

Financial Inclusion



What is financial inclusion?

- **Financial inclusion** is a state in which all people have access to appropriate, desired financial products and services in order to manage their money effectively. It is achieved by financial literacy and financial capability on the part of the consumer and access on the part of the financial product, services and advice suppliers.
- **Financial capability** is having the knowledge, skills, confidence and motivation to manage your money well. This includes understanding financial products, being able to use them and having the confidence and motivation to do so.

What is financial inclusion?

We recognise that financial inclusion is **only one aspect of wider economic and social inclusion** –

ensuring that everyone in Sheffield is able to access the benefits of a prosperous community – and we therefore make links to these wider themes throughout this strategy.

Drafting Financial Inclusion Strategy

- Workshops have been held to collect evidence and test early ideas
 - Housing Associations, Sheffield Credit Union, Sheffield Money, Sheffield Food Bank Network, Age UK, Department of Work and Pensions, Sheffield Citizens Advice, Manor and Castle Developing Trust, the regional Illegal Money Lending Team and representatives from across Sheffield City Council.
- Early discussion was held at Sheffield Executive Board
- Strategy due to go to Cabinet in January 2017

What are we currently doing?

Locally:

- Fairness Commission (and associated groups)
- Tackling Poverty Strategy (and associated groups)
- Sheffield Money
- Sheffield Citizens' Advice
- Sheffield Credit Union
- Work by social landlords and Council Housing
- Local Assistance Scheme, Council Tax Support and Hardship Schemes, Discretionary Housing Payments
- Work by support workers, including: Building Successful Families; Keeping People Well; employment programmes

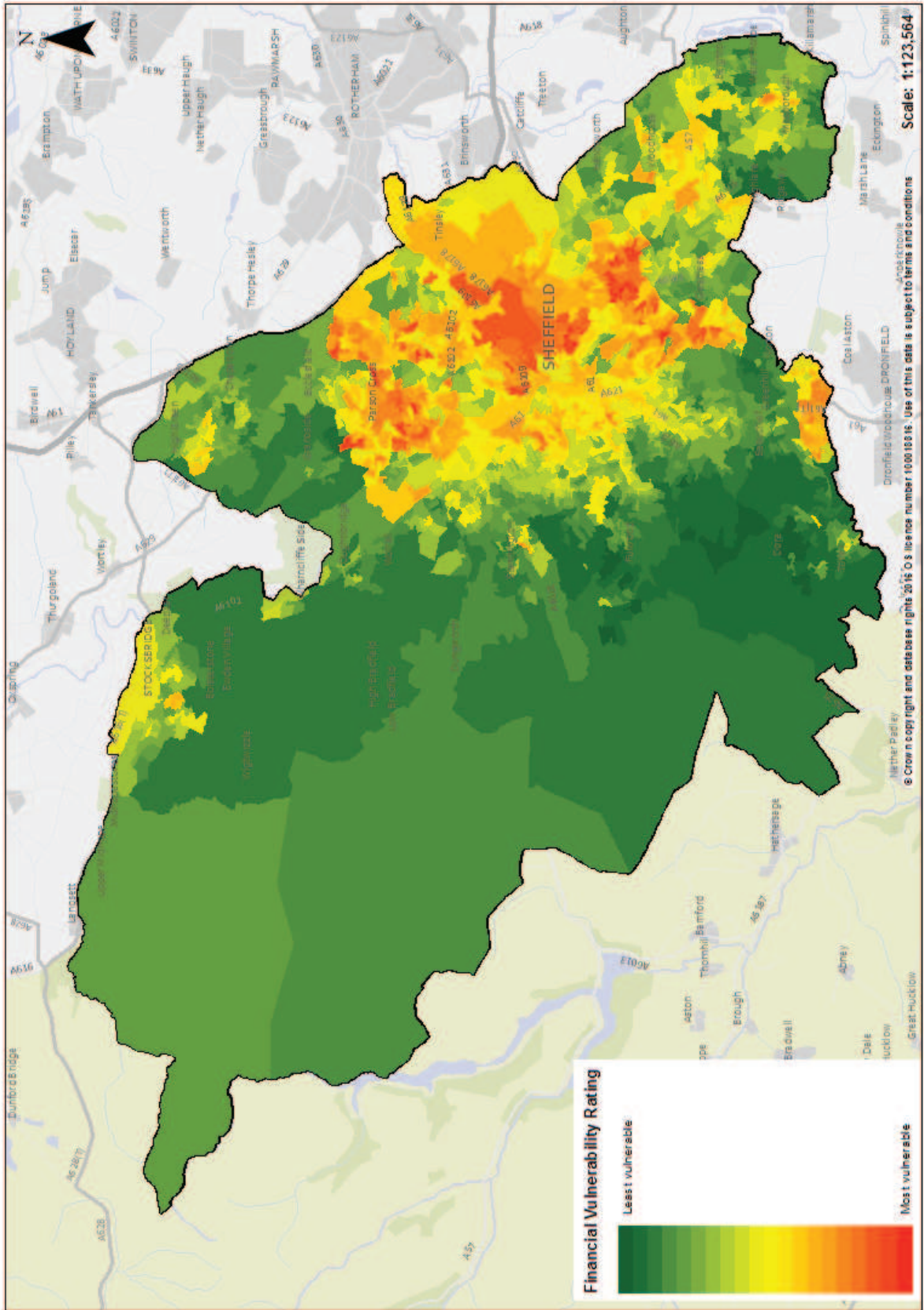
Nationally:

