

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration. In all appropriate instances we will need to carry out an equality, diversity, cohesion and integration impact assessment.

This form:

- can be used to prompt discussion when carrying out your impact assessment
- should be completed either during the assessment process or following completion of the assessment
- should include a brief explanation where a section is not applicable

<b>Directorate:</b> <b>Citizens and Communities</b>	<b>Service area:</b> <b>Welfare and Benefits</b>
<b>Lead person:</b> <b>Dave Roberts</b>	<b>Contact number:</b> <b>247 4724</b>
<b>Date of the equality, diversity, cohesion and integration impact assessment:</b>	

<b>1. Title: Financial Inclusion Action Plan</b>
Is this a: <input type="checkbox"/> <b>Strategy /Policy</b> <input type="checkbox"/> <b>Service / Function</b> <input checked="" type="checkbox"/> <b>Other</b>
<b>If other, please specify</b> <b>Financial Inclusion Action Plan</b>

## 2. Members of the assessment team:

Name	Organisation	Role on assessment team e.g. service user, manager of service, specialist
Financial Inclusion Steering Group, key members include:		
Financial Inclusion Manager	Financial Inclusion Team, LCC	Manager of service
Chief Executive	Leeds Citizens Advice Bureau	Specialist
Chief Executive	Leeds City Credit Union	Specialist
Head of Public Health Partnerships	Public Health, LCC	Manager of service
Executive Officer (Advice Services)	Welfare Rights Unit, LCC	Manager of service
Chief Executive	Chapelton CAB	Specialist
Service Manager	Housing Leeds	Manager of Service
Head of Customer Contact	Customer Services, LCC	Manager of service
Project Manager	Ebor Gardens Advice Centre	Specialist
Chief Executive	Better Leeds Communities	Specialist
Centre Manager	St Vincent's Support Centre	Specialist
Director of Neighbourhoods and Communications	Connect Housing	Specialist
Customer Services Director	Leeds Federated Housing	Specialist
Community Support Manager	Yorkshire Bank	Specialist

## 3. Summary of strategy, policy, service or function that was assessed:

As a Local Authority we have responsibilities to address poverty and deprivation – which is a key priority for the Council. The activities set out in the Financial Inclusion Action Plan support the:

- Best Council Plan
- Safer and Stronger Communities Plan
- Children's and Young People's Plan
- Child Poverty Action Plan
- Leeds Joint Health and Wellbeing Strategy

All of which have a strong focus on:

- addressing debt
- maximising income and
- moving people and families out of poverty.

**4. Scope of the equality, diversity, cohesion and integration impact assessment**  
 (complete - 4a. if you are assessing a strategy, policy or plan and 4b. if you are assessing a service, function or event)

<b>4a. Strategy, policy or plan</b> (please tick the appropriate box below)	
The vision and themes, objectives or outcomes	<input type="checkbox"/>
The vision and themes, objectives or outcomes and the supporting guidance	<input type="checkbox"/>
A specific section within the strategy, policy or plan	<input checked="" type="checkbox"/>
<b>Please provide detail:</b>  The Financial Inclusion Action Plan	

<b>4b. Service, function, event</b> please tick the appropriate box below	
The whole service (including service provision and employment)	<input type="checkbox"/>
A specific part of the service (including service provision or employment or a specific section of the service)	<input type="checkbox"/>
Procuring of a service (by contract or grant)	<input type="checkbox"/>
<b>Please provide detail:</b>	

<p><b>5. Fact finding – what do we already know</b>          Make a note here of all information you will be using to carry out this assessment. This could include: previous consultation, involvement, research, results from perception surveys, equality monitoring and customer/ staff feedback.</p> <p>(priority should be given to equality, diversity, cohesion and integration related information)</p> <p>Addressing poverty and deprivation is a key priority for the Council. The Best Council Plan 2013-17 identifies key outcomes that need to be achieved if we are to achieve</p>
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our best council ambition. One of the outcomes cover the need to improve the quality of life for our residents, particularly those who are vulnerable or in poverty. The Council needs to better promote and increase access to affordable credit and free debt advice . There is also a need to reduce reliance on high cost lending and support our citizens to be able to budget more effectively.

The Financial Inclusion Steering Group has investigated the national picture and also the work that has been undertaken locally by StepChange and the Citizens Advice Bureau.

Locally, partners (debt advice agencies, Credit Union, StepChange) have reported to the Council that they are seeing many more clients with debt problems associated with payday loans. In many cases clients have multiple loans with a number of payday loans.

