

Active Inclusion Newcastle

Newcastle's Financial Inclusion Briefing: Q2 2014-15


The Council and its partners are committed to tackling inequality and promoting financial inclusion is an important part of this work. Our approach to financial inclusion is based on working in partnership through our Financial Inclusion Group to provide information, advice and support to residents when they face difficulties, and promoting early intervention to prevent problems reaching crisis point. Whilst many of the causes of poverty are out of our control, by working together we can make a difference to residents with fewer financial resources.

To support this cooperative way of working we need to share priorities, challenges and create a common language. To help to do this we produce a quarterly briefing note to highlight trends and to review how we are responding to the following five objectives in our Financial Inclusion Action Plan:

- 1. Maximise income and respond to welfare reform**
- 2. Support residents to manage their money and promote access to independent debt and budgeting advice**
- 3. Help residents to train, gain and remain in employment**
- 4. Promote affordable credit options**
- 5. Reduce fuel poverty, increase financial resilience and promote access to bank accounts**

These quarterly reviews facilitate collective agreement about the issues residents face, the difference we are making and the value we provide to people in need. We recognise that there are limitations in some of the data collected as organisations invariably count their interventions differently. However, there is sufficient agreement for us to produce these briefings to demonstrate the work of our Financial Inclusion Group. Our main aim is to make a positive difference and reduce inequality by prioritising financial inclusion, not to produce a piece of academic research, but we welcome partners to point out any errors or opportunities for improvement.

Headlines:

- Universal Credit will be rolled out in Newcastle in spring 2015 for new claims for single people who would have otherwise been eligible for Jobseeker's Allowance. To help prepare for this we are developing a Universal Support Delivered Locally informal trial with Jobcentre Plus and local partners. This will help us to create a common triage process to assess and support residents to overcome their obstacles to meeting the Claimant Commitment and preparing for Universal Credit. We are working with Newcastle Families' Programme, Cherry Tree View (the Council's emergency accommodation) and Your Homes Newcastle (YHN). Staff from these teams will start using the triage process at the centre of the trial from January 2015.
 - In February 2015 we are holding an event to consider the findings of the Walker Welfare Reform Pilot which examines the impact of the 'bedroom tax' on the wellbeing and health of people in Walker.
 - The region has successfully secured £1,995,206 via the Government's Fair Chance Fund to support young homeless people with significant support needs to turn their lives around and access employment opportunities. The fund will cover seven local authority areas – Newcastle, Northumberland, South Tyneside, North Tyneside, Gateshead, Durham and Sunderland and will be administered by Home Group.
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Financial Inclusion objective 1:

Maximise income and respond to welfare reform – including benefit take-up and digital inclusion

Table 1.1 Annualised benefit gains and clients seen by Newcastle Advice Compact

	2013-14	2014-15 Q1	Q2	Q3	Q4
Benefit gains	£21,902,716	£4,454,938	£5,853,807		
Clients seen	16,017	3,344	5,324		

Trends:

Despite a reduction in benefit availability due to welfare reform, higher thresholds and reduced advice capacity, table 1.1 shows a 31% increase in benefit gains between quarter 1 (1 April to 30 June 2014) and quarter 2 (1 July to 30 September 2014). During this period the number of clients seen increased by 59%. The increase in both benefit gains and clients seen is attributed to three factors:

- A delay in Employment and Support Allowance (ESA) and Personal Independence Payments (PIP) has resulted in a 'glut' of decisions coming through this quarter;
- A 'dip' during the previous quarter, meaning that Q2 figures are now back to expected levels, and;
- An increase in partners' reported gains. In comparison to the same period last year Newcastle Advice Compact reported gains have increased by 14%.

Benefit sanctions continue to be raised as an issue by community and voluntary organisations. Latest statistics from the Department for Work and Pensions (DWP) shows that the average number of adverse sanctions awarded in Newcastle is 505 per month. This represents a slight decrease on the previous quarter's figure of 521 and is likely to be a result of less people claiming Jobseeker's Allowance (JSA). According to the Office for National Statistics (ONS) nationally employment levels have increased, with employment up 112,000 on the previous quarter. Linked to this, representatives from Sure Start have noted an increase in the number of lone parents who are in receipt of the two year old childcare offer being asked to consider work-related activity. This has increased the fear of sanctions amongst this group of residents.

