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# From Poverty to Financial Inclusion: galvanising, equipping and connecting the Sector

A report from the Oldham Voluntary, Community and Faith Partnership Special Forum

Honeywell Centre, Oldham

17 Oct 2012

By  
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**Acknowledgements & disclaimer**

I would like to thank Nayan Joshi of Voluntary Action Oldham for the invitation to the Forum and all those who attended, especially the speakers.

This report has been produced from long-hand notes taken on the day by me. At the time of writing, not all of the slideshows and PowerPoint's used by the various speakers were available. Therefore, any inaccuracies or mistakes, especially regarding any facts and figures quoted, are purely my own.

***Andy Rawling  
Manchester  
November 2012***

## **Introduction & Background**

The recession, high unemployment and benefit changes are placing new stresses on individuals and families. National policy changes focus upon reducing reliance on benefits, and many people will find themselves in financial situations they have not experienced before. Voluntary, Community and Faith Sector organisations are and will increasingly be part of the safety net by providing advice or through the provision of services such as food and shelter.

The Oldham Voluntary, Community and Faith Partnership wishes to promote discussion within the sector to share information and ideas. Their aim is to reduce the impact of poverty on individuals and communities and to support community action to move from poverty to financial inclusion.

The aims of the Voluntary, Community and Faith Sector (VCFS) are to:

- Be better informed regarding changes to benefits and other policies that may impact upon poverty
- Develop the capacity of the sector to engage with communities and individuals early to avoid crisis situations
- Develop a poverty avoidance toolkit for the VCFS to use with their audiences
- Develop the capacity within communities for spotting vulnerable individuals
- Support community action for poverty relief
- Provide an opportunity for peer support amongst VCFS groups
- Support and embrace the role of the Faith Sector

### **Jacqui Greenfield (Voluntary Action Oldham)**

Opening the Forum, Greenfield explained that the event was a response to the current economic situation, with the aim of gathering ideas for actions that can address poverty in Oldham.

Greenfield observed that the current economic situation sees the VCFS increasingly acting as a safety net. Whilst the VCFS has always fulfilled this role, the current economic situation is witnessing increasing demand for the most basic of provision – food. And it was against this backdrop that the event was set.

### **Jonathan Yates (Citizens Advice Bureau)**

Yates informed delegates that the forthcoming welfare reforms will be the biggest and most radical changes seen since the creation of the Welfare State, and that the changes will affect everyone.

Yates informed delegates that the government wishes to save £18bn (20% of the welfare bill) over the next five years, and that the government aims to do this by:

- Simplifying benefit arrangements
- Making work pay
- Reducing dependency on welfare

However, Yates questioned whether the government would succeed. For example, Yates asked whether localising Council Tax rules will actually make things simpler. Also, with the government wanting Universal Credit to be managed entirely online, how will those digitally excluded be looked after? Further, moving to monthly budgets will impact significantly upon those who currently budget weekly or even daily. Finally, what support will there be in the future to help people get back into work?

Yates informed delegates that services will need to be better joined up in order to best help people in need. Additionally, reports on the service user experience together with evidence of impact must be improved.

## **Suzanne Heywood (Oldham Metropolitan Borough Council – OMBC)**

Heywood delivered a presentation outlining the forthcoming welfare reforms and their implications for Oldham<sup>1</sup>.

### **Universal Credit (UC)**

UC will bring together income support (IS), income-based job seeker's allowance (JSA), income-related employment and support allowance (ESA), housing benefit (HB), child tax credit and working tax credit. It is estimated that, nationally, 2.2m people will see a reduction in their benefits, but that 2.8m will see an increase as they move into work. However, it is not entirely clear how the government has calculated that 2.8m will experience an increase as they move into work.

UC will be a direct monthly payment. HB will be included in this, which will mean individuals will need to pay their rent rather than the payment going directly to the landlord.

OMBC will be a Pathfinder and a face-to-face pilot for the early implementation of UC, the timeline for which is as follows:

- Nov 2012 – Face-to-face pilot to prepare residents for UC
- Apr 2013 – Pathfinder to work with a limited number of new JSA claimants
- Oct 2013 – Roll out of UC for all new JSA claimants
- Jan 2014 – New working tax credit and child tax credit will be claims for UC
- Apr 2014 – New IS, ESA and HB claims will be claims for UC
- 2015-2017 – Managed, gradual transfer of all claimants on to UC

The face-to-face pilot will seek to discover what OMBC can do to support residents through the transition to UC. This will include testing approaches for black and minority ethnic (BME) communities and support for online access. OMBC will also seek to provide access to financial advice for those who need it, and to identify those claimants with additional support and/or complex needs.

