

REPORT TO: COMMUNITY PLANNING BOARD ON 27 AUGUST 2009

SUBJECT: FINANCIAL INCLUSION STRATEGY

BY: COMMUNITY PLANNING AND DEVELOPMENT MANAGER

1. REASON FOR REPORT

1.1 The Community Planning Board is asked to note the progress of the Financial Inclusion Strategy and the suggested key actions as outlined in Appendix 1.

2. RECOMMENDATION

2.1 **That the Community Planning Board notes the progress of the Financial Inclusion Strategy and the suggested key actions as outlined in Appendix 1.**

3. BACKGROUND

3.1 The Scottish Government announced as part of the Concordat between it and Local Government that a new fund would be created aimed at tackling poverty and deprivation across Scotland. Nationally the fund will total £435 million in total over three years and is part of the local government settlement. An allocation has been made to Moray over the next three years to enable the Community Planning Partnership to work to tackle poverty and disadvantage.

3.2 At the Community Planning Board meeting on 29 May 2008, a proposal outlining the key objectives for the use of this fund for Moray to tackle poverty was presented for approval and thereafter submitted and approved by the Scottish Government. The three key areas identified for Moray on which the focus of the fund will be targeted are:

- Regenerating the most disadvantaged areas
- Improving life chances for Individuals and groups experiencing poverty and disadvantage
- Improving employability

3.3 In February 2009 the Fairer Scotland Fund team was appointed with the remit of developing the use of the fund for Moray under the 3 main target areas as detailed above. As part of this development the team have been undertaking research into the key causes of poverty in Moray and are working towards establishing accurate poverty indicators.

3.4 Following the production of the initial draft Strategic Assessment for the Fairer Scotland Fund it was recognised that Financial Exclusion is a key priority for the fund as this is one of the recognised key contributors of poverty. There was a need to determine in Moray the following:

- the current situation related to financial exclusion
- financial service availability an current demand

- establish opinion on what improvements and developments are required in order to more effectively tackle financial exclusion.
- 3.5 A financial inclusion event was held on the 5 June in order to seek the views of providers of financial services, services working with vulnerable groups 'at risk' or facing financial exclusion and elected members . 47 delegates attended the event.
The outcome of this event will be the development of a Financial Inclusion Strategy for Moray and the development of a Financial Inclusion Network.
- 3.6 Following the event the Fairer Scotland Fund team have produced a financial inclusion directory and have undertaken a financial inclusion survey. This survey of providers aimed to test their knowledge and awareness of local and national financial services. This was in response to the suggestion by many attending the event that there was a lack of knowledge of the services available and that there was an indication that national and on line resource were not readily utilised.
- 3.7 The key areas for development identified from the event included:
- Insufficient resource to meet current demand, this is also expected to rise over the next 12 months as unemployment rises. This is particularly the case with both welfare benefits provision and money advice. It is estimated that there are currently 1 in 63 adults facing multiple debts in Moray and there has been an increase of 32% in the number of clients requiring support from money advice service and an 11% increase in cases to the Citizens Advice Bureau (January 2008 and January 2009).
 - Services currently operating a restricted service due to demand and provision not consistent.
 - Lack of preventative work in particular financial education provision.
 - Need to raise the awareness of the Credit Unions as an effective financial service especially for more vulnerable individuals. Research has indicated many vulnerable individuals living in rural areas will often go to high cost providers
 - Need for better co-ordination and collaboration between all services and increase in awareness of what each service provides. It was noted that this would avoid inappropriate referrals and therefore wasteful duplication. There was also a suggestion that a central point for all referrals should be considered.
 - A recognition that there are many individuals facing financial exclusion who do not appear to be accessing support.
- 3.8 The feedback from the event and the survey has been analysed and there are 4 main areas for action which have been identified as:
- Increase availability and access to financial information and advice.
 - Establish a coherent and integrated approach to financial education aimed at all client groups.
 - Increase access and raise the profile of the Credit Unions.
 - Establish ways of identifying and engaging with individuals who are at risk of or facing financial exclusion but are not accessing support.

- 3.9 Integral to the development of these 4 actions is the need to develop an integrated and coordinated approach to provision which can support the development of a sustainable delivery infrastructure, ensure efficiency and promote collaborative working between agencies.
- 3.10 The draft Strategy is currently being developed and an action plan detailing the 4 key areas for action has been developed. This draft action plan is attached at **Appendix 1**.
A consultation day with the delegates from the original Financial Inclusion event and others who have been identified as key to this agenda will be held on Friday 9th October 2009 to discuss and finalise the draft Strategy and Action plan .

4. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

The Fairer Scotland Fund is closely aligned to the Single outcome Agreement and any investment in the fund will contribute towards the actions and outcomes contained in the SOA.

(b) Policy and Legal

The Moray Council has a statutory Duty under the Local Government in Scotland Bill 2003 part 2 section 16 (1) to initiate, maintain and facilitate the process of Community Planning. The introduction of a 'Duty of Community Planning' through the Local Government (Scotland) Act 2003 emphasises the importance of considering social inclusion in the Community Planning process. The Scottish Government announced as part of the Concordat between it and Local Government that the Fairer Scotland Fund would be established to assist in tackling poverty and deprivation across Scotland.

(c) Resources (Financial, Risks, Staffing and Property)

There are no financial implications directly arising from this report, however the strategy once agreed will be used to determine possible future uses of the Fairer Scotland Fund and other investments. Consideration will also be required to determine the input of staff from all Partners Agencies to contribute to the implementation of this Strategy.

(d) Consultations

All agencies involved in Financial Inclusion were invited to attend the seminar held on 5 June 2009 and this provided the basis for the strategy.

Services were consulted as part of the Financial Inclusion Survey as indicated in section 3.6.

5.0 **CONCLUSION**

5.1 The Community Planning Board is asked to note the progress of the Financial Inclusion Strategy and the suggested actions as laid out in Appendix 1.

Author of Report:

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Background Papers:

Fairer Scotland Fund Submission

Fairer Scotland Fund Financial Inclusion Survey

Fairer Scotland Fund event report

SQW Consulting: Promoting Financial Inclusion in Rural Areas; November 2007