What we are doing to promote benefit take-up and respond to welfare reform:

- In September 2014 we held a 'preventing benefit sanctions workshop' in conjunction with Jobcentre Plus; this was attended by 54 people. Q2's workshop was held on 9 December 2014 and was attended by 37 people. The next workshop will be held on 17 March 2015.
- In December 2014 we provided a partnership response to the Work and Pensions Committee's inquiry into benefit sanctions policy. This included evidence from 11 organisations to reflect a collective view of the impact of benefit sanctions on Newcastle, and provided recommendations for changes to the policy and the way that it is implemented.
- Newcastle Welfare Rights Service is continuing their take-up campaign for families with children with Special Educational Needs throughout 2014-15. During Q1 and Q2 £1,330,122 of previously unclaimed benefits has been secured for this group of residents.
- Newcastle Welfare Rights Service is also undertaking an Attendance Allowance campaign. The campaign started in September 2014 and will continue until April 2015. As of 16 December 2014, 90 residents have been supported to secure £32,072 of additional income.

What next:

- We have developed an online Introduction to Benefits Stage 1 training module to support Tier 1 organisations as part of our Spectrum of Advice. This will be available to partners by February 2015.
- We will be working with supported housing providers, in the first instance, to hold quarterly benefit workshops. Workshops aim to support staff to ensure that clients' incomes are maximised and benefit-related issues are avoided.
- We are developing a Universal Support Delivered Locally informal trial with Jobcentre Plus and local partners to help us to develop a common triage process to assess and support residents to overcome their obstacles to meeting the Claimant Commitment and preparing for Universal Credit. We are working with the Newcastle Families' Programme, Cherry Tree View (the Council's emergency accommodation) and YHN. Staff from these teams will start using the triage process at the centre of the trial from January 2015.

Digital inclusion

Table 1.2 Free or low cost internet access points and organisations offering IT training in Newcastle

	2013-14	2014-15 Q1	Q2	Q3	Q4
Free / low cost internet access points	655	648	662		
Organisations / venues offering IT training	85	85	69		

Trends:

Table 2.1 shows a slight (2%) decrease in the number of free or low cost internet access points between Q1 and Q2. The reduction in internet access points is mainly due to libraries closing and reopening as community hubs / shared buildings with reduced PC numbers. Also, in the city centre PCs were removed from the Tourist Information Centre and the Exchange Group (who had large IT suites at City Library and Outer West Library) closed. The number of organisations or venues offering IT training has decreased by 19% during the same period. This is due to an inability to contact several organisations offering training. As we were unable to confirm their details they were removed from the database as we could not be sure they were still in operation.

What we are doing to promote digital inclusion:

- We have secured funding to conduct research into residents and Council employee digital skills. The information collected from this research will help us to understand how we can best support people who want to improve IT skills.
- We have developed a free 'Christmas shopping online' course for residents. This course was offered at City Library throughout December 2014.

What next:

- We are developing an interactive Google map to show computer access and training points in Newcastle (as described in our 'Where to get Computer and Internet Access, Training and Support in Newcastle' guide). This will be available on the Council's website by the end of January 2015.
- Our Universal Support Delivered Locally informal trial will include questions relating to digital inclusion. This will help us to better assess the digital capacity of residents in the city.
- On 5 February 2015 we are holding an event to launch the Newcastle University research into the Walker Welfare Reform Pilot. The research examines the impact of the 'bedroom tax' on the wellbeing and health of residents in the ward most affected by this welfare reform change.