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<sup>1</sup> Oldham Council, *Welfare Reform: from poverty to financial inclusion, 17 Oct 2012*. (A presentation to the Oldham Voluntary, Community and Faith Partnership Special Forum, available from GMCVO Policy and Partnerships Team).

## **Benefit Cap**

There will be a cap on benefits of £500 per week for couples and lone parents, and £350 per week for single adults.

The cap will apply to the combined income of the main out-of-work benefits, plus HB, child benefit and child tax credit.

In Oldham 124 households will be affected, all of which are households with children. The highest cap in HB will be £180 per week, and the highest overall cap will be £270.49 per week. When all claimants have transferred to UC the total reduction in benefit will be £464,000<sup>2</sup>.

## **Size Criteria**

Also known as the 'bedroom tax' or 'under-occupancy charge', size criteria will apply to HB for working age claimants in the social rented sector. Households with one unoccupied bedroom will lose 14% in total eligible rent, and those with two or more bedrooms unoccupied losing 25%.

Claimants can have one bedroom up to a maximum of four (depending on their family circumstances, e.g. number of children, age of children, gender of children, etc). However, questions remain regarding bedrooms for non-resident carers, e.g. claimants or partners of claimants who live with disabilities and require overnight care.

30% of 8,791 houses in Oldham are believed to be under-occupied. The average loss in eligible rent for households with one unoccupied bedroom will be £11 per week and £21 per week for households with two unoccupied bedrooms. This will equate to a reduction in HB of approximately £1.7m per annum.

## **Disability Living Allowance (DLA)**

DLA will be replaced by a **Personal Independence Payment**. Oldham residents currently receive approximately £55m per annum in DLA. It is estimated that Personal Independence Payments will reduce this bill by £11m per annum<sup>3</sup>.

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<sup>2</sup> These figures differ from original statistics quoted at the Forum (see: Oldham Council, *Welfare Reform*). This is due to Oldham Council receiving further clarification of numbers from the Department for Work and Pensions (DWP) since the event together with changes on circumstances leading to changes in the highest values. The revised numbers have been used in this report to provide as accurate a picture as possible as at the time of writing.

<sup>3</sup> To provide greater accuracy, these numbers have also been updated by Oldham Council's corporate research team since the event. For original statistics quoted at the Forum see: Oldham Council, *Welfare Reform*.

### **Social Reform Fund**

This will see the abolition of crisis loans and community care grants. These will be replaced by local welfare provision. A non ring-fenced grant of £1.038m has been made available to support the development of local welfare provision.

### **Council Tax Benefit**

This will continue unchanged for claimants of pension credit age. Elsewhere, however, funding will be reduced. This will leave Oldham with approximately £2m less for the payment of council tax benefit, which will affect 16,814 working age people.

All council tax benefit will be calculated on Band A, with working age benefit reduced by 25% and second adult rebate will be abolished.

### **Risks**

Amongst the risks envisaged by OMBC of these reforms will be the increased demand for information, advice and guidance (IAG) occurring at the same time as legal aid and IAG budgets are changed and/or reduced. This will lead to increased demand upon the VCFS. Further, the impact of the reforms on people will not only be felt in financial terms.

### **Richard Outram (Oldham Work Club Network)**

Outram informed delegates that the Oldham Work Club Network assists Oldham jobseekers into work, with an emphasis on self-help supported by volunteer advisors.

There are currently 10 Work Clubs, one online Work Club and one enterprise club. Work Clubs support job seekers through every step of the 'finding work process', providing advice, training and support towards job readiness, CV writing, interview skills and so on.

There is no eligibility criterion for support, other than the service user must be genuinely interested in finding work.

The Oldham Work Club Network is a purely volunteer led service and is free to all, and provides a person centred intervention to all who seek it.

### **Oldham LINK**

Oldham LINK organise events and projects to gather people's thoughts and ideas regarding Health and Social Care, Welfare Reform, etc. For example, there are GP panels for people to raise issues collectively. The idea of such forums is not to campaign to stop things from happening, such as public spending cuts, but to facilitate people working together towards making their

situation better. In such a sense, Oldham LINK serve as a conduit for people's ideas, as well as being able to sign-post people to the services they need and to make recommendations on people's behalf.

