

Report of Assistant Chief Executive (Citizens and Communities)

Report to Executive Board

Date: 5 March 2014

Subject: Social Inclusion Fund Consultation

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of the main issues

1. Executive Board received a report in September 2013 on the establishment of a Social Inclusion Fund from revenue arising out of the granting of the large casino licence. That report sought approval from Executive Board to establish, manage and administer the Social Inclusion Fund.
2. It was authorised by Executive Board that the Social Inclusion Fund could be established and be retained as a revenue reserve for the council. It was agreed that the upfront payment is to be invested in initiatives that support the city's anti-poverty priorities over the three year period prior to the opening of the casino; and that annual payments be used to fund projects that both mitigate potential harmful social effects of the large casino and more general social inclusion priorities across the city. It was also agreed that the Assistant Chief Executive (Citizens and Communities) administers and oversees fund allocation and that the Licensing Committee will receive an annual report on the nature of projects being supported by the Social Inclusion Fund.
3. There has been on-going engagement with partners who work with the council on social, financial and economic inclusion initiatives with regards to the casino process. The principles considered within this report have been shared with partners at a workshop that was organised specifically to consult about options for funding initiatives and criteria. Representatives at the workshop included debt advice agencies, faith group representatives, health organisations, social landlords and other key partners. This report sets out examples of specific activities that may be funded by the SIF and how the fund will link into other schemes and initiatives within the city.

Recommendations

1. Members of Executive Board are asked to approve the funding criteria and note the example projects which were agreed with partners during a consultation workshop on 24 January 2014 and which are appended at appendices 1 & 2.
2. Authorise the Assistant Chief Executive (Citizens and Communities) to approve funding, within Financial Procedure Rules, of projects which meet the criteria for funding set out in this report.

Main Report

1. Purpose of this report

- 1.1. This report seeks Executive Board approval to establish criteria for project funding by the Social Inclusion Fund and identifies examples of specific activities that may be funded by the Social Inclusion Fund.

2. Background information

- 2.1. Executive Board received a report in September 2013 on the establishment of a Social Inclusion Fund (SIF). That report sought approval from Executive Board to establish, manage and administer a SIF using funds generated by the city granting a 'large' casino licence. In May 2013 the council granted a large casino licence to Global Gaming Ventures (GGV). On being granted the licence, GGV agreed to contribute to a Social Inclusion Fund (SIF) which comprised an immediate upfront payment followed by an annual payment when the casino formally opens.
- 2.2. The contributions from GGV are broken down in the following way:
 - § Of the £1m upfront payment, £200,000 has been used to cover the Council's costs of running the casino process over the previous four years. £800,000 will be used to fund projects and initiatives over a three year period prior to the casino opening that support the city's anti-poverty agenda and is closely aligned to a range of activities that will proactively support financial and economic inclusion.
 - § From the first anniversary of the casino opening (formal opening likely to be May 2016), for the duration of the licence, there will be an annual payment of the greater sum of £450,000 or 4% of net gaming revenue. The guaranteed element of £450,000 will rise with inflation linked to the Retail Price Index.
 - § The future annual payment, whilst continuing to fund initiatives that achieve social, financial and economic inclusion priorities, will also fund projects that mitigate potential harmful social effects of gambling.
- 2.3. In addition to funding, commitments were also secured on social matters. These include:
 - § The casino operator helping to put into place and fund a Leeds Responsible Gaming Forum.
 - § Establishing an Impact Committee to monitor the impacts arising from the large casino operations.

- § A binding agreement that the casino will not deliver marketing campaigns that target the most deprived parts and residents of the city.
- 2.4. Whilst overarching criteria principles will be established, the detailed criteria for funding will vary from year to year and will be linked to the initiatives or priorities the council is seeking to implement at that given time. The criteria must also relate to the overarching principle of the fund being utilised for social, financial and economic inclusion, and gambling mitigation activities. External organisations will be able to apply for funds from the Social Inclusion Fund and a transparent process for funding allocation will be established.
- 2.5. The Executive Board has previously agreed that the fund will support projects and initiatives that deliver social, financial and economic inclusion activities. The definitions for these activities as previously discussed are set out in Appendix 1.