The high cost credit market makes use of the fact that its customers lack access to other forms of mainstream credit. A quarter of the customers of high cost credit companies cannot access any other form of credit. As a result these customers have restricted choice and therefore are not able to shop around for other forms of credit that are more affordable to them and more manageable to pay back. It is estimated that 5 million people in the UK access high cost credit of which 2 million use Payday lenders.

Based on the national picture, it is estimated that up to 60,000 people in Leeds may use high interest lenders including approximately 22,500 people who may take out Payday loans. Furthermore it is estimated that (based on national data), the high cost market in Leeds could be in the region of £90m. It is forecasted that if everyone using high cost credit in Leeds had access to affordable sources this could reduce the cost of borrowing by up to £60m a year.

According to debt charity StepChange, the number of people taking out payday loans doubled from 2011 to 2012 with the average owed increasing by £390. The charity's research also showed that the average payday loan debt of clients now exceeds their monthly net income and they are increasingly getting caught in the payday loan trap. More than 30,000 people with payday loans have sought debt advice from the charity StepChange in the first six months of 2013 which is almost as many as in the whole of 2012. In 2012, 74% of those people seeking help with payday loans had a net annual income of less than £20,000.

Stepchange also reported that more than twice as many people who sought help with debts in 2012 had payday loans compared with 2011. It helped 36,413 people last year who had payday loan debts, some 20,000 more than the previous year. Worryingly, they also reported that 42% of their clients under age 25 had payday loans. This is a four fold increase in just two years.

### **Leeds City Credit Union (LCCU)**

Leeds City Credit Union is one of the largest in the UK with some 33,000 members and there are six full service branches as well as five information points. LCCU already provides a substantial amount of affordable credit in Leeds; the current loan book is £7.1m. The credit union has an ambition to build the loan book to £20m i.e. approximately 20% of the £90m estimated total high cost lending market in Leeds. The growth phase of this plan will require investments in staff, technology and marketing. In addition to reducing the market share of the high cost lenders, the plan would also see a considerable additional saving for households and the local economy and further build the capacity of the credit

union.

The following research looks at detailed research that has been undertaken in the city:

### **2004 Research: Exclusion to Inclusion:**

The 2004 research considered two aspects of the issue. Firstly, to undertake research to establish the extent of the problem in Leeds for individuals, disadvantaged communities and Leeds as a whole. Secondly, to undertake a feasibility study to determine responses that would address the situation, and in particular consider what role could be played by the expansion of Credit Union facilities or other forms of community enterprise in addressing the problems faced by financially excluded communities.

A survey was conducted involving interviews with 410 householders and the results of this survey formed a significant base of data illustrating the extent of the problem.

The study identified the credit market in Leeds which targets disadvantaged neighbourhoods and the different communities within them and particularly focused on sub-prime moneylenders. The percentage of people with and without bank accounts was identified and also those without access to mainstream credit facilities. Difficulties which people faced in obtaining mainstream banking facilities were considered and what factors were associated with this difficulty (e.g. Security/identity checks brought about through money laundering regulations, lack of access to bank facilities, lack of skills/knowledge/access to telephone/internet banking, banking practices, religious or cultural factors).

The research also looked into the extent of debt and its impact on individuals, disadvantaged communities and the City as a whole and considered the distinction between manageable and un-manageable debt in the defined areas.

The research identified needs which came under three broad headings:

- Affordable credit
- Debt advice and
- Financial literacy

When the 2004 research was concluded the findings were reported to a half day conference attended by a significant number of partners working in the Leeds area. At this conference it was determined that a similar exercise should be undertaken five years later. This was to attempt to identify if the impact of the financial inclusion strategy (which was developed in response to research findings) was having the desired and intended effects in the neighbourhoods which were subject to the original research.

Therefore in January 2010, the same survey was conducted with 600 households in the same neighbourhoods. In addition, 300 households in less deprived neighbourhoods were surveyed focusing on homeowners to provide information about the extent of financial exclusion arising from the economic recession in recent years.

