

REPORT TO:	HEALTH AND WELLBEING BOARD (CROYDON) 13 April 2016
AGENDA ITEM:	10
SUBJECT:	Household Income and Child Poverty
BOARD SPONSOR:	Paul Greenhalgh Executive Director of People, Croydon Council
BOARD PRIORITY/POLICY CONTEXT:	
<p>Joint health and well being 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 To note and comment on progress to date.	

2. EXECUTIVE SUMMARY

- 2.1 This report confirms progress against the council's Household income and child poverty paper agreed at cabinet on 15th June 2015.
- 2.2 It sets out the background behind the work the council has undertaken, clearly defining our rationale. How we have then linked these issues to wider pieces of work such as our approach to financial inclusion, considering whole family solutions through gateway and outcomes from the opportunities and fairness commission (OFC).
- 2.3 The report sets out the work completed to date the number of customers that have been assisted and our plans, next steps for the future.

3. BACKGROUND

- 3.1 Reducing child poverty is a key priority for both the Health and Wellbeing Board and the Children and Families Partnership. Supporting families, particularly lone parent families, in achieving financial stability and finding sustainable employment enables them to meet their child care responsibilities and contributes to reducing child poverty. It will also summarise key outcomes from work undertaken through the gateway teams which underpin some of these objectives.

- 3.2 The most recent data shows that around three quarters of children (estimated at 15,000) living in poverty in Croydon live in lone parent families.
- 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 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.
- 3.6 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.
- 3.7 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.
- 3.8 In addition to lack of 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.
- 3.9 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.

- 3.10 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.
- 3.11 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 debt. 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.
- 3.12 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 employment opportunities.
- 3.14 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.
- 3.17 The financial inclusion principles underpinning the strategy are shown in the table overleaf with particular issues identifies being addressed to ensure families living in poverty benefit from the plan.

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

Principle	What does this mean	Examples of 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.

3.18 As the new operating model in the Council's People Department evolves we are reviewing how we 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 by carrying out budgeting support and offering debt advice. After initially piloting our new approach it is evident that there are clear improvements with regard to increasing entitlements, including working tax credits and housing benefits.

4. PROGRESS TO DATE

The progress made for each theme during 2015/16 is as follows:

4.1 Enable our staff to engage effectively with customers regarding financial inclusion

- Training has been provided to all staff within the following services to provide basic budgeting support to residents:
 - Enablement and Welfare
 - Service Development
 - Housing Needs and Assessments
 - Revenues and Benefits
 - Corporate Debt Recovery
 - Housing Income
- A staff tool kit has been developed and is shared across the above services containing a budgeting guide, budgeting tips, acceptable spend criteria along with cheaper alternatives

- Residents and all staff across the above services, our third and voluntary sector partners and our Job Centre Plus (JCP) co-workers now use one online budgeting tool
- Annual campaigns take place to promote financial inclusion to our residents:
 - Debt awareness week
 - 12 saves of Christmas

4.2 Undertake improvements to make tools and advice easier to navigate

- The council's website was reviewed and all money management advice and tools are now located on one web page for easy access for our residents and staff at <https://www.croydon.gov.uk/advice/your-money>
- A Croydon branded budgeting tool was developed for both residents and staff. This went live on the council's website in May 2015
- In partnership with Croydon Plus (previously Croydon Credit Union), web access to accounts is part of its launch on 4th February 2016
- The council has worked with Croydon Plus to segment its residents and develop a variety of support offers to meet the varying level of need, see appendix 2
- The council has engaged with 10 local banks to clarify the criteria for basic bank accounts and identify financial products available. A factsheet has been developed and is located on the your money pages of the council's website at <https://www.croydon.gov.uk/advice/your-money-1> see appendix 3

4.3 Promote the adoption of London Living Wage across the borough's businesses

- The council is an accredited London living wage employer
- It is also now a requirement for all new contractors to pay the London living wage and is working with existing contractors to make the transition

4.4 Building 3rd party relationships to support financial inclusion

- In June 2015, the council became a Universal Credit (UC) digital pilot site. In partnership with the Department for Work and Pensions (DWP) and JCP, budgeting support is provided to all residents migrating to UC
- The council meet bi monthly with our third and voluntary sector partners to promote services, support and products available to our residents
- A consistent approach to engagement and referral has been developed as well as monitoring of outcomes
- This work will continue to support the council's outcome based commissioning review and community empowerment agenda
- To improve their financial product offering the council has worked in partnership with Croydon Credit Union. It has been rebranded Croydon Plus and was launched on 4th February 2016

4.5 Develop skills and opportunities for citizens to maximise income

- The Gateway and Welfare directorate was established as part of the People Department in April 2015. Within the division, the Enablement and Welfare service provide holistic solutions for residents to prevent crisis. Financial stability is at the core and support provision includes:
 - budgeting support
 - income maximisation
 - debt management
 - employment support
 - support in finding affordable homes
- Financial stability also supports 2 of the themes identified by Croydon's Opportunity and Fairness Commission (OFC); finding homes for all and supporting residents to better times. Over 2500 residents have been able to maximise their income through discretionary funding allowing them either to affordably remain in their home or move to an affordable home
- The council works in partnership with JCP to support residents into work. JCP are co-located within the People Department to work alongside Gateway and Welfare, Housing and the troubled families programme
- Croydon Healthy Homes is now in place; a project to provide energy efficiency / fuel poverty advice for vulnerable households in the borough with home visits for residents beginning in March

