



Report of the Poverty Reduction Policy Development Committee

Cabinet – 17 February 2022

Promoting Affordable Credit Policy

Purpose:	To adopt a policy which embeds the promotion of affordable credit.
Policy Framework:	Swansea Council's Tackling Poverty Strategy; Welsh Government's Financial Inclusion Strategy; Wellbeing of Future Generations (Wales) Act 2015; Socio-Economic Duty 2021.
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) The Promoting Affordable Credit Policy attached at appendix A is adopted.
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Finance Officer:	Chris Davies
Legal Officer:	Aled Gruffydd
Access to Services Officer:	Catherine Window

1. Introduction and Background

- 1.1 The Poverty Reduction Policy Development Committee (PDC) examined the issue of High Cost Lending during the Municipal Year 2018-19 and agreed to develop a Promoting Affordable Credit Policy which aims to end the targeting of High Cost Credit, prevent High Cost Lending and promote access to equitable and Affordable Credit for all residents of Swansea. The development of a Promoting Affordable Credit Policy will help to ensure that the approach is embedded in the Council's policy framework.

- 1.2 Borrowing is a necessity for many people on low incomes, simply to 'make ends meet' or as a result of 'pinch points' such as Christmas, or 'life shocks' such as bereavement. The Covid-19 pandemic has also impacted low-income households disproportionately resulting in an increase in the number of people and households using credit to pay for everyday essentials such as food, clothing and utilities. Prior to the Covid-19 pandemic, the Step Change Debt Charity estimated that 8.8 million people use high cost credit for every day household expenses. High cost credit companies often target those who might have poor credit and low financial resilience. This can lead to debt, default and insolvency, as residents might take on too much High Cost Credit. A number of residents targeted by high-cost credit providers are also sometimes vulnerable and we have a duty to ensure they are supported to make well-informed borrowing choices.
- 1.3 A draft of the Promoting Affordable Credit Policy (Appendix A) was presented to Corporate Management Team on the 4th November 2020 where it was agreed that the development of the policy could progress to public consultation prior to progressing to Cabinet and being adopted as policy.
- 1.4 The Draft Promoting Affordable Credit Policy Public Consultation launched on the 26th April 2021 and ran for a period of four weeks, closing on the 23rd May 2021. The consultation responses were considered and further action taken to engage with the Credit Union in Swansea has shaped the development of the draft policy.
- 1.5 An Integrated Impact Assessment Screening (Appendix B) has been completed and approved by Access to Services.

2. Next Steps

- 2.1 The Poverty Reduction Policy Development Committee resolved that the Promoting Affordable Credit Policy be submitted to Corporate Briefing and Cabinet for approval.

3. Integrated Assessment Implications

- 3.1 The Council is subject to the public sector duties relating to equality and socio-economic inequalities as prescribed by the Equality Act 2010, the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure 2011, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

3.2 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

3.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

3.4 An IIA Screening has been completed and approved by Access to Services. A full IIA is not required in this instance.

4. Financial Implications

4.1 Whilst there are no direct financial implications arising from this report, it may lead to decisions being taken at a later date that may have costs attached. Any such costs will need to be managed within departmental resources at that time with due regard to the Council's medium term financial plan.

5. Legal Implications

5.1 The Council must have due regard to the Public Sector Equality Duty under s149 of the Equality Act 2010 as well as its duties under the Equality Act (Statutory Duties) (Wales) Regulations 2011 .

Appendices:

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| Appendix A | Promoting Affordable Credit Policy |
| Appendix B | Integrated Impact Assessment Screening Form |