### **Evolution of Financial Exclusion in Leeds since 2004**

A report was then compiled which compares the results from the 2004 and 2010 surveys. It also contains an extensive discussion of the changes in financial inclusion policy and financial exclusion nationally for the same period. The findings of this report paint a somewhat bleak picture of financial exclusion in Leeds. With the important exception of access to and use of banking and transaction services, financial exclusion has grown since the last survey. This is not necessarily a reflection on the significant financial inclusion interventions implemented in the UK and in Leeds. On the contrary, a study of the

economic and regeneration impact of financial inclusion activities in Leeds estimated that these interventions had a cumulative impact on the regional economy of £28 million (Dayson et al, 2009). Ultimately, as with any, the impact of financial inclusion interventions can only be ascertained through a designated study examining the effects on beneficiaries of a given number of interventions and also the costs of these interventions.

However, the findings of this study provide important lessons for financial inclusion practitioners. First, the influence of national factors on financial exclusion locally is likely to be considerable. In virtually all aspects of financial exclusion the survey data suggest that Leeds mirrored the country. Although Leeds has proven innovative and effective in its approach to financial exclusion, the influence of national policies and regulatory regime is evident in numerous aspects. The enhanced access to bank accounts in Leeds is at least in part due to the national government's push on paying benefits into bank accounts and pushing for the introduction of no-frills bank accounts. This would suggest that local authorities and other stakeholders in financial inclusion also need to be attuned to the national picture and lobby the national government for the implementation of more effective financial inclusion policies.

Second, the trends in financial exclusion are closely linked to trends in employment and other socio-economic factors. For example, access to mainstream loans is often dependant on the respondent being in employment. This suggests that combating financial exclusion is not likely to be effective if done in isolation of wider social inclusion interventions and labour market interventions. Financial inclusion interventions are important to avoid people slipping back into the cash economy as they are leaving the labour market.

Finally, financial exclusion is not only affecting traditionally financially excluded groups and areas, but also less deprived areas and households. The respondents residing in less deprived areas were in fact less likely to save and have mainstream borrowing than respondents in the deprived areas surveyed in 2004. They were also slightly more likely to have had an application for credit rejected. This would suggest that financial inclusion interventions should not only target the typically financially excluded, but also less deprived areas and households.

### **Groups most affected by financial exclusion**

A comparison of the Original and Repeat survey respondents suggest that the same groups are experiencing financial exclusion in both 2004 and 2010. In both the Original and Repeat survey, social housing tenants were far more likely to have fallen behind with bills than owner-occupiers. Owner occupiers were more likely to have savings and home contents insurance than other tenures. Overwhelmingly, workless and lone parent households were more likely to have no savings at all or less than £100. The groups least likely to have a bank account were men under 60 living alone and pensioner only households.

### **Are there any gaps in equality and diversity information**

**Please provide detail:**

No

**Action required: N/A**

**6. Wider involvement – have you involved groups of people who are most likely to be affected or interested**

Yes

No

**Please provide detail:**

See details of household surveys from 2004 and 2010 above.

Partners from the Financial Inclusion Steering Group (listed above) who work with people directly affected by high cost lenders have been involved in putting together the action plan.

**Action required:**

Continue to have regular dialogue with partners to ensure actions represent the needs of those most affected.

**7. Who may be affected by this activity?**

please tick all relevant and significant equality characteristics, stakeholders and barriers that apply to your strategy, policy, service or function

**Equality characteristics**

Age

Carers

Disability

Gender reassignment

Race

Religion or Belief

Sex (male or female)

Sexual orientation

Other

(Other can include – marriage and civil partnership, pregnancy and maternity, and those areas that impact on or relate to equality: tackling poverty and improving public health)

**Please specify: All equality characteristics are relevant but particularly financial exclusion, tackling poverty and improving public health**

**Stakeholders**

Services users

Employees

Trade Unions

Partners

Members

Suppliers

### Other please specify

#### Potential barriers

**Built environment**

**Location of premises and services**

**Information and communication**

**Customer care**

**Timing**

**Stereotypes and assumptions**

**Cost**

**Consultation and involvement**

**Financial exclusion**

**Employment and training**

**specific barriers to the strategy, policy, services or function**

**Please specify**

### 8. Positive and negative impact

Think about what you are assessing (scope), the fact finding information, the potential positive and negative impact on equality characteristics, stakeholders and the effect of the barriers

#### 8a. Positive impact:

The high cost credit market makes use of the fact that its customers lack access to other forms of mainstream credit. A quarter of the customers of high cost credit companies cannot access any other form of credit. As a result these customers have restricted choice and therefore are not able to shop around for other forms of credit that are more affordable to them and more manageable to pay back. It is estimated that 5 million people in the UK access high cost credit of which 2 million use payday lenders.