Objective 2: Support residents to manage their money – including promoting access to independent debt and budgeting advice to prevent money worries and debt from reaching crisis point and homelessness prevention

Table 2.1 Debt advice and homelessness prevention through debt advice by Newcastle Advice Compact

	2013-14	2014-15 Q1	Q2	Q3	Q4
Debts written off	£4,193,358	£1,030,592	£1,184,572		
Clients seen	3,647	875	918		
Homelessness prevention	559	122	121		

Trends:

Table 2.1 shows that Q1 and Q2 data is broadly consistent with slight variations, except for debts written off which have increased by 15% this quarter. As a measure, debts written off can vary as it reflects both clients' individual circumstances and the value of their debt.

Feedback from Newcastle's Advice Compact suggests that welfare reforms, particularly the 'bedroom tax', continue to have an impact on social housing tenants. Whilst there is an increase in the number of people with rent arrears seeking help from their landlord, residents don't always act on the advice given, particularly when this involves leaving their home to move to a smaller property.

The Council's 16 Plus Team have reported an increase in the number of young people in care falling victim to payday lender broker scams. This is a relatively new phenomenon in which 'broker' organisations charge a fee for arranging loans. Money is taken directly from a bank account, often without the account holder's knowledge. The 16 Plus Team have advised that the young people they support have been charged up to £70 by brokers per payday loan.

What we are doing to promote access to independent debt advice and budgeting support:

- Active Inclusion Newcastle has delivered debt advice training to 44 members of staff from YHN's Young People's Service. This training will support staff to understand the impact of problematic

debt and know how to support clients to access appropriate support. An offer of similar training has been made to other social housing providers in the city.

- We are working with the Council’s 16 Plus Team to improve financial inclusion support for care leavers. This will include work to try and prevent young people from falling victim to payday loan scams. We will also offer individual financial capability sessions for care leavers.
- The Newcastle Advice Compact has developed their annual ‘Twelve Days of Christmas Money Savers’ information. This information was circulated to partners in December 2014.

What next:

- As part of our Spectrum of Advice guide we are developing a guide to budgeting and debt advice to help residents access the appropriate level of advice they require. This will involve the provision of support, for example training and written materials such as toolkits and ‘trigger point conversations’, to help organisations to identify instances of money problems before they reach crisis point. Copies of our toolkits and ‘trigger point conversations’ can be accessed on Newcastle City Council’s financial inclusion [information for professionals and volunteers webpage](#) .
- Money Matters are tying budgeting support to care plans by recommending what needs to be included in support plans for clients who have received debt advice, to help to avoid issues reoccurring. This will help to ensure that money management is considered as part of a holistic package of support.
- Phase two of the Newcastle Families’ Programme will include a financial inclusion related measure.

Objective 3: Help residents to train, gain and remain in employment by developing holistic packages of support

Table 3.1 Clients registered and supported into employment by Newcastle Futures

	2013-14	2014-15 Q1	Q2	Q3	Q4
Clients registered	1,534	320	307		
People supported into employment	680	154	150		

Trends:

Table 3.1 shows that Q1 and Q2 data is broadly consistent with slight variations and all under 10%.

Newcastle Futures suggest there is an increase in the number of residents entering the labour market on flexible contracts. To ensure that sustained employment is achieved Newcastle Futures is maintaining its post-employment support offer for up to six months after starting work.

Newcastle Futures report that vacancies are up, particularly in the service sector and in customer service roles such as call centres, which are very buoyant. In September 2014 Newcastle Futures and partners joined in a large innovative jobs event held at St James’ Park, which was organised and led by Contact Centre Professionals (CCP). 400 people were assessed by over twenty employers and 95% received immediate job offers. This is an example of emerging new ways of working with employers.

Statistics show that Newcastle’s unemployment rate for people aged 50 to 64 is 2.4%; this is higher than the north east region as a whole (2.0%) and the UK (1.5%). A recent conference held in Newcastle by the DWP highlighted the need to ensure that people aged 50 years and over do not become severely disadvantaged in the future due to changes in the labour market and the growing numbers of services and job access points becoming reliant on digital services.