### **Angela Carr (OMBC)**

Carr spoke to the forum regarding energy efficiency and fuel poverty.

Carr informed delegates that the definition of fuel poverty is when over 10% of household income is spent keeping the house at the recommended temperature for healthy living (21C for the main living area and 18C for other occupied rooms)<sup>4</sup>.

The main issues for Oldham concerning energy efficiency and fuel poverty are:

- aging housing stock (many houses in Oldham were built pre-1919, have solid walls and are difficult to heat)
- a significant older population
- significant unemployment which means many people are at home during day time hours, which results in increased domestic energy consumption
- High energy prices and low incomes, the combination of which leaves many people having to pay a high proportion of their income on fuel and often via unfair payment methods.

Carr informed delegates that the latest national figures from the Department of Energy and Climate Change (DECC) showed that approximately 21% of households in Oldham were living in fuel poverty<sup>5</sup>.

Amongst the many consequences of fuel poverty is ill health, such as respiratory disease. Around 33% of Excess Winter Deaths are attributable to respiratory disease, and that deaths from respiratory disease in Oldham are much higher than the England average. In the past four winters there were 466 Excess Winter Deaths in Oldham, 80% of which were due to cold temperatures<sup>6</sup>.

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<sup>4</sup> Angela Carr, *Briefing Note: Affordable Warmth Update*, Oldham Council. (Available from GMCVO Policy & Partnerships Team).

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*



To combat this, OMBC has an Affordable Warmth Strategy<sup>7</sup>, with annual action plans and quarterly e-newsletters advising residents of grants and other help available. In addition, the following schemes are available in Oldham:

- Toasty Oldham – free loft and cavity wall insulation available to all Oldham residents (for further details telephone 0800 009 3363)
- Keep Cosy Scheme – home assessments for residents in fuel poverty offering practical help and referrals to key services (for further details telephone 0161 678 2033)
- Power to the People – Oldham collective energy provider switch scheme (for further details visit [www.oldham.gov.uk/fairenergy](http://www.oldham.gov.uk/fairenergy) or telephone 0800 048 8116)<sup>8</sup>

### **Round-table discussions**

Following the initial presentations, delegates were invited to break into groups to reflect on what they had heard, to share the experiences from their own organisations' perspectives, and to report back to the forum. The following are some examples of the feedback from delegates:

- Workers from a local youth project informed delegates that their young people pay a 40p per week subscription. Many young people take advantage of the membership scheme to get a hot meal through the project. However, due to the current economic situation, many young people can no longer afford to pay their 40p per week subscriptions. Consequently, they are now missing out on their hot meals.
- Delegates were eager to praise the work being done by the food-banks. Simultaneously, however, delegates expressed how it was shameful that food-banks were needed in 21st century Britain. It was also noted how demand for food parcels had doubled in the last year, which suggests that this a sudden and new development rather than the popular view that food poverty is somehow behavioural/cultural and/or self-inflicted, i.e. bad diet choices, lack of culinary skills, etc.

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<sup>7</sup> Oldham Partnership, *Oldham Affordable Warmth Strategy 2010-2013*, Available at: [http://www.oldham.gov.uk/downloads/file/114/oldham\\_affordable\\_warmth\\_strategy\\_2010-13](http://www.oldham.gov.uk/downloads/file/114/oldham_affordable_warmth_strategy_2010-13) (Accessed: 27 Nov 2012).

<sup>8</sup> Carr, *Briefing Note: Affordable Warmth Update*.

- Concern was raised for new people entering the system, such as the many people who have recently lost their jobs. For many of these people, it is their first time out of work and delegates were worried as to how they will cope not just financially, but also with the shock of being unemployed, in comprehending a complex benefits system and understanding which benefits they are entitled too. Therefore, delegates suggested awareness raising and education campaigns be initiated to help people prioritise their budgets correctly and to advise where further assistance may be found.
- Credit Unions will be integral to helping people cope, and the introduction of Credit Union 'jam jar' accounts (whereby weekly budgets are ring-fenced) will be a very effective tool in countering the impact of UC.
- That the value of volunteering should continue to be promoted, both in terms of people helping each other and as a vehicle for getting back into work.
- Delegates urged alcohol and drug services to become engaged with the welfare reform agenda, especially with regard to UC, to ensure that benefits serve children and not get misspent on alcohol and drugs.