3. Main Issues

- 3.1 There has been on-going engagement with the Financial Inclusion Steering Group with regards to the casino process. The principles considered within this report have been shared with the Group (whose members include credit union, faith group representatives, health organisations and advice services). On-going consultation will continue to take place with these partners following the setting of priorities for the allocation of Social Inclusion Fund funding. This will be particularly important once the casino is operational in order to best understand any mitigation priorities which may require investment from the Social Inclusion Fund.
- 3.2 A workshop was undertaken on 24th January to consult with partners on the overarching funding criteria for the Social Inclusion Fund and to agree the type of projects that should be supported by the fund.
- 3.3 At the workshop partners considered overarching criteria guidelines to be used when assessing what projects and initiatives were appropriate for funding. The workshop also considered a set of example projects which could be funded from the Social Inclusion Fund. From this list partners contributed ideas and determined what priorities should be considered when deciding on what projects to fund. Following on from the workshop deliberations, a set of criteria guidelines were developed and a list of potential projects and initiatives which are set out in Appendix 1 and 2. These initiatives need further work in order to understand costs implications and will require business cases in order to proceed.
- 3.4 The criteria set out in appendix 1, if agreed, will be used to assess projects to determine their applicability for Social Inclusion Fund funding. These criteria are intended to support the Citizens@Leeds approach to tackling poverty and deprivation across the city. It is proposed that the Assistant Chief Executive (Citizens and Communities) be authorised to agree to the release of funding, within Financial Procedure Rules, for appropriate projects after judging them against the agreed criteria. The Assistant Chief Executive (Citizens and Communities) will report to Licensing Committee on an annual basis on the nature of projects being supported by the Social Inclusion Fund.

4. Corporate Considerations

4.1 Consultation and engagement

4.1.1 In addition to the on-going engagement with the Financial Inclusion Steering Group, consultation has been undertaken with a broad range of partners at a workshop specifically set up for this purpose.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality and Diversity/ Cohesion and Integration screening has been completed on the proposals to form the Social Inclusion Fund and has previously been reported to the Executive Board. This highlights that the formation of the Social Inclusion Fund can have positive impacts on local communities, particularly for socially and economically excluded citizens in the city. Citizens who may benefit positively from the Social Inclusion Fund include low income households, whilst research has shown that lone parents (particularly female) and citizens with mental health problems are more likely to encounter financial exclusion. The fund will also benefit carers in financial difficulty who have fewer options for improving their income levels.

4.3 Council Policies and City Priorities

4.3.1 Establishment of a Social Inclusion Fund will contribute positively to the city priority plan. It can contribute to 'all Leeds communities being successful' as the Fund will target social and economic exclusion within communities. It will also support aims of being the best city for health and wellbeing contributing to outcome 5, 'People will live in healthy and sustainable communities'.

4.4 Resources and Value for Money

4.4.1 The Executive Board has previously agreed that:

4.4.2 The SIF will be a fund in its own right within the council's budget. Finance officers have advised that under accountancy regulations no part of the payment will be classified as a capital receipt, as the council is not selling an asset. Rather, the council is receiving financial payments for granting a licence it has the powers to grant.

4.4.3 It is proposed that the Social Inclusion Fund be treated as a revenue fund as an earmarked revenue reserve. Funding can then be drawn down as and when required. Budgeting in this way will also ensure that funding is ringfenced for Social Inclusion Fund activities. Funds from the Social Inclusion Fund will be allocated and approvals sought for investments of Social Inclusion Fund resources, in accordance with Financial Procedure Rules.

4.4.4 The Fund will attract an appropriate rate of interest, as determined by the Director of Resources, that is consistent with the Council's treasury management strategy. Allowing the fund to acquire interest will enable unspent moneys to grow accordingly.

4.4.5 In terms of staffing, the administration of the Social Inclusion Fund will be undertaken by existing resources in the Citizens and Communities directorate and any administrative costs will be paid for from within the Social Inclusion Fund.