What we are doing promote access to employment support:

- During September 2014 Newcastle Futures supported young people living in Byker and Scotswood to prepare for apprenticeships. As a result of this work 20 young people successfully secured apprenticeships.
- In September 2014 a small fund was established to support care leavers to sustain employment and apprenticeship opportunities. Currently four people are in receipt of this support.
- The North East Youth Employment Programme has now been implemented across each of the local authorities (Newcastle, Gateshead, North Tyneside, Northumberland and Durham). This programme has been commissioned by the Cabinet Office to offer additional support to 18 to 24 year olds who have been unemployed for more than 13 weeks. In Newcastle the programme is delivered by Newcastle Futures.
- The region has successfully secured £1,995,206 via the Government’s Fair Chance Fund to support young homeless people with significant support needs to turn their lives around and access employment opportunities. The fund will cover seven local authority areas – Newcastle, Northumberland, South Tyneside, North Tyneside, Gateshead, Durham and Sunderland and will be administered by Home Group.

What next:

- Newcastle Futures are currently working with Sir Robert McAlpine to develop a construction route way aimed at 16 to 18 year olds. In addition to this, Sir Robert McAlpine are offering four weeks of paid employment, starting in November 2014, for young people so that they are in a better position to apply for an apprenticeship positions which will be advertised in January 2015.
- The Universal Support Delivered Locally informal trial will include questions relating to employment and will help to improve links between employment support and the advice sector.

Objective 4: Promote the expansion of affordable credit options as an alternative to expensive high interest credit, such as payday loans or loan sharks

Table 4.1 Moneywise Credit Union membership and loans granted

	2013-14	2014-15 Q1	Q2	Q3	Q4
No. members	6,736	6,918	7,117		
Loans granted	2,433	542	480		
Own Your Own	N/A	431/67	163/34		

Trends:

Table 4.1 shows that Moneywise Credit Union’s membership continues to grow. Between Q1 and Q2 membership increased by 2.8%, however the number of loans granted decreased by 11.4%. The continued use of Experian, to test people’s credit worthiness, has meant that Moneywise Credit Union’s loan decline rate has increased.

'Own Your Own' is a scheme developed by Moneywise Credit Union and YHN. It provides low cost loans for household items, helping to deter tenants from accessing high interest credit options. The approval rate for the scheme during Q2 is up to 21% from Q1's rate of 15.5%.

There have been 0 convictions for suspected loan shark activity during Q2; however feedback from the national Illegal Money Lending Team suggests that loan sharks may be operating in Walker, Byker, Fenham, Newbiggin Hall and Westerhope wards. Nationally the Illegal Money Lending Team has noted an increase in the use of social media, particularly Facebook, by loan sharks to advertise loans and threaten and intimidate victims. In Newcastle there has been one reported instance of a victim receiving messages from the friend of a loan shark threatening their life via Facebook. This individual is now working with representatives from the illegal money lending team. We know that this type of intimidation only tends to be reported when victims are in absolute crisis, so anticipate that the prevalence is of this likely to be higher.

What we are doing to promote affordable credit and tackle illegal money lending:

- In October 2014 the Newcastle United Supporters Trust (NUST) launched a partnership with three local credit unions to offer Newcastle United fans a specially branded NUST saving account. This could provide regular savers access to affordable short-term loans.
- Newcastle City Council has developed a statement of support for Moneywise Credit Union's payroll deduction scheme. This statement of support will be used to promote the benefits of a payroll deduction scheme to other employers across the city.
- We are working with the national Illegal Money Lending Team to promote access to their free school learning materials. The materials, which have a quality mark from the Personal Finance Education Group, cover a range of money management skills, including the dangers of illegal money lending.
- In November 2014 Riverside Community Health Project met with primary school head teachers to discuss the dangers of loan sharks, the importance of regular saving and the value of credit unions.
- There are now 450 adult and children savers at the three school based credit union collection points in the west of the city (Atkinson Road Primary School, West Newcastle Academy Primary School and Thomas Walling Primary School).
- In December 2014 Stop Loan Shark training was delivered to 19 Council staff, including young apprentices Social Workers and Unison representatives.
- The Illegal Money Lending Team is holding a month of action in January 2015 to highlight the links between debt and mental health problems. This will involve work with organisations and community groups to promote the dangers of loan sharks and the different support available to victims. Free training will also be provided to agencies to help staff identify the warning signs of loan shark activity.