5. OUTCOMES DELIVERED TO DATE

- 5.1 Since October 2015 Gateway has engaged with over 7000 households. Over £11 million has been claimed in additional welfare entitlements and over 4000 residents yearly have access to in work and out of work benefits through phone advice, case work advice and one to one support, the welfare rights service operates in health settings, childrens health centres, home visits, and outreach in community centres. Included in this figure is a specific service targeting families whose child(ren) have a disability which since April 2015 has supported over 300 families claim disability benefits and in/out of work financial support worth over £2.1 million so far. This work is vital in supporting families who are then able to access the free 2 year nursery funding offer.
- 5.2 Financial stability also supports 2 of the themes identified by Croydon's Opportunity and Fairness Commission (OFC); finding homes for all and supporting residents to better times and Gateway has supported over 2500 residents maximise their income through discretionary funding allowing them either to affordably remain in their home or move to an affordable home suited to their need, 186 households have been supported with a move to a more affordable home.
- 5.3 Gateway and Welfare has supported nearly 200 households struggling with external debt and whose total debt was just under £1,4 million. By providing support the overall debt owed has been reduced by over £65,000 with payment plans and budgeting support in place. In addition 1100 budget planners have been completed for households to help stabilise family income.

- 5.4 1317 children who previously had not made a claim have been identified as being eligible and have been provided with Free School Meals and take up is being promoted across services to increase this figure.
- 5.5 To help tackle fuel poverty Croydon Healthy Homes is working with Gateway to deliver a project to provide energy efficiency / fuel poverty advice and equipment for vulnerable households in the borough with home visits for residents beginning in June. 200 households at financial risk will benefit from a home visit ensuring that they are lifted out of fuel poverty and have a healthy home. Over 30% of these households will be single parent households.
- 5.6 Gateway is working collaboratively with Croydon Plus (the local Credit Union) to pilot and roll out innovative products such as a “jamjar” account which will enable customers to have income paid into a budgeting account which will not only ensure that standing orders are in place for bill payments but will encourage and support a cultural change in terms of saving. This approach will have significant wider social and economic benefits; with greater capacity generated from their income families can move away from high interest debt repayments reducing the effects of debt on mental health. 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.
- 5.7 The council currently works in partnership with JCP to support residents into work and training reducing poverty by developing skills and opportunities. JCP are co-located within the People Department and work alongside Gateway and Welfare, the leaving care service and the troubled families programme. Of the 347 most vulnerable families referred to Gateway and welfare for employment support 100 (28%) have successfully gained sustainable employment.
- 5.8 Service areas within the People’s department that provide employment support are supporting the development of the Job Brokerage service which will maximise benefits from regeneration and growth, deliver preferential routes into sustainable work for our residents; and provide opportunities for better paid employment for our lowest paid households.

6. NEXT STEPS

- 6.1 The continuing ambition of the People’s department is to bring together existing support arrangements to promote household independence through an aligned financial, training/work and housing support offer, build it into business as usual and scale, moving towards a single front door. To include:

Collaborative work to identify NEETS - cross referencing housing benefit, School Standards and Troubled Families data. Using the segmented data pilot a cross service ‘move on’ approach to support NEETs into employment, education or training.

Using funding secured from the DWP, develop a Local Family Offer aimed at identifying and supporting those parents/co-parents who are at risk of financial instability at the earliest opportunity, thereby contributing to reducing the incidence of children in poverty.

Work with children's social care (CSC) to reduce the number of children presenting as homeless and subject to a "Southwark judgement" order, ensure that households have access to suitable housing to enable children living in care to be returned to their families and redesign the process of transfer from Looked after Children to Leaving Care.

- 6.2 Enable our staff to engage effectively with customers regarding financial inclusion
 - Continue to develop effective customer insight to proactively engage with vulnerable customers
 - Develop online learning for staff on financial inclusion to increase take up of our services
- 6.3 Undertake improvements to make tools and advice easier to navigate
 - In line with the council's digital inclusion plan and through its digital and enablement programme, continue expand the use of MyAccount, digital zones and online provision of financial inclusion information, advice and tools
 - Continue to develop and promote self-serve tools
- 6.4 Promote the adoption of London Living Wage across the borough's businesses
 - Enforce the requirement for all new contractors to pay the London living wage
 - Continue working with existing contractors to make the transition
- 6.5 Building 3rd party relationships to support financial inclusion
 - Build on relationships with local banks to enable easier access to financial products for residents
 - Simplify the process of verifying identity and residency
 - Following the re-launch of Croydon's Credit Union, continue to develop financial products to meet local resident's needs. Initial ideas for jam jar accounts and flexible loans have been discussed. A timeline and approach is now to be agreed with a view to launch during 2016/17
 - Agree approach to providing advice, be this signposting or working in partnership with the 3rd sector
 - Deliver new operating model, agree measures, monitoring and timings to review
- 6.6 Develop skills and opportunities for citizens to maximise income
 - Join up our customer insight on residents seeking employment with our economic regeneration policies
 - Link CALAT provision to the skills gaps identified for our residents
 - Enhance our links with provision already available in the 3rd sector
 - Contribute to the council's commissioning review to support outcome based commissioning
- 6.7 Continue to develop our working relationship with "Croydon plus" (the newly branded credit union). Increasing the accessibility for all to access financial products that best support families to achieve stability.

7. EQUALITIES IMPACT

- 7.1 An Equality impact assessment was carried out in relation to the development of the Child Poverty Strategy
- 7.2 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.

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BACKGROUND DOCUMENTS

None