4.4.6 In 2010, it was reported how the council's costs for running the casino competition process would be funded from any financial income received from the casino process. In

light of this, the costs over the last three years of £200,000 will be funded from the up-front payment.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The casino operator is legally required under the terms of a 'Schedule 9' legal agreement attached to their licence to make financial payments to the council. There is no legal requirement, however, for the council to consult or seek approval from the casino operator on how or where the funds are allocated.
- 4.5.2 The proposals contained within this report are in accordance with the principles outlined in the Council approved Gambling Policy.

4.6 Risk Management

- 4.6.1 Executive Board is advised that there is a risk that should the casino operator not open a casino for whatever reason the annual payments may not be received. There will be some financial payments made to the council for non-delivery of benefits in order to mitigate this risk, whilst the up-front payment of £1m, is a non-refundable payment that will not be returned to the casino operator if the casino is not developed and/or operated.

5. Conclusion

- 5.1. Consultation has been undertaken amongst city partners on how to best utilise the Social Inclusion Fund. A workshop was organised to further seek views of partners and overarching funding criteria have been developed based upon definitions of what it means to be socially, economically and financially included. With this agreed definition and criteria, example projects were identified which would contribute to the council's anti-poverty agenda and mitigate against the possible harmful effects of gambling. The recommended guidelines and projects have been set out in the Appendices to this report.

6. Recommendations

- 6.1 Members of Executive Board are asked to approve the funding criteria and note the example projects which were agreed with partners during a consultation workshop on 24 January 2014 and which are appended at appendices 1 & 2.
- 6.2 Authorise the Assistant Chief Executive (Citizens and Communities) to approve funding, within Financial Procedure Rules, of projects which meet the criteria for funding set out in this report.

7.0 Background documents¹

None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Funding Criteria

The criteria for funding has been developed with reference to the definitions for social, financial and economic inclusion previously considered by the Executive Board and set out below:

Social Inclusion activities are those which aim to reduce poverty and social exclusion. In monitoring social exclusion and poverty, the Joseph Rowntree Foundation look at trends and statistics on low income, child poverty, work, education, sickness and disability, benefits and housing.

Social Inclusion activities would therefore be the sort of activities which work towards improving income, health and wellbeing, reduce child poverty, thereby improving access to work and affordable housing and encourage community engagement and participation. Social Inclusion is the over-arching theme of which being financially and economically included assists in achieving.

Financial exclusion is a lack of access to mainstream banking or affordable credit which most people take for granted. The consequence of this is that people who do not have access are forced to use alternative providers such as high cost or doorstep lenders, money shops, pawn brokers and illegal loan sharks. This leaves people vulnerable to falling into un-manageable debt, struggling to pay essential bills, struggling to pay for food, causing anxiety, stress and being trapped into poverty.

Financial Inclusion initiatives help people to manage their finances better through encouraging the use of more affordable sources such as a credit union, maximise their incomes through welfare rights advice and manage their debts through budgeting and effective money management support.

Economic exclusion occurs when there is a lack of access to the labour market and good jobs, either due to low wages, or not being able to access the relevant skills or training. Economic Inclusion activities would therefore be the sort of activities that support people into work, or provide training, improve skills, or create job opportunities and initiatives to remove barriers to work readiness eg deal with debt problems.

Overarching guidelines

- The type of initiatives funded would need to be balanced and could be:
 - Short term until other more permanent funding can be found.
 - For new innovative or experimental projects where there is uncertainty about potential outcomes until a pilot project is completed.
 - Longer term projects where sustainability cannot be guaranteed within a relatively short timescale. In these cases a business plan will be developed with milestones to be achieved at stages in the life of the project.
- The SIF could be used for matched funding of projects that would not be possible to deliver without a matched fund commitment. Eg European funding
- The fund may be used to lever in other capital funding for projects.