What next:

- We are working with the Council's 16 Plus Team to support young care leavers to open credit union savings accounts. This will be linked to a wider programme of work to improve financial inclusion support for care leavers.
- We will be working with YHN and the 16 Plus Team to consider how we can use existing procurement arrangements to purchase cheaper household electrical goods for people leaving care.

- In 2015 our network of local credit union collection points in schools will expand, with an additional four collection points across the city.
- Clean Slate has secured funding to develop 12 Financial Wellbeing Champions in Benwell and Scotswood. Training will support the volunteers to identify financial inclusion issues and how to signpost people to appropriate support. This work is expected to start in February 2015.

Objective 5: Reduce fuel poverty, increase financial resilience and promote access to bank accounts

Table 5.1 Referrals received by Energy Services

	2013-14	2014-15 Q1	Q2	Q3	Q4
YHN referrals	239	50	49		
Non YHN referrals	117	22	16		
Total referrals	356	72	65		

Trends:

Table 5.1 shows a 9.7% decrease in the number of overall referrals received between Q1 and Q2, with non-YHN referrals experiencing a 27.3% decrease. In percentage terms the decrease in the number of non-YHN referrals seems high, but this is due to the small numbers involved (the number of referrals received has only dropped by 6). Energy Services have reported that the main requests for advice continue to relate to billing errors, fuel debt and problems in keeping prepayment meters ‘topped up’.

What we are doing to support residents at risk of fuel poverty:

- Newcastle Citizens Advice Bureau (CAB) has secured funding for a two year fuel debt advisor and this person is now in post. Discussions are underway to improve cross referrals between CAB and Energy Services which will help to make best use of limited resources.
- Shelter also has a dedicated fuel debt advisor in post.
- Newcastle’s ‘Big Community Switch’ second auction closed in October 2014. 158 residents registered, with 53 going on to switch – a conversion rate of 34%, which is higher than the national average for collective switching schemes. The average saving achieved was £177 a year.
- On 2 December 2014 we launched our third ‘Big Community Switch’ auction.
- Energy Services are working with Warm Zone benefit advisors to ensure that eligible clients are assisted to claim the Warm Home Discount.
- In December 2014 Energy Services visited N Power’s Executive Complaints Team to discuss ways to improve supporting vulnerable residents to address their billing problems. As a result of this meeting N Power has established a dedicated email inbox and team to deal with Energy Services’ queries. A follow up meeting will take place in three months to discuss progress.
- On 11 December 2014 the Elders Council of Newcastle held a free information day for older people to help raise awareness about how to stay safe and warm at home.

What next:

- From January 2015 funding will be available towards the cost of boiler installation for qualifying households. This funding (Energy Company Obligation funding) can be accessed via Warm Up North.

- British Gas has funded National Energy Action (NEA) to deliver a regional fuel poverty awareness raising programme across the nine Warm Up North local authority partners (Darlington, Durham, Gateshead, Hartlepool, Newcastle, Northumberland, Redcar and Cleveland, South Tyneside and Sunderland). This project, known as the Community Action Partnership, will see a network of community leaders take the lead on raising awareness of the Warm Up North programme and how it can help residents living in fuel poverty.

Next steps and how to get involved

The issues raised in the draft version of this briefing have been discussed at the Newcastle Advice Compact meeting on 17 December 2014. Feedback and comments have been incorporated into this document which will be presented to Councillors and Financial Inclusion Group. Information will also be published on Newcastle City Council's website.

Our next quarterly Financial Inclusion Group seminar will be held on 15 January 2015 (2.45 to 5pm). Seminars are free to attend and provide an opportunity to find out more about specific issues and agree what collective action we can take.

To find out more about seminars, or anything else concerning financial inclusion in Newcastle, please contact Clare Fish by emailing: financial.inclusion@newcastle.gov.uk