Following the round-table discussions, delegates reconvened for presentations by further speakers.

### **Ed Francis (OMBC)**

Francis informed delegates about the role of Oldham's Children Trust Board (CTB), which is a cross sector partnership set up to oversee the arrangements to deliver improved outcomes for children and young people.

Local Authorities are no longer required to have such a Board or publish a Children and Young People's Plan. However, with full agreement of all partners Oldham has decided to continue with current arrangements.

Regarding child poverty, Oldham has an above average number of children living in poverty (15, 865 0-19 year olds) compared with both Greater Manchester and England (27.4% in Oldham compared to 20.6% nationally). However, this is down by 1.6% from the 2009/10 figure. Unfortunately, this reduction is more a reflection of the low wage economy, where the gap

between those earning the minimum wage or less and those earning just above the minimum wage is narrowing but in a downward trajectory<sup>9</sup>.

In-work poverty in Oldham is high, and above the national average. Over one third of families are in receipt of working tax and child tax credits, whereas the national average is one quarter. Over half of the children who live in poverty in Oldham live in a family where the youngest child is aged four years or younger<sup>10</sup>.

Francis informed delegates that amongst the consequences of child poverty are higher infant mortality rates, poor diet, and lower birth weights.

Despite significant financial pressures - over the last three years OMBC has lost £10m for children and young people's services and £4m in grants, the Council is still working to tackle child and household poverty.

For example OMBC has kept all its Children's Centres open, seeing them as a key vehicle to improving outcomes for young children and their parents. OMBC are working to ensure that Children's Centres reach the most disadvantaged and are piloting payment by results to address children not being school ready - a key problem for Oldham. OMBC is seeking an improvement to the quality of the offer for 0-4 year olds by gearing funding towards certain outcomes.

Francis also explained to delegates how the Pupil Premium is an example of the shift in resources from local authorities to the schools and is designed to improve the educational attainment of the children from poorer households.

Finally, Francis informed the Forum that OMBC will be adopting the Living Wage for its employees as part of its Cooperative Council approach.

### **Mike Loudon (Oldham Credit Union)**

Loudon gave a brief presentation explaining the concept of 'Jam Jar' accounts, which Oldham Credit Union is developing.

The 'Jam Jar' account effectively mimics the traditional method of saving of yesteryear, whereby people saved coppers in individual pots for gas, coal, lighting, insurance, etc. The Oldham Credit Union 'Jam Jar' account will facilitate the direct payment of UC into a member's account. The Credit Union

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<sup>9</sup> Ed Francis, *Child and Family Poverty in Oldham*, Oldham Partnership. (Available from the GMCVO Policy and Partnerships Team).

<sup>10</sup> Francis, *Child and Family Poverty in Oldham*.

will then automatically siphon the member's rent money from their main account into a 'Jam Jar' account. The 'Jam Jar' money will then be held separately for payment to the member's landlord. This will ensure that, at the very least, a member's rent will be paid which should help to prevent eviction.

### **Round-table discussions**

Following the latest presentations, delegates were invited to break into groups once again for further round table discussions. The following are some examples of the feedback from delegates:

- That the Forum had been a positive event, and it was great to see both the statutory and VCFS represented in large numbers and working together. It was felt that the Forum was a first and very positive step in the right direction and that the statutory/VCFS dialogue must continue if we are to provide our residents and service users with the support they need.
- That public spending cuts and welfare reform will only have a negative impact on our communities. Therefore, delegates agreed that continuing the dialogue, and seeking closer linkage and closer working would be the best way to serve our residents and service users. To do this, delegates agreed that we should be less protective of our organisations and strive to protect services. However, it was acknowledged that doing this will be very difficult when the survival of organisations and people's jobs will inevitably be at stake.
- That we should work towards, and campaign if necessary, to ending the demonization of benefit claimants and the stigmatisation of poverty. It was felt that for too long now a popular myth has prevailed that portrays people on benefits as scroungers and that somehow people who are in poverty have brought their plight upon themselves, and such attitudes and misplaced beliefs must be confronted. Further, delegates felt that work towards challenging other popular misconceptions such as Credit Union's being the 'poor man's bank' should also be undertaken.
- That the information provided and shared at the Forum to be made available to residents and service users as a matter of urgency.

***Andy Rawling  
Manchester  
November 2012***