- Financial Inclusion Commission
- Money Advice Service (now being abolished)

Why this matters: understanding financial exclusion in the UK and Sheffield

- There is an increasing issue with over-indebtedness
- New regulation has impacted on high-cost doorstep and payday lenders
- National changes to the welfare system are having a significant impact on Sheffield
- The city's housing market is changing with more people living in private rented accommodation
- The type of jobs and the way people work has changed dramatically
- People are not seeking support early enough
- A lack of savings means that people are more exposed to financial shocks
- Life costs more for people with less money – a 'poverty premium'
- Financial education may be effective in the right situation

Financial Exclusion: the geographical context





A financially inclusive city: our plan

Vision:

We want to be a financially inclusive city where people have the information and support they need become more financially resilient over time and have the tools and knowledge to avoid slipping into financial exclusion at times of crisis.

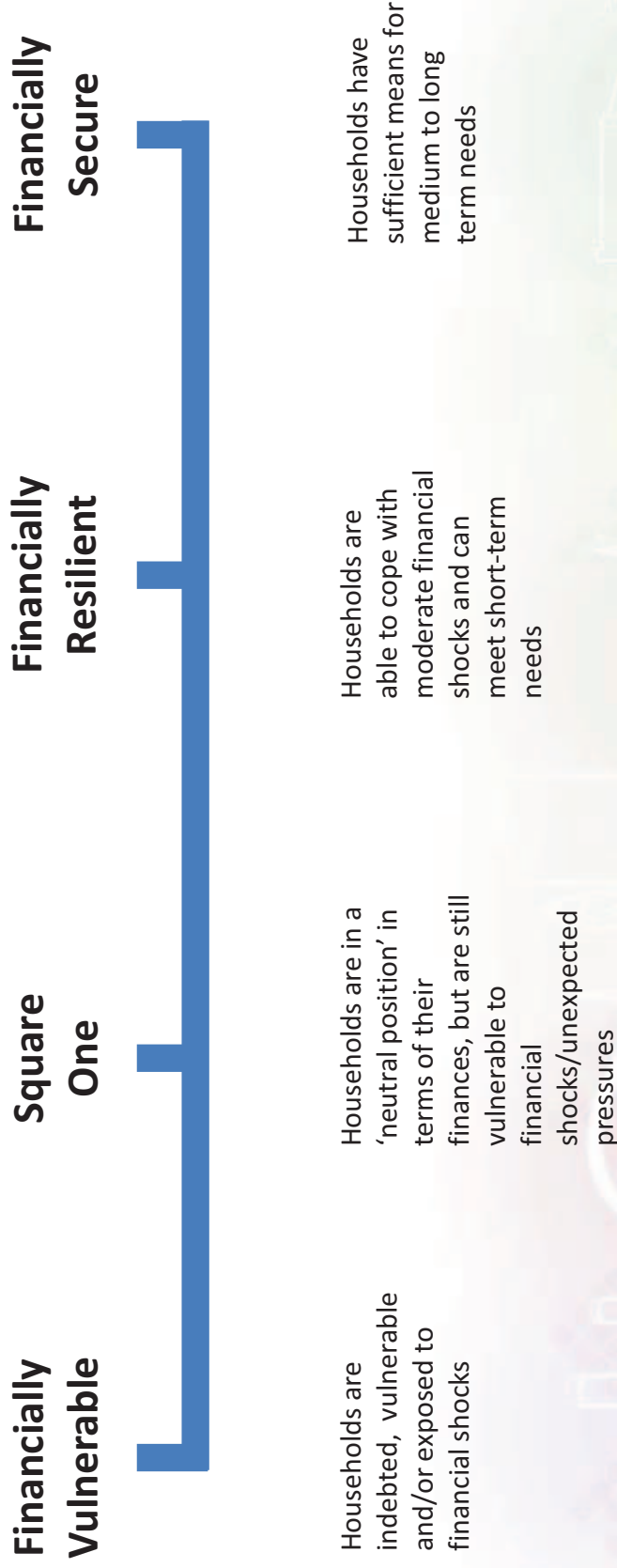


In doing this, we will employ the following key principles:

- Focus on prevention – supporting people to financial resilience to help avoid crisis point
- Offer the right support and advice when people need it
- Wrap-around and targeted solutions for the most vulnerable
- Focus on employment and better-paid employment (including recognising the city's wider responsibilities to connect people into higher paid jobs)
- Innovate and collaborate – across the public, private and VCF sector to deliver solutions that are right for Sheffield
- Listen to the experts in financial exclusion – those people who are experiencing it –and build on the financial resilience that already exists in communities
- Be vocal and challenging –push for change and new powers where there are external challenges (for example, welfare system change)

Financial Inclusion is a continuum

It may be helpful to consider how 'financially resilient' an individual or household might be, in order to understand the different challenges people face and the types of support they require in order to be more 'financially included'



Financial Inclusion: areas we're looking at

**Financially
vulnerable**

How we target support at those that need it the most,
e.g.

- improving credit rating by getting more people on electoral roll;
- keyworker approaches that effectively support financial wellbeing

Square One

How we can encourage savings habits and ensure affordable credit is available to those who would otherwise turn to high cost credit

**Financially
Resilient**

How we ensure that the right information is available to people at life events that could lead to financial distress (e.g. cancer diagnosis, relationship breakdown); how we ensure that people are supported through their employers to improve their financial resilience.

**Financially
Secure**

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