Based on the national picture, it is estimated that up to 60,000 people in Leeds may use high interest lenders including approximately 22,500 people who may take out payday loans. Furthermore it is estimated that (based on national data), the high cost market in Leeds could be in the region of £90m. It is forecasted that if everyone using high cost credit in Leeds had access to affordable sources this could reduce the cost of borrowing by up to £60m a year.

All actions within the Financial Inclusion Action Plan will positively impact on poverty in the city. Working with partners to maximise income, tackle high cost lenders, provide access to more affordable credit and promote healthy lifestyles will help reduce instances of depression, mental and physical health issues associated with debt and poverty.

#### Action required:



Ensure that equality is considered at each stage of the Financial Inclusion Lending Action Plan – attached – and particularly when any activities take place.

**8b. Negative impact:**

There will be no negative impact resulting from LCC's direct actions, however external factors may have an impact.

**Action required:**

None

**9. Will this activity promote strong and positive relationships between the groups/communities identified?**

Yes

No

**Please provide detail:**

Work to tackle Financial Inclusion in the city will provide access to more affordable credit and promote healthy lifestyles and will help reduce instances of depression, mental and physical health issues associated with debt and poverty. In April 2011 a report entitled 'Improving Public Health through Income Maximisation' was produced by LCC's Financial Inclusion Team. The report recommended a best practice model for commissioning money advice services. It pulls together the key evidence to support the need for advice services as an important facility to assist with improving the health of those suffering from multiple disadvantage.

**Action required:**

Continue to implement action plan

**10. Does this activity bring groups/communities into increased contact with each other? (e.g. in schools, neighbourhood, workplace)**

Yes

No

**Please provide detail:** A key aspect of tackling financial inclusion is the ability to provide improved access to affordable credit and free advice services. This includes better use of our One Stop Centres/ Community hubs, and locating services in the best possible locations. For example, Leeds City Credit Union has just opened an affordable loans shop 'Your Loan Shop' on Roundhay Road in Harehills.

**Action required:**  
Continued promotion and publicity of alternatives to high cost lending. Work with Corporate Communications ongoing.

**11. Could this activity be perceived as benefiting one group at the expense of another?** (e.g. where your activity/decision is aimed at adults could it have an impact on children and young people)

Yes

No

**Please provide detail:**

The actions will not benefit any particular group at the expense of another.

**Action required:**

**12. Equality, diversity, cohesion and integration action plan**

(insert all your actions from your assessment here, set timescales, measures and identify a lead person for each action)

<b>Action</b>	<b>Timescale</b>	<b>Measure</b>	<b>Lead person</b>
Implement the financial inclusion action plan	Ongoing	Measure achieved and completed	Dave Roberts
Continue to have regular dialogue with partners to ensure actions represent the needs of those most affected.	Ongoing	Revision of the action plan as necessary	Dave Roberts
Ensure that equality is considered at each stage of the financial inclusion action plan and particularly when any activities take place.	Ongoing		Dave Roberts
Continued promotion and publicity of alternatives to high cost lending. Work with Corporate Communications ongoing	Ongoing	Meetings with partners as necessary	Dave Roberts

**13. Governance, ownership and approval**

State here who has approved the actions and outcomes from the equality, diversity, cohesion and integration impact assessment

Name	Job Title	Date
Dave Roberts	Financial Inclusion Manager	07.10.2014

**14. Monitoring progress for equality, diversity, cohesion and integration actions** (please tick)

- As part of Service Planning performance monitoring
- As part of Project monitoring
- Update report will be agreed and provided to the appropriate board  
Please specify which board
- Other (please specify)

**15. Publishing**

Though **all** key decisions are required to give due regard to equality the council **only** publishes those related to **Executive Board, Full Council, Key Delegated Decisions** or a **Significant Operational Decision**.

A copy of this equality impact assessment should be attached as an appendix to the decision making report:

- Governance Services will publish those relating to Executive Board and Full Council.
- The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions.
- A copy of all other equality impact assessments that are not to be published should be sent to [equalityteam@leeds.gov.uk](mailto:equalityteam@leeds.gov.uk) for record.

Complete the appropriate section below with the date the report and attached assessment was sent:

For Executive Board or Full Council – sent to <b>Governance Services</b>	Date sent:
For Delegated Decisions or Significant Operational Decisions – sent to appropriate <b>Directorate</b>	Date sent:
All other decisions – sent to <a href="mailto:equalityteam@leeds.gov.uk">equalityteam@leeds.gov.uk</a>	Date sent: