ensure the right engagement and support with third party partners and local community organisations.
- 3.18 The financial inclusion principles underpinning the strategy are shown in the table overleaf with particular issues which will need to be addressed to ensure families living in poverty benefit from the plan.

¹ MIND report "Still in the Red – Update on debt and mental health" in 2011 showed that 1 in 4 adults with a mental health problem is living with debt or arrears. The report also states that "debt can be a catalyst of mental health problems"

Table 1: Ensuring financial inclusion principles contribute to reducing family poverty

Principle	What does this mean	Consideration to ensure families living in poverty benefit from Financial Inclusion plan
Ensuring customers have access to financial products; such as bank accounts and insurance	Allowing customers to maximise the most of financial products; receive faster payment, direct debit cost savings (and to assist budget management) and cover for unexpected events	Ensuring the primary carer has necessary control of family income.
Educate and develop the skills for all residents to allow them to budget and manage money, or plan for the unexpected	Through budgeting each resident can understand the reality of their income and expenditure, ways to maximise their income, prioritise debts, make lifestyle choices, understanding ways of saving money – food banks, charity shops, energy suppliers, transport etc.	Encouraging families to register for free school meals. Planning ahead for costs in relation to children for example replacing school uniform and other clothes and shoes and having access to secondhand school clothes.
Enabling people to make the most of their money through digital services	Each customer to recognise and have access to the financial benefits of using digital services (paying rent online, requesting benefits) and opportunities to save money through internet deals; freegle, uSwitch, shopping deals, ways to eat healthily for less	Both the benefits of savings but also accessing job websites, IT use for children's homework, accessing course and training materials and preparation for job interviews. This will not always be practical in a library or children's centre depending on childcare demands.
Ensuring there is access to affordable credit	Residents can source the credit that is required for unplanned unexpected events and what impact does this have on their budget. Promotion of Credit Unions, or social fund as an alternative to high interest credit (pay day lenders etc)	Promotion of safe lending in Children's Centres. Making use of school payment plans for school trips for example when these are available.
Provide skills and opportunity to enter and own their future in employment	Residents understand their capability and the skills required to realise their ambitions. Having access to employment opportunities that match their skills, and keenly recognise the value of employment to them and society.	Having access to employment opportunities which would provide sustainable work because it will flex round available and affordable childcare. This will need to take into account the local child care market for example availability of weekend or evening childcare and differential costs of child care at different times of day for example for before school care or after school care.

3.19 As the new operating model in the Council's People Department evolves we are reviewing how we can join up services to improve financial outcomes and support for residents. Our new Gateway and Welfare division leads on this. We are focusing on maximising income in reviewing current entitlements and supporting residents in making new applications where appropriate, finding work and support in overcoming barriers to find work, stabilising finances in carrying out a budget support and offering debt advice. We are currently piloting our new approach with early evidence highlighting clear improvements with regard to increasing entitlements, including working tax credits and housing benefits.

4. CONSULTATION

- 4.1 As part of the roll out of financial inclusion we are engaging with all affected groups holding awareness sessions and working with 3rd sector partners, this includes drop in sessions update on planning and outcomes.
- 4.2 A young people's led child poverty strategy is being developed during 2015-16 to strengthen the impact the 2016-18 strategy will have

5. SERVICE INTEGRATION

- 5.1 This report addressed strengthening integration across a range of services delivered by and commissioned by the council.

6. EQUALITIES IMPACT

- 6.1 An Equality impact assessment was carried out in relation to the development of the Child Poverty Strategy
- 6.2 The Financial Inclusion plan sets out the key principles and activities around financial inclusion that the Council is proposing to use to better support residents especially the most vulnerable (including those that share a protected characteristic) who are facing economic challenges and financial exclusion. These principles will be used to achieve a financially inclusive Croydon where residents have access to a comprehensive range of appropriate financial and money advice services, as well as the knowledge, skills and confidence to maximise their own financial well-being. An equality analysis will be undertaken as part of the development of the business case and the delivery plan for the key principles that the Council will use to promote financial inclusion as set out in the January 2015 Cabinet report.
- 6.3 (Approved by: *[Equalities Team senior officer]*)

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BACKGROUND DOCUMENTS

None