- The fund could be used to raise capital for a larger scale project where the repayments could be serviced from the fund. Careful account would have to be given to the long term sustainability of the fund over the servicing period of any capital loan.
- Projects should illustrate a social return on investment and encourage partnership working between organisations.
- Funding should support capacity building and ideally fund substantial projects where sustainability can be achieved.
- Where traditionally the level of funding for a particular service has resulted in gaps in provision the SIF could be used to extend existing services.
- The SIF is intended to support new and increased activity to help deliver social, financial and economic inclusion. The SIF will not normally be used to replace existing funding streams but exceptions may be considered for critical services affected by removal or reduction in Govt funding

Example Projects and Initiatives

The list below proposes projects and initiatives that support the city's anti-poverty agenda and can be developed either in the three year timeframe prior to the casino opening or subsequent to the opening of the casino. The projects described below were considered and developed at the workshop and deemed to be appropriate for funding by the SIF. This is not intended to be an exhaustive list but covers all the main areas which were felt to be appropriate. The projects and initiatives identified may not all be pursued as it will also be dependent upon the council and partners bringing forward detailed project proposals and delivery plans which illustrate the feasibility of developing a project to a conclusion.

Social Inclusion Activities

Digital Infrastructure

1. A technical developments fund to improve the operational efficiency of all advice services, including having an IT platform that can support better referrals and appointment bookings across different advice providers.
2. A technical developments fund to improve the operational efficiency of LCCU including having a banking/IT platform that can support better products and services so that LCCU can compete with high cost lenders.
3. Projects to increase digital access to households in communities where access is not as universal compared to the more affluent areas of the city but where digital access will become increasingly important eg Universal Credit application process and job seeking.

Raising Awareness

4. Additional marketing support funding as part of the development of an effective and sustainable marketing formula where the cost of marketing is less than the income produced.

Small Projects Fund

5. This fund could be made available to community groups to bid into to support low value local projects and initiatives perhaps in the region of £5,000. This small projects fund could be administered by the council or could be administered by an outside agency such as the Leeds Community Foundation.

Financial Inclusion Activities

Alternate Credit

6. Capitalisation funding for the Community Development Finance Institution (CDFI), Headrow Money Line and funding for work to develop the CDFI business model.

Financial Capability

7. Develop a financial literacy/capability program to improve residents' knowledge and understanding of financial matters and household budgets and introduce topics such as affordable energy, grow your own, smoking cessation, problem gambling etc. to be delivered into communities.
8. Development and extension of school saving clubs providing staff, material and a technical improvement in collecting savings, e.g. via a web portal straight into young members accounts.
9. Provide training to the third sector and front line public service workers in advice related topics and welfare benefits subjects; financial literacy/capability and IT; to further enhance the skill levels of these staff when they are advising clients.

Economic Activities

Social Enterprise

10. Develop a furniture and white goods rent-to-own retail outlet. This would be a social model, and would be linked with or could operate from the integrated advice centre as described in Project 1. This project would act as an alternative to high interest providers which currently operate from the high street.
11. Development funding for the introduction of social model "cash shops" positioned on the high street of district centres, run by LCCU to act as an alternative to high interest providers.

Skills and training

12. Provide training of more volunteers to deliver generalist advice services; to free up time of specialist advisers in order that they can handle more detailed caseloads.
13. Support development of training provision that will enable training of more volunteers to deliver advice support services. This would be a more mentoring and support role, to help people manage with the advice they have been given such as the Money Buddies scheme at Ebor Gardens.
14. Projects to support getting people back into work possibly linked to apprenticeship schemes or development of volunteering projects which provide useful skills to participants.

Proposed Mitigating Measures

From the first year of the casino opening, projects will be developed with the intention of helping to mitigate the impact of the casino. This will be in addition to the projects identified to address the city's anti-poverty initiatives. Assuming the casino opens in May 2016, the additional annual payments would be received from May 2017 and this will fund all the projects identified in this report.

1. Provide dedicated advice for people with gambling problems, perhaps through surgery working with the Casino and linking in with their work with NECA. (NECA are a charity

organisation who provide support, information and advice to anyone suffering with a gambling problem).

2. Provide training to appropriate Casino staff on where to best signpost customers who appear to be in financial difficulties or suffering from addiction to gambling. This would be similar to the Debt First Aid training offered, via Advice Leeds, to frontline council, public and third sector staff.
3. Work with gambling support groups to develop appropriate campaigns around problem gambling and addiction and links to other social problems such as domestic violence and alcoholism.